

RESOLUTION NO. 2019-_____

A RESOLUTION OF THE COUNTYWIDE OVERSIGHT BOARD OF THE COUNTY OF MERCED VALIDATING THE DEPOSIT OF FUNDS FROM THE SALE OF A HOUSING ASSET (951 WEST 7TH STREET) OWNED BY THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF MERCED INTO THE CITY OF MERCED'S LOW AND MODERATE INCOME HOUSING ASSET FUND PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34176 AND 34176.1

WHEREAS, on June 29, 2011, the Legislature of the State of California (the "State") adopted Assembly Bill x1 26 ("AB 26"), which amended provisions of the State's Community Redevelopment Law (Health & Safety Code sections 33000 et seq.); and

WHEREAS, pursuant to AB 26 and the State Supreme Court decision in *California Redevelopment Association, et al. v. Ana Matasantos, et al.*, which upheld AB 26 (together with AB 1484, as amended to date, the "Dissolution Law"), the former Redevelopment Agency of the City of Merced ("Redevelopment Agency") was dissolved on February 1, 2012; and

WHEREAS, in accordance with the Dissolution Law, the City Council of the City of Merced ("City") took official action declining to become the former Redevelopment Agency's successor agency pursuant to HSC Section 34173(d)(l), and as a result, the City of Merced Designated Local Authority ("DLA") was formed in accordance with HSC Section 34173(d)(3)(A) and assumed the former Redevelopment Agency's non-housing functions and obligations; and

WHEREAS, pursuant to HSC Section 34176(a), the City elected to retain the housing assets and functions previously performed by the Redevelopment Agency, and under HSC Section 34176, all rights, powers, duties, obligations and housing assets were transferred to the City as the housing successor ("Housing Successor"); and

WHEREAS, the Oversight Board to the DLA was in existence in accordance with the Dissolution Law until June 30, 2018. Effective July 1, 2018, the Countywide Oversight Board of the County of Merced ("Oversight Board") has been established in accordance with Health & Safety Code section 34179(j) to approve certain DLA actions pursuant to Health & Safety Code Section 34180 and to direct successor agencies in certain other actions pursuant to Health & Safety Code section 34181; and

WHEREAS, the real property assets identified in the attached Exhibit A ("Housing Assets"), were acquired by the former Redevelopment Agency for low- and moderate-income housing purposes and thus constitute housing assets as defined under HSC Section 34176(e)(l) of the former Redevelopment Agency; and

WHEREAS, pursuant to the authority granted in Resolution No. RDA 698, and Resolution No. PFA 2011-4, both adopted on January 31, 2011, the Housing Assets identified in Exhibit A were transferred to the Merced Public Finance and Economic Development Agency ("PFEDA") in March 2011, and were subsequently transferred by PFEDA to the City in April 2012; and

WHEREAS, HSC Section 34176(a)(2) required the Housing Successor to submit a list of the former Redevelopment Agency's housing assets ("Housing Assets Transfer List") to the California Department of Finance ("DOF"), which had the right to review and object to any asset included on the Housing Assets Transfer List; and

WHEREAS, HSC Section 34176(a)(2) further provides that if a transferred asset is deemed not to be a housing asset as defined in subdivision (e), it shall be returned to the successor agency; and

WHEREAS, the City, as the Housing Successor, compiled and submitted a Housing Assets Transfer List to DOF on August 1, 2012, and by letter dated February 25, 2013, DOF indicated it did not object to the transfer of the Housing Assets, noting that the properties were still subject to review by the State Controller's Office; and

WHEREAS, HSC Section 34179.5 required the DLA, as the successor agency, to undergo specified due diligence reviews (each a "DDR") of the assets and accounts of the former Redevelopment Agency, one of which examined all housing assets transferred from the former Redevelopment Agency to the City ("Housing DDR"), which was submitted to DOF for review in accordance with HSC Section 34179.6(c); and

WHEREAS, in accordance with HSC Section 34167.5, the State Controller's Office ("SCO") undertook a review of all asset transfers which occurred after January 1, 2011, from the former Redevelopment Agency to the City or any other government agency, and in July 2015, the SCO issued a final Asset Transfer Report which acknowledged the prior transfer of certain housing assets to PFEDA and the City, but noted that some of these assets may be subject to the provisions of HSC Section 34181; and

WHEREAS, HSC Section 34181(f) provides that all actions taken pursuant to Section 34181(c), regarding the transfer of housing assets to the Housing Successor, shall be approved by resolution of the Oversight Board at a public meeting after at least 10 days' notice to the public, and such actions shall be subject to review by DOF pursuant to Section 34179; and

WHEREAS, to comply with HSC Section 34181(f), the Oversight Board, by Resolution No. 2014-12 adopted on November 6, 2014, approved the conveyance of the Housing Assets to the Housing Successor and ratified the prior actions taken; and

WHEREAS, pursuant to HSC Section 34179(h), the Oversight Board action under Resolution No. 2014-12 was submitted to DOF for its review; and

