



Agenda Item

Orange City Council

Item #: 9.2.

6/9/2026

File #: 26-0352

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Russell Bunim, Community Development Director

1. SUBJECT

Resolutions declaring certain real properties of the City of Orange and formerly the Successor Agency to the Orange Redevelopment Agency as Surplus Land and Exempt Surplus Land pursuant to the California Surplus Land Act (Government Code Sections 54220 et seq.)

2. SUMMARY

Resolution Nos. 11697 and 11698 declare certain real properties of the City of Orange and formerly the Successor Agency to the former Orange Redevelopment Agency as Surplus Land and Exempt Surplus Land pursuant to the California Surplus Land Act (Government Code Section 54220 et seq.). The properties are located on the 100 Block of South Grand Street, 300 Block of East Almond Avenue, 100 Block of North Cypress Street, and 200 Block of East Chapman Avenue in the Old Towne Historic District. The subject properties are developed with surface parking, residential structures, offices, and a former Fire Station building.

3. RECOMMENDED ACTION

1. Adopt Resolution No. 11697. A Resolution of the City Council of the City of Orange declaring certain real properties to be exempt surplus land pursuant to the Small Parcel Exemption of the Surplus Land Act (Government Code Section 54221(f)(1)(B)), making findings in support thereof, and authorizing the City Manager to take all actions necessary to effect the disposition of such properties.
2. Adopt Resolution No. 11698. A Resolution of the City Council of the City of Orange declaring certain real properties to be surplus land pursuant to the Surplus Land Act (Government Code Section 54221(b)), making findings in support thereof, directing staff to comply with the notice and negotiation requirements of the Surplus Land Act, and authorizing the City Manager to take all actions necessary to effect the disposition of such properties.
3. Authorize the City Manager, or designee, to take all actions necessary to effectuate the disposition of the subject properties consistent with the resolutions, the Surplus Land Act and HCD Guidelines, the Long Range Property Management Plan and Dissolution Act (to the extent applicable), and other applicable law, including transmitting all required findings, notices, and documentation to the California Department of Housing and Community Development through the Surplus Land Portal.

4. FISCAL IMPACT

None.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

In 2011 and 2012, the Legislature enacted Assembly Bill X1 26 (Chapter 5, Statutes of 2011), as amended by Assembly Bill 1484 (Chapter 26, Statutes of 2012) and Senate Bill 107 (Chapter 325, Statutes of 2015) (collectively, the “Dissolution Act”), which dissolved the State’s redevelopment agencies. The City Council of the City of Orange, acting as the governing body of the Successor Agency to the former Orange Redevelopment Agency (“Successor Agency” or “ORSA”), assumed responsibility for winding down the affairs of the former Orange Redevelopment Agency.

Pursuant to Health and Safety Code Section 34191.5, the Successor Agency prepared, and on December 7, 2015 the Oversight Board approved, a Long Range Property Management Plan (“LRPMP”), which addresses the disposition and use of the real properties of the former Redevelopment Agency. The Department of Finance approved the LRPMP by determination letter dated December 22, 2015. The LRPMP identifies properties retained for governmental use, properties to be transferred for future development, properties to be sold, and properties retained to fulfill enforceable obligations.

Several of the subject parcels are identified in the LRPMP and have been transferred to the City for disposition consistent with the redevelopment plans, implementation plans, and community plans adopted for the Project Areas; the remaining parcels are held by the City in fee simple and are not subject to the LRPMP, as reflected in the matrix below. For the parcels as to which the governmental purpose for which they were acquired or held has been fulfilled, completed, or is no longer applicable, the City may pursue new strategic land use decisions following the surplus declaration, subject in each case to compliance with the applicable requirements of the Surplus Land Act.

Surplus Land Act Framework

Assembly Bill 1486 (Chapter 664, Statutes of 2019), and subsequent amendments through Senate Bill 747 (Chapter 786, Statutes of 2023) and Assembly Bill 480 (Chapter 787, Statutes of 2023), substantially amended the California Surplus Land Act (Government Code Sections 54220 through 54234) (the “SLA”). The SLA governs the process by which a local agency disposes of land it owns in fee simple and that is no longer necessary for the agency’s use.

