CITY OF SALINAS
COUNCIL STAFF REPORT

DATE: NOVEMBER 18, 2025

DEPARTMENT: ADMINISTRATION
CITY ATTORNEY'S OFFICE
COMMUNITY DEVELOPMENT

FROM: CHRISTOPHER A. CALLIHAN, CITY ATTORNEY
LISA BRINTON, DIRECTOR

TITLE: LAND DISPOSITION AND DEVELOPMENT AGREEMENT (DA 2025-001) RELATED TO CITY PARKING LOTS 8 AND 12

RECOMMENDED MOTION:

A motion to adopt an ordinance approving a Land Disposition and Development Agreement (DA 2025-001) between the City of Salinas ("City") and Taylor Fresh Foods, Inc. ("Developer") related to City parking lots 8 and 12.

EXECUTIVE SUMMARY:

The City owns property located at Salinas Street, Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 8"); and at Lincoln Avenue and W. Gabilan Street, (commonly known as "Lot 12") ("Properties"). In October and November 2020, through the Surplus Lands Act, the City declared these Properties to be surplus land no longer necessary for municipal purposes and made these two parking lots generally available for purchase. With these Properties generally available for purchase, the Developer indicated a desire to acquire and develop the Properties. The City and the Developer are requesting that the City Council adopt an ordinance, provided as Attachment 1 to this report approving a Land Disposition and Development Agreement ("Development Agreement") (Exhibit A) prepared pursuant to Government Code section 65864. Under the Development Agreement the Developer will acquire from the City Parking Lots 8 and 12 and develop thereon a hotel/retail/commercial use (Lot 8) and a multi-family residential/retail/commercial/commercial use (Lot 12).

BACKGROUND:

Development Agreement Terms and Conditions
The Development Agreement is presented in its final form and will allow the Developer to acquire the Properties from the City and to proceed with development of the Properties as proposed in the

Development Agreement in accordance with existing policies, rules, and regulations, subject to the conditions of approval, thus vesting certain development rights in the Properties. This is a standard provision of Development Agreements and is one of the primary purposes for such agreements: to provide the Developer with certainty with respect to the applicability of City laws and regulations.

Land Use Entitlement Process. Both Properties have a land use designation of Mixed-Use (MX) and are zoned for Mixed-Use (MX). The Developer proposes constructing a multi-family residential/retail/commercial development use of approximately sixty-six (66) units on Lot 12 and a hotel/retail/commercial use on Lot 8. The proposed developments would be subject to administrative approval, the multi-family residential/retail/commercial office uses through an administrative Site Plan Review and the hotel use through an administrative Conditional Use Permit (CUP). As such, those items would not be brought forward to the Planning Commission or City Council unless, for example, the CUP is appealed.

Affordable Housing Plan. As the residential portion of the multi-family residential/retail/commercial use proposed to be developed on Parking Lot 12 exceeds ten (10) residential units, it is subject to the Inclusionary Housing Ordinance per Salinas Municipal Code Section 17-11. A Housing Plan will be required to demonstrate compliance with the Inclusionary Housing Ordinance and Guidelines.

Performance Schedule. The Development Agreement imposes certain obligations on both the City and the Developer, including obligations with respect to the commencement of construction on both Properties. While there is no precise timeline by which the Properties will be developed, the development proposed for Parking Lot 12 will occur first. Pursuant to the terms of the Development Agreement, the Developer shall apply for project approvals related to the Parking Lot 12 development within one year of the effective date of the Development Agreement and shall apply for project approvals related to the Parking Lot 8 development within five years of the effective date of the Development Agreement. Construction of the multi-family residential/retail/commercial use on Parking Lot 12 would commence within 1-5 years of receiving project approvals and construction of the hotel/retail/commercial use on Parking Lot 8 would commence within 3-8 years of receiving project approvals.

