



Economic Development Department
311 Vernon Street
Roseville, California 95678

August 8, 2023

California Department of Housing & Community Development
Attn: Imaez Wahid and Lisa Krause
Housing Accountability Unit
Housing Policy Development Division
2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833

SENT VIA EMAIL ONLY TO: imaez.wahid@hcd.ca.gov and lisa.krause@hcd.ca.gov

Re: Surplus Land Act Inquiry
6382 Phillip Road in Roseville, CA

Dear Imaez and Lisa:

This message is sent in response to your email message on behalf of the California Department of Housing and Community Development (“HCD”) on July 17, 2023, wherein you requested information from the City of Roseville (“City”) regarding a surplus property disposition at 6382 Phillip Road in Roseville, CA. On July 26, 2023, the City received a follow up message from you that requested that our response include your HCD colleague, Lisa Krause. Please accept this correspondence and associated attachments as our response to your inquiry.

The property at 6382 Phillip Road has a long history and the following summary may be useful to you during your review. The parcel is approximately 237 acres of vacant greenbelt land with approximately 182 developable acres. For background, in 2004, the City acquired approximately 1,700 acres of undeveloped land in the northwestern corner of the City, commonly known as “Reason Farms,” in order to develop the regional Pleasant Grove Retention Basin Project and to reduce flood risk in the watershed. After further evaluation of the Pleasant Grove Retention Basin Project, it was determined that only a portion of the Reason Farms property would be required for retention basin purposes and that the remaining portion of land would be available for other uses. The property at 6382 Phillip Road is located within a portion of the Reason Farms property and was ultimately determined to not be necessary for the flood control project. Therefore, in 2006, the City analyzed potential uses for the underutilized portions of the Reason Farms property. The site at 6382 Phillip Road has been envisioned since then to be an industrial park and jobs center with multiple buildings totaling over one million square feet of industrial use that could yield significant property and sales tax revenue to the City.

Following the economic downturn that began in 2007 and working through the associated financial impacts to the housing market, the City ultimately determined that the 6382 Phillip Road property was underutilized. The City had not identified any future needs for the property and the property was no longer necessary for the City’s use. In an effort to fulfill the City’s goal of economic sustainability while emerging from the Great Recession, the City evaluated several of its underutilized properties and determined that the sale of some of these properties could generate quality developments that result in new businesses, jobs and amenities for the benefit of Roseville residents. As a result, in 2019, the City

began the formal process to dispose of the 6382 Phillip Road property in good faith and in accordance with the then-applicable laws regarding disposal of surplus property by a local agency as set forth in California Government Code sections 54220 *et seq.* and Roseville Municipal Code section 4.12.110(B).¹ A summary of the steps taken by the City to sell the property, including all applicable notices and City Council actions, is provided below, with the associated substantive documents also attached for your review.

On November 20, 2019, the City Council formally declared the property at 6382 Phillip Road as surplus property and found that it was in the City's best interest to dispose of the property as required by Roseville Municipal Code section 4.12.110(B). Please see "[Attachment 1 – Declaring Surplus Property 11.20.19.pdf](#)" for a copy of the staff report and adopted City Council Resolution No. 19-478 for details of the surplus property declaration. On November 21, 2019, City staff provided a notice of availability of the surplus property to all parties (schools, parks, affordable housing providers, etc.) as required by the then-applicable Surplus Land Act provisions in California Government Code section 54222 subsections (a) through (e). Please see "[Attachment 2 – Surplus Property Notification Letters.pdf](#)" and "[Attachment 3 – Surplus Property for Sale Attachment.pdf](#)" for copies of the notification letters that were sent.

In accordance with the applicable provisions of California Government Code section 54222(e), the entities receiving notice of the surplus property had sixty (60) days to respond and notify the City of any interest in the surplus property. The City did not receive any letters of interest to purchase or lease the property at 6382 Phillip Road within that sixty (60) day notice period. Therefore, the City began to openly market the property for sale in good faith and in accordance with Roseville Municipal Code section 4.12.110(B), which states that the City may dispose of real property without sealed bids:

[P]ursuant to a finding by the City Council that such disposition is in the City's best interest. Provided, however, that notice of the terms and conditions of such proposed sale or disposition pursuant to this subsection and the date of confirmation thereof shall be published in a newspaper of general circulation in the City at least 10 days prior to final approval and confirmation of the proposed sale or disposition. Such sales and dispositions shall be confirmed and approved upon a four-fifths affirmative vote of the City Council.

