



*CITY COUNCIL AND  
COSTA MESA HOUSING AUTHORITY  
AGENDA REPORT*

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MEETING DATE: MARCH 1, 2016

ITEM NUMBER: CC-7

**SUBJECT: AUTHORIZE AND DIRECT THE CITY OF COSTA MESA'S CONVEYANCE AND ASSIGNMENT TO THE COSTA MESA HOUSING AUTHORITY OF ALL INTERESTS IN THAT CERTAIN REAL PROPERTY AND AFFORDABLE HOUSING PROJECT LOCATED AT 717, 721 JAMES STREET ACQUIRED THROUGH FORECLOSURE PROCEEDINGS**

**DATE: FEBRUARY 11, 2016**

**FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER**

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

**FOR FURTHER INFORMATION CONTACT: Dan Baker 714. 754.5156 [Daniel.Baker@costamesaca.gov](mailto:Daniel.Baker@costamesaca.gov)**

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**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) conveyance and transfer of fee title by Quitclaim Deed to the Costa Mesa Housing Authority, and (b) Assignment of Regulatory Agreement and bill of sale to all personal property to the Housing Authority, and (2) the Housing Authority's acceptance of such conveyance by Quitclaim Deed and the Assignment of Regulatory Agreement and bill of sale, all relating to certain real property located at 717, 721 James Street (APNs: 424-053-06 and 424-053-07) 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 Deed and the Assignment and Bill of Sale Agreement for such affordable housing Property.

**BACKGROUND AND ANALYSIS**

In connection with foreclosure proceedings initiated by the City relating to 8 Very Low income units in two 4-plexes located at 717, 721 James Street, Costa Mesa (together, "Property"), a Trustee sale by auction was held on February 8, 2016, at the Santa Ana Superior Court for this affordable housing project that had been owned and operated by

Civic Center Barrio Housing Corporation (“CCBHC”). At the Trustee sale, the City’s credit bid of \$2,150,607.48 was the successful and only bid to acquire the Property.

The purpose of this agenda report is to recommend that the Property, and related affordable housing Regulatory Agreement of record, and personal property be transferred to the Costa Mesa Housing Authority (Housing Authority).

As explained in agenda reports and information presented to the City Council and Housing Authority on September 15, 2015 about three other CCBHC projects (22 units in three projects) were acquired through foreclosure proceedings and Trustee sales that occurred on August 28, 2015 due to the defaults of the series of loans provided by Costa Mesa to CCBHC. After foreclosure, Trustee deeds were recorded in the Official Records, County of Orange on September 1, 2015, with one project vesting in the Housing Authority and two projects vesting in the City as those entities provided the original financings. Thereafter, by quitclaim deeds the City transferred its two projects to the Housing Authority under a joint City Council and Housing Authority resolution adopted on September 15, 2015.

For this Property the City too had provided the original subordinate financing, so upon foreclosure of the deed of trust securing the loan, the Property vested with the City. City staff is currently providing the property management services in concert with Proactive Realty Investments Inc. for the 22 units owned by the Housing Authority and Proactive will add this Property for property management.

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 the Property, and assign the Regulatory Agreement and transfer by bill 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 the Quitclaim Deed for the City to transfer all of its interests in the 717 and 721 James St. Property to the Housing Authority (Attachment B); and (iii) Assignment and Bill of Sale Agreement to fully transfer the affordable housing Regulatory Agreement and all personal property for the Property 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 Deed and the Assignment.

### **ALTERNATIVES CONSIDERED**

The City Council may choose to not convey or assign the Property to the Housing Authority; and the Housing Authority may choose to not accept the conveyance or assignment of the Property.

### **FISCAL REVIEW**

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

### **LEGAL IMPACT**

Special Counsel, Celeste Brady, of Stradling Yocca Carlson & Rauth has prepared the joint resolution, Quitclaim Deed and Assignment; 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.

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DANIEL K. BAKER  
Assistant to the CEO

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THOMAS R. HATCH  
Chief Executive Officer

### Attachments:

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