



*CITY COUNCIL AND
COSTA MESA HOUSING AUTHORITY
AGENDA REPORT*

MEETING DATE: SEPTEMBER 15, 2015 ITEM NUMBER: CC-11

SUBJECT: AUTHORIZE AND DIRECT THE CITY OF COSTA MESA'S CONVEYANCES AND ASSIGNMENTS TO THE COSTA MESA HOUSING AUTHORITY OF ALL INTERESTS IN CERTAIN PROPERTIES AND AFFORDABLE HOUSING PROJECTS LOCATED AT 745 W. 18TH STREET AND 734, 740 AND 744 JAMES STREET ACQUIRED THROUGH FORECLOSURE PROCEEDINGS

DATE: SEPTEMBER 8, 2015

FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER

**PRESENTATION BY: DANIEL K. BAKER, ASSISTANT TO THE CEO
CELESTE STAHL BRADY, SPECIAL COUNSEL**

**FOR FURTHER Dan Baker 714. 754.5156 Daniel.Baker@costamesaca.gov
INFORMATION CONTACT:**

CITY COUNCIL AND HOUSING AUTHORITY RECOMMENDED ACTION

Staff recommends that the City Council and Housing Authority adopt a Joint Resolution authorizing and directing: (1) the City's (a) conveyances and transfers of fee title by Quitclaim Deeds to the Costa Mesa Housing Authority and (b) Assignments of Regulatory Agreements and bills of sale to all personal property to the Housing Authority, and (2) the Housing Authority's acceptance of such conveyances by Quitclaim Deed and the Assignments of Regulatory Agreements and bills of sale, all relating to certain real properties located at 745 W. 18th Street (APN: 424-052-01) and 734, 740 and 744 James Street (APNs 424-052-18, 424-052-19 and 424-052-20) in the City of Costa Mesa, State of California, and (3) the CEO and his authorized representative(s) on behalf of the City, and the Executive Director and his authorized representative(s) on behalf of the Housing Authority, to execute, and the City Clerk/Secretary to attest, the Quitclaim Deeds and the Assignment and Bill of Sale Agreements for such affordable housing Properties.

BACKGROUND AND ANALYSIS

In connection with foreclosure proceedings initiated by the City and Housing Authority, Trustee sales by auction were held on August 28, 2015 at the Santa Ana Superior Court for three (of the four) affordable housing projects that had been owned and operated by Civic Center Barrio Housing Corporation (“CCBHC”), including:

- (1) 734, 740, 744 James St., 11 units in one 3-plex and two 4-plexes; 9 Low and 2 Very Low Income units; City loan with successful credit bid of \$1,180,026.24;
- (2) 745 W. 18th St., 3 units in one 3-plex; 3 Very Low Income units; City loan with successful credit bid of \$450,563.65; and
- (3) 707, 711 W. 18th St., 8 units in two 4-plexes; 8 Low Income units; former RDA/Housing Authority loan with successful credit bid of \$753,471.87.

The purpose of this agenda report is to recommend that the two City-owned properties/projects (together, “Properties”), and related affordable housing Regulatory Agreements of record and personal property be transferred to the Costa Mesa Housing Authority (Housing Authority).

As explained in prior agenda reports and information presented to the City Council and Housing Authority about these former CCBHC projects, the City provided the original subordinate financing for the 745 W. 18th St. and 734, 740, 744 James St. projects, so upon foreclosure of its loans the City became the fee owner of these Properties. And, the Housing Authority, as housing successor and the successor-in-interest to the now dissolved redevelopment agency, became the fee owner of the 707, 711 W. 18th St. project. City staff is currently providing the property management services for these newly acquired projects while the purchasing division completes the bidding and selection process to contract for professional services for affordable housing property management of all 22 apartments during Costa Mesa’s ownership of the projects.

Under the California Housing Authorities Law (HAL), Section 34200, *et seq.* of the Health and Safety Code (HSC), there exists in every city a housing authority, which entity is an arm of the State, is activated by action of the city council and its statutory purpose is to promote and provide decent, safe and sanitary housing in the community. As you recall, in preparation for and response to Assembly Bill x1 26 that caused the dissolution of all California redevelopment agencies, including the former Costa Mesa Redevelopment Agency, on January 17, 2012 the City Council adopted an ordinance activating the Costa Mesa Housing Authority pursuant to the HAL and selected the Housing Authority to be the “housing successor” on and after February 1, 2012. Therefore, the Housing Authority operates both under the HAL and serves as the housing successor under the Dissolution Law, Parts 1.8 and 1.85, Division 24 of the HSC, in particular Sections 34176 and 34176.1. In its role as housing successor, the Housing Authority assumed the housing assets and functions of the former RDA under the affordable housing laws of the Community Redevelopment Law, HSC Section 33000, *et seq.*

While a city has broad powers and purposes, a housing authority is more limited in purpose; this narrower focus equates to a more detailed statutory scope of affordable housing functions. These powers include ownership, operation, maintenance, financing by loans, issuance of bonds, rehabilitation and new construction of housing and enforcement of applicable laws. Simply stated, the Housing Authority is an entity that is an affordable housing specialist, with specific regulations, policies and “tools” to accomplish affordable housing in the community under State and local laws. For these and other legal reasons, the City Attorney and Special Counsel have recommended that the City convey title by deed, and assign the Regulatory Agreements and transfer by bills of sale all personal property to the Housing Authority based on its statutory purpose to provide affordable housing programs and projects in the community.

Attached to this agenda report are the following: (i) a joint resolution of City Council and Housing Authority (Attachment A); (ii) the form of two Quitclaim Deeds for the City to transfer all of its interests in the 745 W.18th St. and 734, 740, 744 James St. projects to the Housing Authority (Attachment B); and (iii) Assignment and Bill of Sale Agreements to fully transfer the affordable housing Regulatory Agreements and all personal property for the two projects to the Housing Authority (Attachment C). The joint resolution, if approved, also authorizes and directs the Chief Executive Officer and his authorized representative(s) and the City Clerk on behalf of the City, and the Executive Director and his authorized representative(s) and the Secretary on behalf of the Housing Authority to sign and attest, respectively, the Quitclaim Deeds and the Assignments.

ALTERNATIVES CONSIDERED

The City Council may choose to not convey or assign the properties to the Housing Authority; and the Housing Authority may choose to not accept the conveyances or assignments of the properties.

FISCAL REVIEW

If the joint Resolution is approved, then the Finance Department will evidence the transfer of the Properties from the City to the Housing Authority.

LEGAL IMPACT

Special Counsel, Celeste Brady, of Stradling Yocca Carlson & Rauth has prepared the joint resolution, Quitclaim Deeds and Assignments; and, the agenda report and has been reviewed and approved by the City Attorney. Both the City Attorney and Special Counsel have reviewed this matter and concur with the recommended actions.

CONCLUSION

Staff recommends that the City Council and Housing Authority approve the joint Resolution.

DANIEL K. BAKER
Assistant to the CEO

THOMAS R. HATCH
Chief Executive Officer

Attachments:

- A. [Joint Resolution of City Council and Housing Authority](#)
- B. [Quitclaim Deeds](#)
- C. [Assignment and Bill of Sale Agreements](#)