

CITY OF SANTA ROSA
HOUSING AUTHORITY

TO: HOUSING AUTHORITY COMMISSIONERS
FROM: FRANK KASIMOV, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES
SUBJECT: CONVEYANCE OF FOUR PARCELS LOCATED AT 6th AND "A"
STREETS TO THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SANTA ROSA

AGENDA ACTION: Resolution

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Housing Authority, by resolution, (a) convey the four Remnant Parcels located at 6th and "A" Streets to the Successor Agency to the Redevelopment Agency of the City of Santa Rosa, as required by order of the State Controller and Redevelopment Dissolution Law; (b) request that the Successor Agency reconfigure the Remnant Parcels and convey the right-of-way portion to the City of Santa Rosa for governmental purposes and the remainder to the Housing Authority, as the housing successor agency, for homeless and/or affordable housing purposes; and (c) request that the Successor Agency expeditiously forward its action to the Successor Agency Oversight Board and then to the California Department of Finance for their approvals.

EXECUTIVE SUMMARY

In 2011, the former Redevelopment Agency of the City of Santa Rosa (the "RDA") conveyed four parcels to the Housing Authority to increase the stock of affordable housing in Santa Rosa. The parcels were left over from development of the Santa Rosa Plaza and realignment of 6th Street (the "Remnant Parcels"), a major downtown redevelopment project. Subsequently, the State Controller (the "SCO") found that the transfer of the Remnant Parcels was not allowable and ordered the Housing Authority to reverse the land transfer and turn over the assets to the RDA Successor Agency (the "Successor Agency") for disposition in accordance with Redevelopment Dissolution Law. The transfer of the Remnant Parcels to the Successor Agency is intended to satisfy the requirements of the State Controller's Report and Redevelopment Dissolution Law.

The State Controller's Report also notes that successor agencies are required to transfer housing functions and assets to its housing successor which, in this case, is the Housing Authority. The Remnant Parcels were intended and are still intended to be used for affordable housing purposes. One opportunity would be to incorporate the Remnant Parcels

in Caritas Village, a proposed development by Catholic Charities of the Diocese of Santa Rosa (“Catholic Charities”), located adjacent to the Remnant Parcels, that would enhance development concept for affordable housing and homeless services on the property.

BACKGROUND

The Remnant Parcels are located on 6th Street between “A” Street and Morgan Street, as shown in Attachment 1, and are identified as Assessor Parcel Numbers 010-041-008, 010-041-009, 010-041-010 and 010-041-019.

A portion of the Remnant Parcels is located within the 6th Street right-of-way and utilized for public purposes. The remainder is adjacent to two single family homes and an approximately two-acre site owned by Catholic Charities. On this site (which has been referred to over time as the “Old General Hospital Site” and “The Block”), Catholic Charities operates affordable housing, the Family Support Center homeless shelter, and the Homeless Services Center. Catholic Charities is currently preparing plans to expand these uses in a development named “Caritas Village.”

On October 26, 2009, the Housing Authority and RDA entered into the Agreement for Affordable Housing Services pursuant to which the Housing Authority would carry out the RDA’s obligations under the Community Redevelopment Law to provide affordable housing opportunities for low- and moderate-income households (the “Housing Services Agreement”).

On March 7, 2011, the RDA adopted Resolution No. 1658 authorizing the conveyance of the Remnant Parcels to the Housing Authority for affordable housing purposes, and the Housing Authority adopted Resolution No. 1510 authorizing acceptance of the Remnant Parcels.

In June 2011, the California Legislature enacted ABx1-26, which required the dissolution of the state’s redevelopment agencies. ABx1-26 and subsequent legislation, including AB 1484 and SB 107, are collectively referred to as the “Redevelopment Dissolution Law.”

On January 24, 2012, the City Council adopted Resolution No. 28036, selecting the Housing Authority to be the designated housing successor agency under Redevelopment Dissolution Law and carry out all of the remaining affordable housing obligations of the RDA.

On February 1, 2012, all redevelopment agencies in California were officially dissolved.

In January 2015, the State Controller’s Office issued *Redevelopment Agency of the City of Santa Rosa Asset Transfer Review Report January 1, 2011, through January 31, 2012* (the “SCO Report”) which requires reversal of the property transfer.

