

SURPLUS LAND ACT OVERVIEW

*Requirements, Process, Challenges, and Opportunities
for City-Owned Property*

City Council Meeting
July 21, 2026
Item 10.1

Purpose of Presentation

- Legislative background of the California Surplus Land Act (SLA)
- Explain when and how the Act applies
- Disposition process
- Agency (City) statutory obligations
- Discuss implementation challenges and best practices
- Preview potential opportunities for future City-owned property dispositions

Why the SLA Exists

- **1968:** SLA first enacted
- **2019:** First major overhaul
 - Prioritize affordable housing
 - Increase transparency in public land disposition
 - Encourage productive reuse of publicly owned property
 - California Department of Housing & Community Development (HCD) enforcement
- **2024:** Most recent updates
 - Clarifications to process
 - Refined exemptions
 - Reduced technical penalties
- Purpose: Prioritize affordable housing while establishing a transparent process for disposition of public land

What is “Surplus Land”

- Definition of Surplus Land: Land that has been formally declared, in a public meeting, to be no longer necessary for the agency’s use
- Definition of Exempt Surplus Land: Property that qualifies for specific exemptions under the SLA
 - Inter-agency Transfers
 - Affordable Housing Development
 - Small Sites (less than one-half acre); not contiguous to agency/state owned open-space or low- and moderate-income housing purposes
 - Former street, right of way, or easement, conveyed to owner of adjacent property
- Council approval of dispositions is always required, and exempt declarations must have findings

Overview of Disposition Process

- City Determines Property No Longer Needed
 - Internal memo for Department Heads; City Manager concurrence
- Determine Surplus vs Exempt, if Surplus:
 - Council Declaration
 - Notice of Availability (if required) – See Next Slide
 - 60-Day Response Period
 - 90-Day Good Faith Negotiation
- Disposition
 - Exclusive Negotiating Rights Agreement (ENRA); sale; lease greater than 15 years
- Compliance Documentation
 - Submission to HCD
 - Deed restriction/Land Use Covenant Recording

Notice of Availability (NOA)

- Distribution to:
 - HCD List
 - Housing Sponsors
 - Public Agencies
- Process:
 - 60-Day Response Window
 - If no response received, proceed with disposition
 - If interest received, proceed with good faith negotiations
- Good Faith Negotiation:
 - 90-Day Negotiation Period
 - Either agreement of terms, or no agreement reached
 - City retains discretion after satisfying statutory obligations
 - HCD compliance considerations

Implementation Challenges

- Staffing
 - Institutional knowledge
 - Consistent practices over time
- Record Retention
 - Legacy paper and electronic records
 - Long-term compliance documentation (e.g., deed restrictions)
- Interdepartmental Coordination
 - Real Property – Housing – Planning – City Attorney – City Clerk – Public Works – MUD – IT

Best Practices

- Website landing page
 - www.stocktonca.gov/surplus
 - Unsolicited Business Proposal process (pending)
- Standardized resolutions
 - Surplus vs Exempt Surplus (with justification)
- Compliance checklists
- Centralized records
- Cross-department coordination
 - Proactive evaluation of City-owned properties
- Permanent documentation/tracking
 - Deed restrictions
 - Disposition process
- Updating outdated Dispositions Policies (pending)