Progress Reports/Annual Review. Developer shall provide the City with regular and at least quarterly progress reports through the completion of construction and issuance of Certificate of Completion for the Project. The City shall annually monitor and review Developer's good faith compliance with the terms of this Agreement and the Project Approvals.

Purchase Price. The Purchase Price for each Property shall be determined through an appraisal process. Section 4.1 of the Development Agreement outlines the appraisal and negotiation process. Either Party can notify the other of the termination of the Development Agreement if a

Purchase Price cannot be reached. If the Developer agrees to proceed with the purchase after the Purchase Price is determined, the Purchase Price shall be paid in cash to the City by the Developer at the Close of Escrow.

Planning Commission Findings

Pursuant to Salinas Municipal Code section 37-60.790 the Planning Commission shall make a written recommendation to the City Council to approve, approve with conditions or modifications, or deny the proposed Development Agreement and shall make written findings pursuant to Salinas Municipal Code section 37-60.810 supporting the reason for the recommendation. On November 5, 2025, the Planning Commission held a public hearing to consider a recommendation to the City Council, and based on the testimony submitted, made the finding that the Development Agreement is consistent with the Salinas General Plan, any applicable specific plan, and any other applicable plans and policies adopted by the Salinas City Council. The Planning Commission Resolution is attached to this report as Exhibit C.

Noticing

On November 6, 2025, a Notice of Public Hearing was published in the Monterey County Weekly, a newspaper of general circulation. On November 6, 2025, a Notice of Public Hearing was mailed to all property owners located within 300-feet of the subject Properties and posted on both sites.

CEQA CONSIDERATION:

The City Council's adoption of the proposed Ordinance has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines sections 15060(c), 15061(b)(3), and/or 15378 as it does not constitute a "project," does not commit the City to a definite course of action, does not constitute discretionary approval of a specific project, and will not result in a direct or reasonably foreseeable indirect physical change in the environment, and in the alternative, is exempt from CEQA as it falls within the "common sense" exemption set forth in CEQA Guidelines Section 15061(b)(3), excluding projects where "it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." On December 7, 2021, the City Council approved a resolution making certain findings and adopting a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program and approving a General Plan Amendment (GPA 2021-02) to change the land use designation of the Properties to Mixed-Use (MX). On December 7, 2021, the City Council also adopted an ordinance to rezone the Properties to Mixed Use (MX).

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

Yes.

STRATEGIC PLAN INITIATIVE:

Approval of the Development Agreement for Lots 8 and 12 furthers the City Council's 2025-2028 Strategic Plan Economic Development objectives of revitalizing residential and commercial blighted areas through targeted initiatives, private investment and community partnerships and strategically exploring and expanding economic development opportunities throughout the City. Proposed development on Lots 8 and 12 will support the revitalization of the Downtown neighborhood and Gabilan Street, consistent with the Downtown Revitalization Plan approved by the City Council. The hotel/retail/commercial use will bring jobs and increase revenue generation. The multi-family residential/retail/commercial development furthers the Housing objective to facilitate the addition of workforce and low-income housing by bringing more housing into the Downtown and meeting the minimum affordable housing allocation requirement of the City's Inclusionary Housing Ordinance.

DEPARTMENTAL COORDINATION:

Administration, including the City Attorney's Office, took lead on preparing the Land Disposition and Development Agreement and this report in coordination with the Community Development Department.

FISCAL AND SUSTAINABILITY IMPACT:

The action of approving the Development Agreement has no impact to the City's General Fund. Should negotiations progress to the sale of the two lots, the City would receive one-time sale proceeds. It is further anticipated that the future proposed development would result in increased property and sales tax revenue.

Fund	General Ledger Number (Operating/CIP)	General Ledger Account Name	Remaining Budget Appropriation	Amount Requested
n/a	n/a	n/a	n/a	n/a

ATTACHMENTS:

Ordinance
Exhibit A: Draft Land Disposition and Development Agreement
Exhibit B: Planning Commission Resolution