Government Code Section 54221(b)(1) requires the local agency’s governing body to take formal action at a regular public meeting declaring that the land is either “surplus land” or “exempt surplus land,” as supported by written findings, before the agency may dispose of the land.

Government Code Section 54221(f)(1) sets forth the categories of property that qualify as “exempt surplus land.” Subparagraph (B) of that paragraph (the “Small Parcel Exemption”) exempts surplus land that is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes.

When property qualifies as exempt surplus land, the noticing and good-faith negotiation requirements of Government Code Section 54222 generally do not apply (Government Code Section 54222.3), although the local agency must provide written findings to the Department of Housing and Community Development (“HCD”) through the Surplus Land Portal demonstrating that the exemption

applies. As an important exception, Government Code Section 54221(f)(2) provides that, notwithstanding an otherwise-available exemption, land that is listed on (or determined eligible for listing on) the National Register of Historic Places, located in the coastal zone, adjacent to a historical unit of the State Parks System, or within the Lake Tahoe region is not relieved of the requirement to issue a notice of availability for open-space purposes under Section 54222(b). Accordingly, the Old Towne-contributing parcels in this report (Assets 1, 4, and 5) remain subject to that open-space noticing requirement even though they otherwise qualify under the small parcel exemption.

Fulfillment of Governmental Use

Those subject parcels that were acquired by the former Orange Redevelopment Agency were acquired to assemble sites for, or in furtherance of, the redevelopment objectives of the Southwest Project Area, including the elimination of blight, the assembly of developable sites, and right-of-way and infrastructure improvements. With the completion of those underlying public improvements, the dissolution of the former Redevelopment Agency, and the approval of the LRPMP, the original governmental purpose for which each such parcel was acquired has been fulfilled or is no longer applicable. Except as otherwise noted in this report for parcels presently in active governmental use or occupied by residential tenants (which the City will address through the full Surplus Land Act process before any disposition), the parcels are not being used, and are not planned to be used pursuant to any written plan adopted by the City Council, for utility sites, watershed property, conservation, demonstration or educational purposes related to greenhouse gas emissions, buffer sites near sensitive governmental uses, or any other use that would constitute an “agency’s use” under Government Code Section 54221(c).

Subject Properties

Based upon the LRPMP and the revised SLA definitions, staff has identified the eleven parcels listed in the table below, together with the Surplus Land Act treatment applicable to each. The surplus declaration provides the City with the necessary legal framework to actively pursue the highest and best use of these City-owned assets. Assets 1-5 are recommended for declaration as Exempt Surplus Land (under the small parcel exemption, and, for the Old Towne-contributing parcels, subject to the historic noticing requirement), and Assets 6-11 are recommended for declaration as Surplus Land subject to full compliance with the Surplus Land Act:

Asset #	Property Address / Description	Assessor Parcel No.	Approx. Size (sq. ft.)	Constraints	Surplus Land Act Requirements
1	307 E Chapman Avenue (Royer Mansion)	039-253-23	18,312.46 SF	Historic Property Contributing to District (LRPMP Govt Use)	SLA Exempt (Historic Property Requirements)
2	318 E Almond Ave.	390-393-12	5,999.71 SF	Existing Surface Parking Lot (Non LRPMP Site)	SLA Exempt (Small Lot Exemption)
3	326 E Almond Ave.	390-393-11	6,000.27 SF	Existing Surface Parking Lot (Non LRPMP Site)	SLA Exempt (Small Lot Exemption)

4	177 N Cypress St.	039-172-03	4,646.29 SF	Historic Property Contributing to District (Non LRPMP Site)	SLA Exempt (Historic Property Requirements)
5	171 N Cypress St.	039-172-04	7,260.10 SF	Historic Property Contributing to District	SLA Exempt (Historic Property Requirements)
6	124-142 S Grand St.	390-382-07	7,841 SF	6 Existing Extremely Low-Income Tenants (LRPMP Govt. Use)	Full SLA Compliance Req.
7	148 S Grand St.	390-382-08	7,841.32 SF	Existing Surface Parking Lot (Non LRPMP Site)	Full SLA Compliance Req.
8	154 S Grand St.	390-382-09	7,841.31 SF	Existing Surface Parking Lot (Non LRPMP Site)	Full SLA Compliance Req.
9	230 E Chapman	390-382-05	16,123.72 SF	Existing Governmental Use Facility (Non LRPMP Site)	Full SLA Compliance Req.
10	S. Grand St.	390-382-14	15,013.97 SF	Existing Surface Parking Lot (Non LRPMP Site)	Full SLA Compliance Req.
11	176 S Grand St.	390-382-11	33,668.32 SF	Existing Former Govt. Use Facility (Non LRPMP Site)	Full SLA Compliance Req.