On March 26, 2018, the Housing Authority discussed the Remnant Parcels and continued the item to the next meeting.

PRIOR HOUSING AUTHORITY REVIEW

On October 26, 2009, the Housing Authority adopted Resolution No. 1459 approving and authorizing the execution of the Housing Services Agreement.

On March 7, 2011, the Housing Authority adopted Resolution No. 1510 authorizing acceptance of the Remnant Parcels from the RDA.

ANALYSIS

The RDA transferred the Remnant Parcels to the Housing Authority to increase the stock of affordable housing in the City. Specifically, RDA Resolution No. 1658 stated that that the conveyance of the parcels will assist the Housing Authority in preserving affordable housing opportunities that the parcels provide and/or provide for other affordable housing units as the Authority may deem appropriate and consistent with the terms of the Housing Services Agreement. The RDA resolution and Housing Authority resolution accepting the assets each recognized that the best use of the Parcels would be in conjunction with the adjacent General Hospital Site properties that provide homeless service programs and affordable housing.

The transfer occurred during the timeframe when the SCO was required to review all asset transfers between each redevelopment agency and its sponsoring city or county. Redevelopment Dissolution Law (Health and Safety Code section 34167.5) states that the SCO was required to order any assets transferred to a governmental agency that were not contractually committed to a third party to be returned to the successor agency.

As a result, the SCO Report found that the transfer of the four parcels was not allowable and that the Housing Authority was ordered to reverse the transfer and turn over the property assets to the Successor Agency for disposition in accordance with Redevelopment Dissolution Law. SB 107 added Health and Safety Code section 34179.9 which, among other things, reiterated the requirement that the SCO's orders for the return of assets be effectuated. Consequently, the transfer of the Remnant Parcels to the Successor Agency is intended to satisfy the requirements of the SCO Report and Redevelopment Dissolution Law.

The Final SCO report specifically noted, however, in reference to Health & Safety Code Section 34177(g), that successor agencies are required to transfer housing functions and assets to its housing successor (which, in Santa Rosa, is the Housing Authority). During its review of the draft SCO Report, the City had pointed out the redundancy and administrative inefficiency of requiring the Housing Authority to transfer the parcels to the Successor Agency, and then have the Successor Agency reconvey them to the Housing Authority. Nonetheless, the SCO's Final Report maintained that the assets must be transferred to the Successor Agency.

The Remnant Parcels were intended and are still intended for affordable housing purposes. One timely opportunity is to enhance the development concept of Catholic Charities' planned expansion of affordable housing and homeless services at the adjacent site.

The reconveyance will allow the Successor Agency to reconfigure the Remnant Parcels, so that the right-of-way portion can be conveyed to the City for governmental purposes and the remainder to the Housing Authority, as the former Redevelopment Agency's housing successor, to enhance the development concept of Caritas Village or for other affordable housing purposes, consistent with Section 34177(g) and the original intent of the transfer of

parcels to the Housing Authority in 2011. The actions of the Successor Agency are subject to approval by the Successor Agency Oversight Board by the State Department of Finance.

Transfer of the Remnant Parcels in accordance with Redevelopment Dissolution Law may help avoid potential problems in the subsequent transfer of parcels to a third party since title companies may require evidence that the proper process was followed in order to ensure that the title is clean.

The Successor Agency's legal counsel, Best Best & Krieger, LLP, has been advising staff on the disposition of the property and how to proceed.

FISCAL IMPACT

Because the Remnant Parcels are considered housing assets of the former Redevelopment Agency, proceeds from the sale of the Remnant Parcels, if any, are to be retained by the Housing Authority, as the housing successor, to be used for affordable housing purposes.

ENVIRONMENTAL IMPACT

The activity is a transfer of land ownership, as required by the SCO, and does not involve a commitment to any specific project. This activity is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) in that there is no possibility that it may have significant effects on the environment. Furthermore, this activity is not a project defined in CEQA Guidelines section 15378 because it does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment.

COUNCIL/BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Notification of this agenda item was mailed to adjacent property owners who share a lot line with the Remnant Parcels.

ATTACHMENTS

- Attachment 1 – Map of Remnant Parcels
- Attachment 2 – Aerial View of Remnant Parcels
- Resolution

CONTACT

Frank Kasimov, fkasimov@srcity.org, (707) 543-3465