After obtaining an appraisal and following several months of discussions, on November 18, 2020, the City entered into an Exclusive Right to Negotiate Agreement ("ERN") with an entity named, "PDC Sacramento LPIV, LLC" for the purchase and development of the property at 6382 Phillip Road. Please see "[Attachment 4 – ERN 11.18.20.pdf](#)" for a copy of the ERN and City Council Resolution No. 20-443 approving the execution of the ERN on behalf of the City. Following the required noticing as stated in Roseville Municipal Code section 4.12.110(B), on March 3, 2021, the City Council approved an Option and Purchase and Sale Agreement with "PDC Sacramento LPIV, LLC" for the phased sale of the property at 6382 Phillip Road. Details of the terms of the sale can be found in "[Attachment 5 – Option, Purchase and Sale and Memorandum of Option Agreements 3.3.21.pdf](#)."

Some of the material terms of the Purchase and Sale Agreement were that the developer fully entitle the property, including conducting the necessary CEQA analysis and rezoning efforts required to develop an industrial park. Additionally, the developer would be required to construct all of the needed utilities and roadways to the property. The Option and Purchase and Sale Agreement allowed

¹ It is worth noting that the property could also be disposed of in accordance with the Economic Opportunity statutes, California Government Code sections 52200 *et seq.*

the developer one (1) year to conduct its due diligence with respect to the property and to complete the entitlement process to allow for industrial development. Although City staff and the developer worked diligently on the entitlement process throughout the COVID-19 pandemic, the one (1) year timeframe identified in the Purchase and Sale Agreement was not adequate to complete the necessary technical studies, CEQA analysis, and to allow for the required public review process. Therefore, the City and the developer agreed to an extension of time to the original one (1) year due diligence period. Please see “[Attachment 6 – First Amendment 11.17.21.pdf](#)” for details of the City Council-approved extension of the due diligence period for an additional eight (8) months to November 1, 2022.

The project proposed for 6382 Phillip Road includes several major entitlements, including a General Plan Amendment, Rezone, Tentative Parcel Map, Major Project Permit Stage 1, Major Project Permit Stage 2, Tree Permit and a Development Agreement, as well as establishing building and site design for the overall project. To date, the entitlement project has been through several rounds of plan review, public outreach meetings, scoping meetings related to the project’s draft Environmental Impact Report and technical studies to evaluate potential environmental impacts. The project is currently on hold as the developer works on the required studies and performs the necessary public outreach. Due to the complexity of the required entitlements and to better align the term of the due diligence period with the conditions of the Purchase and Sale Agreement, City staff recommended that the City Council approve another amendment to extend the due diligence period to the time that the developer is issued entitlements by the City. City Council approved the Second Amendment to the Option and Purchase and Sale Agreement on October 19, 2022 and a copy of that amendment is attached as [Attachment 7 – Second Amendment 10.19.22.pdf](#).” The amended term appropriately aligns and extends the “Due Diligence Period” to the “First Phase Option Period” as detailed in Attachment 5, since, at the time the developer obtains all entitlements for the entire property, it will have 180 days from the date those entitlements were issued by the City to acquire a portion of the property consisting of a minimum of 35 acres.

As stated previously, the project at 6382 Phillip Road is currently on hold as the developer performs various technical studies and engages in further public outreach. The subject property remains under City ownership and has not been disposed of at this time, but note that the City still remains under a legally binding contract to sell the property to the developer. The City and the developer continue to work on finalizing the project scope and associated entitlements. In the meantime, the City created an informational website on the proposed project and further details can be found here:

https://www.roseville.ca.us/government/departments/development_services/planning/projects_of_interest/proposed_roseville_industrial_park

We hope you find this information helpful. If you have any additional questions about the above project, please feel free to contact me.

Sincerely,

CITY OF ROSEVILLE



Melissa Anguiano
Economic Development Director

Attachments