Findings Supporting the Small Parcel Exemption

With respect to each parcel recommended for declaration as Exempt Surplus Land under the Small Parcel Exemption (Assets 1-5), staff has determined, and recommends that the City Council find:

- Each parcel is less than one-half acre (21,780 square feet) in area;
- No parcel is contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes;
- Each parcel, if identified in the LRPMP, has had the governmental use for which it was originally acquired fulfilled or is no longer applicable;
- Each parcel is not necessary for the City's use as that term is defined in Government Code Section 54221(c), and is not held by the City for the purpose of exchange; and
- Disposition of each parcel as Exempt Surplus Land is consistent with the LRPMP and with the Citywide Strategic Plan.

Royer Mansion (307 East Chapman Avenue)

The Royer Mansion (307 E. Chapman Avenue) was acquired by the former Orange Redevelopment Agency in 2006 for governmental purposes consistent with the adopted Redevelopment Plan and California Community Redevelopment Law, including the long-range planning and consideration of future civic center and public library facilities, and ultimately assessing the alleviation of environmental deficiencies within the Project Area. The City's reservation of this strategically located parcel adjacent to the Civic Center has met this goal. The Property has been continuously held in public ownership since acquisition and has been administered in furtherance of those purposes. The finding is that the governmental purposes for which the Property was acquired has been fulfilled. The parcel is a contributor to the Old Towne Orange Historic District, listed on the National Register of Historic Places on July 11, 1997 (NRHP Ref. No. 97000617).

The Property otherwise qualifies for the Small Parcel Exemption set forth in Government Code Section 54221(f)(1)(B). However, because the Property is a contributing resource within the Old Towne Orange National Register Historic District, Government Code Section 54221(f)(2) requires compliance with the open-space Notice of Availability provisions of Government Code Section 54222 (b) notwithstanding the otherwise applicable exemption. Accordingly, staff recommends that the resolution acknowledge the historic status of the Property and direct staff to complete the required open-space noticing process prior to disposition.

Prior to disposition, the City must (1) issue an NOA for open-space purposes to the park and recreation departments of the City of Orange and the County of Orange, any regional park authority with jurisdiction in the area, and the California Natural Resources Agency, holding the land available for a minimum 60-day response period; (2) submit the declaration and supporting documentation to the California Department of Housing and Community Development through the Surplus Land Portal for its review (HCD has up to 30 days to act before the City may proceed); and (3) complete appropriate review under CEQA, recognizing that any subsequent conveyance or physical alteration constitutes a project with potential impacts on a historical resource under Public Resources Code § 21084.1 and CEQA Guidelines § 15064.5.

Small Surface Parking Lot (318-326 E Almond Ave)

The small surface parcels at 318 and 326 East Almond Avenue comprise the south side of Almond Avenue mid-block between South Center Street and South Grand Street and are located approximately one block south of the Orange Civic Center. The assembled site is improved as a small surface parking lot with asphalt paving, striped stalls including ADA-accessible space(s), wheel stops, drainage improvements, perimeter lighting, signage, and street frontage. Although the site is presently used for public parking, that incidental parking use does not constitute a retained "agency's use" under Government Code Section 54221(c), and the site is no longer necessary for the City's use; the City does not intend to retain it for parking pursuant to any adopted written plan.

