

SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA ROSA

TO: CHAIRPERSON AND SUCCESSOR AGENCY MEMBERS
FROM: FRANK KASIMOV, PROGRAM SPECIALIST
HOUSING AND COMMUNITY SERVICES DEPARTMENT
SUBJECT: CONVEYANCE OF THREE PARCELS LOCATED AT 6th AND "A"
STREETS TO THE CITY OF SANTA ROSA FOR
GOVERNMENTAL PURPOSES

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Successor Agency, by resolution, approve conveyance of the three remaining Remnant Parcels to the City of Santa Rosa for governmental purposes and direct staff to forward its action to the Sonoma County Consolidated Oversight Board and then to the California Department of Finance for their respective approvals.

EXECUTIVE SUMMARY

The former Redevelopment Agency of the City of Santa Rosa ("RDA") acquired property for realignment of 6th Street between "A" Street and Morgan Street for the Santa Rosa Plaza redevelopment project, which opened in 1982. A portion of the four parcels (the "Parcels" or "Remnant Parcels") was not utilized for the right-of-way. The RDA transferred the Parcels to the Housing Authority in 2011 to increase the stock of affordable housing in Santa Rosa on the small remnant portion of the site. Both the RDA and Housing Authority recognized that the best use of the small, oddly-shaped site that was left over from the street realignment, would be in conjunction with the adjacent two-acre site that provides homeless services and affordable housing.

The State Controller's Office determined that the 2011 transfer was not allowable and ordered the Housing Authority to return the Parcels to the Successor Agency for disposition in accordance with Redevelopment Dissolution Law.

On June 26, 2018, the Successor Agency accepted the Remnant Parcels that the Housing Authority had conveyed the previous month. The Successor Agency also approved conveying the right-of-way portion of the Parcels to the City of Santa Rosa (the "City") and reconveying the developable portion back to the Housing Authority for

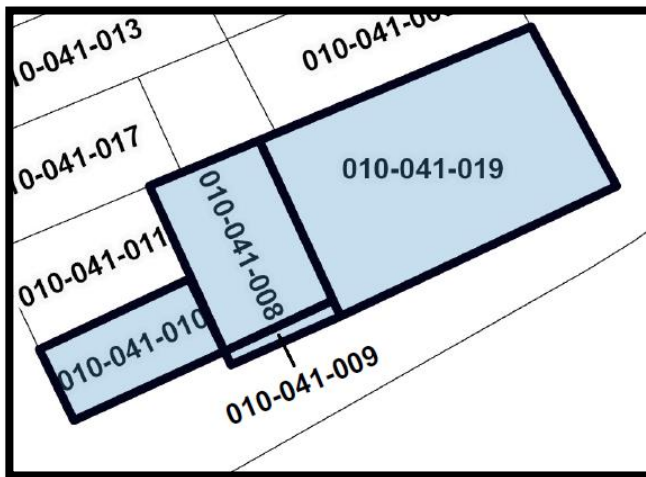
affordable housing and homeless services. These actions were subject to approval by the Sonoma County Consolidated Oversight Board (the “Oversight Board”) and to the California Department of Finance (“DOF”), the agency overseeing Redevelopment dissolution.

The Oversight Board approved the Successor Agency’s actions. DOF approved the land transfer from the Housing Authority to the Successor Agency and the transfer of one parcel that is located entirely within the street right-of-way from the Successor Agency to the City for governmental purposes. DOF disapproved any transfer that involved conveyance to the Housing Authority (which involved three of the Parcels) because the property had not been acquired for low- and moderate-income housing. The Remnant Parcels are now classified to be used for “governmental purposes.”

BACKGROUND

The Remnant Parcels total approximately one-half acre and are located on 6th Street between “A” Street and Morgan Street, as shown in Attachments 1 and 2, and are identified as Assessor Parcel Numbers (“APN’s”) 010-041-008, 010-041-009, 010-041-010 and 010-041-019 as shown in Graphic 1 below. As shown in Graphic 2 below, approximately half of the Parcels is located within the 6th Street right-of-way and utilized for public purposes; and the potentially developable remnant area is small (approximately one-quarter acre) and oddly configured.

Graphic 1: APN’s of the four Remnant Parcels:



Graphic 2: Existing Uses of the Parcels



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, consistent with the Housing Services Agreement, and the Housing Authority adopted Resolution No. 1510 authorizing acceptance of the 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 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 (the “SCO”) issued Redevelopment Agency of the City of Santa Rosa Asset Transfer Review Report January 1, 2011, through January 31, 2012 (the “SCO Report”) which determined that the transfer of the 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.

On May 21, 2018, the Housing Authority adopted Resolution No. 1650, approving conveyance of the Parcels to the Successor Agency and requesting that the developable portion of the properties be returned to the Housing Authority for homeless and/or affordable housing purposes.

