



Legislation Text

File #: 17-029, **Version:** 1

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SUBJECT: Approval of Retention by the City, as the Housing Successor, of Certain Housing Assets Owned by the Former Redevelopment Agency of the City of Merced

REPORT IN BRIEF

Approves the Retention by the City, as the Housing Successor, of Certain Housing Assets Owned by the Former Redevelopment Agency of the City of Merced

RECOMMENDATION

City Council - Adopt a motion:

Adopting **Resolution 2017-02**, A Resolution of the City of Merced 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 which:

1. Makes the determination that the Housing Assets meet the criteria for housing assets as defined in CRL Section 34176; and,
2. Authorizes the retention by the City, as the Housing Successor, of the Housing Assets identified in Exhibit A; and,
3. Authorizes the submission of the supporting documentation to the Oversight Board for consideration and approval.

AUTHORITY

Municipal Code section 200.

CITY COUNCIL PRIORITIES

Not applicable.

DISCUSSION

In accordance with the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) ("CRL"), the City Council of the City of Merced ("City") previously established the Redevelopment Agency of the City of Merced, a public body, corporate and politic ("Redevelopment Agency") to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL.

Assembly Bill 1X 26, enacted in June 2011, and as modified by the Supreme Court of the State of

California in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, and further modified by Assembly Bill 1484, enacted in June 2012, and other subsequent legislation (collectively, the “Dissolution Act”) dissolved all redevelopment agencies on February 1, 2012, and set out procedures for their wind-down.

Successor agencies were established under CRL Section 34173 as successor entities for the non-housing functions and assets of the former redevelopment agencies. Pursuant to CRL Section 34173(d)(1), a city or other entity that formed the redevelopment agency could elect not to serve as a successor agency. Accordingly, the City Council took official action declining to become the former Redevelopment Agency’s successor agency. As a result of that action, the City of Merced Designated Local Authority (“DLA”) was formed pursuant to CRL Section 34173(d)(3)(A) and assumed the former Redevelopment Agency’s non-housing functions and obligations.

In addition, CRL Section 34176(a) authorized the city or other entity that created the redevelopment agency to elect to retain the housing assets and functions previously performed by the Redevelopment Agency (“Housing Successor”). The City made such election and, under said Section 34176, all rights, powers, duties, obligations and housing assets of the former Redevelopment Agency were transferred to the City, as the Housing Successor.

The former Redevelopment Agency acquired various assets for low and moderate income housing purposes, including those properties identified on the attached Exhibit A (“Housing Assets”). Prior to its dissolution, the Redevelopment Agency, pursuant to the authority granted in Resolution No. RDA 698, adopted on January 31, 2011, conveyed certain assets, including the Housing Assets, to the City of Merced Public Financing and Economic Development Authority (“PFEDA”) in March 2011. The PFEDA accepted such conveyances pursuant to the authority contained in Resolution No. PFA 2011-4, adopted on January 31, 2011. The Housing Assets identified in Exhibit A were identified as housing assets and subsequently transferred by PFEDA to the City in April 2012.

CRL 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. CRL 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. The City, as the Housing Successor, compiled and submitted a Housing Assets Transfer List to DOF on August 1, 2012. By letter dated August 31, 2012, DOF indicated it objected to all of the properties that were transferred prior to February 1, 2012, because CRL Section 34176(a)(2) states the Housing Assets Transfer List must include assets transferred between February 1, 2012 and the date upon which the list was created. Following a meet and confer session, DOF issued a revised letter dated February 25, 2013, indicating it no longer objected to the transfer of the Housing Assets, noting however, that the properties were still subject to review by the State Controller’s Office.

CRL 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”). The Housing DDR was submitted to DOF for review in accordance with CRL Section 34179.6(c).

CRL Section 34167(g) required the State Controller's Office ("SCO") to undertake a review of all asset transfers which occurred after January 1, 2011, from the former Redevelopment Agency to the City. The SCO issued a final Asset Transfer Report in July 2015 which acknowledged the prior transfer of certain housing assets to PFEDA and the City.

As part of the Dissolution Act, an oversight board ("Oversight Board") was formed for the DLA in accordance with CRL Section 34179, to oversee the actions of the DLA. Pursuant to Section CRL 34181(c), the Oversight Board shall direct the DLA, as the successor agency, to transfer housing assets to the Housing Successor pursuant to Section 34176. CRL Section 34181(f) provides that all actions taken pursuant to Section 34181(c) 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. To comply with CRL 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. Resolution No. 2014-12 was submitted to DOF for its review.

By letter dated February 23, 2015, DOF did not approve Oversight Board Resolution No. 2014-12, indicating that there was insufficient documentation that the housing assets met the criteria in CRL Section 34176. Resolution No. 2014-12 was returned to the Oversight Board for reconsideration.

CRL Section 34176(e)(1) 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." City staff has assembled supporting documentation to demonstrate that the Housing Assets identified in Exhibit A meet the criteria for a "housing asset" under Section 34176(e)(1). This supporting documentation for each of the Housing Assets listed in Exhibit A is contained in Exhibit B, attached hereto. Based on the information contained in Exhibit B, staff requests the City Council adopt a resolution to (a) determine that the Housing Assets listed in Exhibit A meet the criteria for housing assets as defined in CRL Section 34176, (b) authorize the retention by the City of the Housing Assets identified in Exhibit A, and (c) submit all such supporting documentation to the Oversight Board for consideration and approval.

ATTACHMENTS

1. Resolution 2017-02
2. Exhibit A: List of Housing Assets
3. Exhibits B1-B8: Supporting Documentation that Housing Asset Meet the Criteria of Health & Safety Code Section 34176