North Cypress Homes (171 & 177 N Cypress Street)

The subject properties at 171 and 177 N. Cypress Street are two adjacent City-owned single-family residences located in the heart of Old Towne Orange, both constructed in 1917 during the city's early citrus-era buildout. The property at 171 N. Cypress Street is a 938-square-foot, two-bedroom dwelling on a 7,260-square-foot lot (APN 039-172-04), while the adjoining 177 N. Cypress Street is an 802-square-foot, two-bedroom residence on a 4,646-square-foot lot (APN 039-172-03). Given their 1917 construction date and intact early-20th-century character, both structures are contributing

resources subject to the City's Historic Preservation Design Standards for Old Towne, including the requirement for a Certificate of Appropriateness for any exterior alteration, relocation, or demolition. As contributing resources within the Old Towne Orange National Register Historic District, the properties qualify as Exempt Surplus Land under the small parcel exemption but remain subject to the historic open-space noticing requirement of Government Code Sections 54221(f)(2) and 54222 (b), and would be subject to the same open-space notice and 60-day availability period described above for the Royer Mansion.

Grand Street Block & E Chapman Site (120-176 Grand St & 230 E Chapman)

The Grand Street properties (Sites 6-11) comprise six City- and Successor Agency-held parcels located along South Grand Street and East Chapman Avenue, reflecting a range of existing uses: an LRPMP-designated governmental-use residential parcel at 124-142 S. Grand Street (APN 390-382-07) occupied by six existing extremely low-income tenants; three surface parking lots at 148 S. Grand Street (390-382-08), 154 S. Grand Street (390-382-09), and S. Grand Street (390-382-14); an existing governmental-use facility at 230 E. Chapman (390-382-05); and a former governmental-use facility at 176 S. Grand Street (390-382-11). Except for the LRPMP-designated parcel, these are non-LRPMP sites. None of the six parcels contains a historic building or a contributing structure within the Old Towne Orange National Register Historic District, and accordingly none is subject to the historic-resource review (CEQA historical-resource analysis or Certificate of Appropriateness) that would otherwise attach to a contributing structure; however, this does not exempt the parcels from the Surplus Land Act, which applies regardless of historic status.

The City intends to pursue full compliance with the Surplus Land Act (Government Code § 54220-54234) and HCD's Updated SLA Guidelines for all six parcels. Following a Council declaration of each parcel as surplus and not necessary for the City's use, the City will issue Notices of Availability to HCD via the Surplus Land Portal and to all statutorily required entities, observe the 60-day interest period and, if a qualifying letter of interest is received, conduct good-faith negotiations for the minimum 90-day period, and report all notices, negotiations, and any affordability restrictions to HCD for review prior to agreeing to disposition terms - with special attention to the tenant-protection and LRPMP considerations applicable to the occupied parcel at 124-142 S. Grand Street.

Next Steps

Following adoption of the proposed resolutions, staff will:

- Transmit the written findings and supporting documentation declaring which parcel to be Exempt and Non-Exempt Surplus Land to the California Department of Housing and Community Development for the file in accordance with HCD's Surplus Land Act Guidelines;
- Pursue appraisals and title reports to be commissioned for each parcel;
- Initiate competitive disposition and or lease activities consistent with applicable law, including the marketing and sale or lease of parcels; and
- Return to the City Council for approval of any lease, purchase and or sale agreement(s) prior to conveyance in conformance with applicable laws and HCD standards.

Should a property be subject to net proceeds disbursement (upon findings from title reports and transfer history), at the time of disposition, within 30 days of the sale, the City will remit qualifying net

unrestricted proceeds to the Orange County Auditor-Controller for distribution to the affected taxing entities in accordance with the LRPMP and Health and Safety Code Section 34191.5(c)(2)(B).

Environmental Review

The declaration of the subject parcels as Exempt Surplus Land and as Surplus Land is not a “project” within the meaning of the California Environmental Quality Act (“CEQA”) (Public Resources Code Section 21000 et seq.) and the State CEQA Guidelines (14 Cal. Code Regs. Section 15000 et seq.) because each declaration is an administrative action that will not result in any direct or reasonably foreseeable indirect physical change in the environment (CEQA Guidelines Sections 15060(c)(2)-15060(c)(3), 15378). Any subsequent disposition or development of an individual parcel will be evaluated under CEQA at the appropriate time, including, for the Old Towne-contributing parcels, an analysis of effects on historical resources under CEQA Guidelines Section 15064.5. [

7. ATTACHMENTS

- Attachment 1 Resolution No.11697
- Attachment 2 Resolution No. 11698
- Attachment 3 Property Location Map
- Attachment 4 Excerpts of Long-Range Property Management Plan