On June 26, 2018, the Successor Agency adopted Resolution No. SA -2018- 002 accepting the conveyance of the four Remnant Parcels from the Housing Authority and approving conveyance of a portion of the Parcels to the City for right-of-way purposes and the remainder to the Housing Authority, as the housing successor agency, for homeless and/or affordable housing purposes.

On September 7, 2018, the Oversight Board adopted Resolution No. 1, approving the Successor Agency’s actions.

In a letter dated January 2, 2019, DOF approved a portion and disapproved a portion of the Successor Agency’s actions. Staff replied in a letter dated January 25, 2019.

PRIOR RDA/SUCCESSOR AGENCY REVIEW

On October 26, 2009, the RDA adopted Resolution No. 1609 approving and authorizing the execution of 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.

On June 26, 2018, the Successor Agency adopted Resolution No. SA -2018- 002, accepting the conveyance of the four Remnant Parcels from the Housing Authority and approving conveyance of a portion of the Parcels to the City for right-of-way purposes and the remainder to the Housing Authority, as the housing successor agency, for homeless and/or affordable housing purposes.

ANALYSIS

The RDA transferred the Remnant Parcels to the Housing Authority in 2011 to increase the stock of affordable housing in the City. Specifically, RDA Resolution No. 1658 stated that the conveyance of the Parcels will assist the Housing Authority in preserving affordable housing opportunities that the Remnant Parcels provide and/or provide for other affordable housing units as the Housing Authority may deem appropriate and consistent with the terms of the Housing Services Agreement. Both 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 approximately 2-acre site on which Catholic Charities provides homeless services 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 (specifically, 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 Remnant 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 Parcels from the Housing Authority to the Successor Agency satisfied, in part, requirements of the SCO Report. The other part of the SCO Report concerned the Successor Agency's disposition of the Parcels in accordance with Redevelopment Dissolution Law

To satisfy this requirement, the Successor Agency approved conveyance of the street portion of the Parcels to the City for governmental purposes and the potentially

developable portion of the Remnant Parcels to the Housing Authority for affordable housing and/or homeless services. For the transfer to the Housing Authority, the Successor Agency relied on the SCO Report, which stated (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).

In a letter dated January 2, 2019 (Attachment 3), DOF approved part of the Successor Agency's request and disapproved part of the request. DOF approved (1) acceptance by the Successor Agency of the Parcels conveyed by the Housing Authority and (2) conveyance to the City of one Parcel, APN 010-041-009, which is entirely within the street, for governmental purposes. DOF disapproved any transfer that involved conveyance to the Housing Authority for affordable housing and/or homeless services (which involved three of the Parcels) because the Parcels had not been acquired for low- and moderate-income housing purposes.

In response, City staff sent a letter to DOF dated January 25, 2019 (Attachment 4), clarifying the difficulty of independently developing the site due to the odd configuration, small size, zoning setbacks, and surrounding lane uses, which include Highway 101, mall parking garages and the Catholic Charities campus with affordable housing and homeless services. Staff requested that DOF work with the Successor Agency to find a path forward that recognizes that the best use for the Remnant Parcels is to combine them with the Catholic Charities campus to provide additional affordable housing and homeless services. Specifically, the letter requested that DOF approve for the three remaining Parcels (1) the conveyance of the street right-of-way and a sidewalk easement to the City and (2) the sale of the remainder of the Parcels directly by the Successor Agency to Catholic Charities to be utilized for affordable housing and/or homeless services.

The Remnant Parcels are now designated to be used for "governmental purposes." Staff has been advised that if the Oversight Board and DOF approve transfer of the three remaining Parcels to the City, DOF would no longer have oversight on the subsequent use or disposition of the Parcels. The City would then be able to keep the right-of-way and surplus the remainder in accordance with City policy and state law.

Exhibit A to the Resolution depicts the property transfer of the three remaining Remnant Parcels from the Successor Agency to the City.

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

The transfer of the Remnant Parcels to the City for governmental purposes will result in no sale proceeds for the Successor Agency.

ENVIRONMENTAL IMPACT

The activity is a transfer of land ownership for governmental purposes and does not involve a commitment to any new development. The 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

On May 21, 2018, the Housing Authority approved the conveyance of the Remnant Parcels to the Successor Agency and requested that the Successor Agency reconfigure the Parcels and convey the right-of-way portion to the City for governmental purposes and the remainder to the Housing Authority, as the housing successor agency, for homeless and/or affordable housing purposes.

On June 26, 2018, the Successor Agency adopted Resolution No. SA -2018- 002, accepting the conveyance of the Remnant Parcels from the Housing Authority and approving conveyance of a portion of the Parcels to the City for right-of-way purposes and the remainder to the Housing Authority, as the housing successor agency, for homeless and/or affordable housing purposes.

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
- Attachment 3 – DOF Letter dated January 2, 2019
- Attachment 4 – Response letter to DOF, dated January 25, 2019
- Resolution/Exhibit A

CONTACT

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