WHEREAS, by letter dated February 23, 2015, DOF did not approve said Resolution No. 2014-12, indicating that insufficient documentation was provided to demonstrate the Housing Assets meet the criteria set forth in HSC Section 34176, and returned the action to the Oversight Board for reconsideration; and

WHEREAS, HSC Section 34176(e)(l) defines "housing asset" to include, among other things, "any real property, interest in, or restriction on the use of real property, whether improved or not ... that were acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds;" and

WHEREAS, City staff assembled documentation to demonstrate that nine of the Housing Assets identified in Exhibit A meet the criteria for housing assets as defined in HSC Section 34176, and the City submitted this documentation to the Oversight Board for consideration and approval; and

WHEREAS, on January 17, 2017, the City Council of Merced approved Resolution No. 2017-02 authorizing the retention by the City, as Housing Successor, of certain housing assets owned by the former Redevelopment Agency of the City of Merced and previously conveyed to the City, including most of the properties in Exhibit A, as identified therein; and

WHEREAS, on January 26, 2017, the Oversight Board approved Resolution No. 2017-04 approving the transfer of those housing assets to the City of Merced; and

WHEREAS, one housing asset known as 951 W. 7th Street (Assessor's Parcel Number: 032-133-015) was sold by the Housing Successor in 2012, with sale proceeds deposited into the Low- and Moderate-Income Housing Asset Fund ("Housing Asset Fund"), and excluded from the 2017 transfer; and

WHEREAS, City staff assembled documentation to demonstrate that 951 W. 7th Street met the criteria for housing assets as defined in HSC Section 34176; and

WHEREAS, on May 20, 2019, by Resolution No. 2019-19 (attached as Exhibit B), the City determined that 951 W. 7th Street qualified as a housing asset and validated the deposit of funds by the City from the sale of such property into the Housing Asset Fund; and

WHEREAS, the City has requested that the Oversight Board find that 951 W. 7th Street qualified as a housing asset and validate the deposit of sales proceeds from the sale of such property into the City's Housing Asset Fund; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, THE COUNTYWIDE OVERSIGHT BOARD OF THE COUNTY OF MERCED DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Oversight Board hereby finds that 951 W. 7th Street qualified as a housing asset and validates the deposit of sales proceeds from the sale of such property into the City's Housing Asset Fund in accordance with Health and Safety Code Sections 34176 and 34176.1.

SECTION 3. The City is further authorized to enter into such agreements or other documents as may be required to implement the foregoing and to take such other actions on behalf of the City as Housing Successor to implement the foregoing as may be necessary in accordance with applicable law.

SECTION 4. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

SECTION 5. The City is hereby directed to submit a signed copy of this Resolution, including all attachments and related staff reports to the Department of Finance in accordance with the Dissolution Law. The City is further directed to promptly provide the Oversight Board Chair, Oversight Board counsel, and Oversight Board staff with copies of all correspondence to and from the Department of Finance with respect to this Oversight Board Resolution.

SECTION 6. This Resolution shall take effect from and after the date of its passage and adoption in accordance with, and subject to, all applicable requirements of the Dissolution Law.

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PASSED, APPROVED AND ADOPTED at a regular meeting of the Countywide Oversight Board of the County of Merced, held this 23rd day of May, 2019.

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

Joe Ramirez, Chairperson
Countywide Oversight Board of the
County of Merced

ATTEST:

Mark Persico, Secretary
Countywide Oversight Board of the County of Merced

Attachments:

- Exhibit A – Real Property Housing Assets of the Former Redevelopment Agency
- Exhibit B – Merced City Council Resolution 2019-19

EXHIBIT A

**REAL PROPERTY HOUSING ASSETS OF THE
FORMER REDEVELOPMENT AGENCY TO THE CITY OF MERCED**

APN	Address	Existing Use	Status
031-161-001	1744 I Street	Vacant Land	Transferred in 2017
031-074-010	1815 I Street	Vacant Land	Transferred in 2017
031-074-009	1823 I Street	Vacant Land	Transferred in 2017
031-082-002	150 W. 19 th Street	Vacant Land	Transferred in 2017
031-074-008	202 W. 19 th Street	Vacant Land	Transferred in 2017
031-074-011	205 W. 18 th Street	Vacant Land	Transferred in 2017
031-074-012	211 W. 18 th Street	Vacant Land	Transferred in 2017
031-084-011	49 W. 18 th Street	Vacant Land	Transferred in 2017
059-256-004	73 S. R Street	Vacant Land	Transferred in 2017
031-163-005	26 W. 18 th Street	Vacant Land	Excluded from 2017 Transfer
032-161-002	454 W. 8 th Street	Single Family Home	Sold in 2015
032-133-015	951 W. 7 th Street	Single Family Home	Sold in 2012

EXHIBIT B

MERCED CITY COUNCIL RESOLUTION 2019-19

[ATTACHED]