

**SPECIAL JOINT MEETING OF THE COSTA MESA COUNCIL
AND THE HOUSING AUTHORITY (IF FORMED)**

January 17, 2012

These meeting minutes represent an "action minute" format with a concise summary of the meeting. A video of the meeting may be viewed on the City's website at www.ci.costa-mesa.ca.us.

The Costa Mesa City Council and Housing Authority (if formed) met in a Special Joint Meeting held on Tuesday, January 17, 2012, in the Council Chambers of City Hall, 77 Fair Drive, Costa Mesa. Mayor Pro Tem/Agency Chair Jim Righeimer called the meeting to order at 8:42 p.m.

I. ROLL CALL

Members Present: Mayor Gary Monahan
Mayor Pro Tem Jim Righeimer
Council Member Eric Bever
Council Member Wendy Leece
Council Member Stephen Mensinger

Members Absent: None

Officials Present: Chief Executive Officer Tom Hatch
Interim Development Services Director Khanh Nguyen
City Attorney Tom Duarte
Interim Public Services Director Ernesto Munoz
Finance and I.T. Director Bobby Young
Neighborhood Improvement Manager Muriel Ullman
Management Analyst Alma Penalosa
Agency Special Counsel Celeste Brady
City Clerk Julie Folcik

II. CLERK'S STATEMENT

The Agenda and Notice and Call for the Special Joint Meeting were posted at the City Council Chambers, Adams Postal Office, Headquarters Police Department, Neighborhood Community Center and the Mesa Verde Public Library on Friday, January 13, 2012.

III. PUBLIC COMMENTS

Sandra Genis wanted to confirm that the Housing Authority would only be taking on the housing activities previously conducted by the Redevelopment Agency, and the certificates (housing vouchers, etc.) would remain with the Orange County Housing Authority. She also wanted to make sure the City Charter did not in any way affect the Housing Authority because it was a separate entity.

Sheila Pathwin understood the need for having a Housing Authority but did not see the advantage in the Council Members becoming Commissioners. She requested an explanation as to why the Council Members would become Commissioners of the Housing Authority.

IV. NEW BUSINESS

1. Formation of a Housing Authority

Agency Special Counsel Celeste Brady presented the staff report. She stated that at the Special Joint meeting of January 10, 2010, staff had been instructed to return with documents for the formation of a Housing Authority in Costa Mesa to assume the housing assets and functions of the former Redevelopment Agency. Pursuant to California Housing Authority's Law and Health and Safety Code Section 34200 and following, a Housing Authority (activated by the adoption of a resolution) had to exist in every city and county in California. The current law excluded the existing housing fund balances but included the transfer of housing assets and functions. Staff was not recommending that the City assume the housing assets and functions.

Ms. Brady reported that SB 654 (Steinberg) posed to modify Section 34176 so as to allow the existing fund balance of the housing monies for the former Redevelopment Agency to be retained by the Successor Housing Agency. The City could elect to assume those assets and functions or they could select from Housing Authorities within the County. Currently, Costa Mesa did not have a Housing Authority. If the Council formed a Housing Authority, they could decide, as the City, to decline assumption of those assets and functions and select either the Costa Mesa Housing Authority or the Orange County Housing Authority to assume those housing assets and functions.

Ms. Brady provided a response to Ms. Pathwin's question and said that a Housing Authority had additional powers, more so than a City, in relation to affordable housing. Their functions would be primarily to relate to the existing housing obligations of this community.

Ms. Brady provided an explanation on the status of SB 654.

Per Council's previous action, all contracts on Attachment 7 would be included as enforceable obligations of the former Redevelopment Agency for the State to recognize. Ms. Brady stated it would be in the City's interest to keep within the community, the decision-making and oversight of the affordable programs that would occur by forming a Housing Authority.

Ms. Brady said the first action before the City Council was a resolution to form a Housing Authority; the second action would be the first action of the Housing Authority to designate officers and adopt personnel rules, conflict of interest code. Ms. Brady said she made judgment calls within the Bylaws (third action) but the Housing Authority would be able to modify them if approved. The last two actions, if the Council did form a Housing Authority, would be the Council declining to assume the housing assets and functions and selecting the Costa Mesa Housing Authority as that function (fourth action) and finally for the Costa Mesa Housing Authority to accept the housing assets and functions (fifth action).

Council Member Wendy Leece inquired about the Housing Authority's Law requiring the governing body to appoint two resident board members (persons residing in the housing owned or controlled by the housing authority) within two years of formation. Ms. Brady reported that Housing Authorities who owned projects appointed Tenant

Commissioners within 2 years of forming a Housing Authority. Housing Authorities who did not own assets, had a 2-year window to appoint a Tenant Commissioner if they chose to. The Housing Authority Law was written in a way that the Council could be designated as the Board of the Housing Authority in the first instance and become the governing body of the Costa Mesa Housing Authority if the resolution, as presented, was adopted.

With regards to Costa Mesa Family Village, Council Member Leece requested clarification regarding the annual payment requirement of \$108,000 and the \$3.8 million in potential receivables. Ms. Brady explained the Costa Mesa Family Village project was a three-party agreement between the City, the Redevelopment Agency and the developer entity. The original principal amount was \$3.8 million and based on a residuals receipts note, payments were made on an annual basis. All debt services and costs had been recovered and should there be a below-the-line profit, 50% of the residual receipts would be paid accordingly. If a Housing Authority were to be formed, it would perform and assume, as the Successor Agency, the housing functions of the dissolved Redevelopment Agency. The Successor Housing Agency would retain the money for their affordable housing functions.

Council Member Leece inquired about administrative and staffing costs. Agency Special Counsel Brady deferred to Ms. Ullman who reported staff had figured a total estimate of \$428,000 for salaries. If they received money from the Successor Agency of \$300,000 and depending on whether or not a Housing Authority was formed, the worse case scenario would be an impact to the General Fund. Staff was already developing scenarios that would reduce the amount to \$50,000 or below via staffing reductions, programmatic reductions and shifting salaries.

MOTION: Voting as the City Council, adopt a resolution of the City Council of the City of Costa Mesa declaring there is a need for a Housing Authority, declaring that Members of the City Council be the Commissioners of said Housing Authority and designate Member Jim Righeimer to be Interim Chairperson and Member Stephen Mensinger to be Interim Vice Chair of the Housing Authority. Moved by Mayor Gary Monahan, second by Council Member Stephen Mensinger.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, DECLARING THERE IS A NEED FOR A HOUSING AUTHORITY TO FUNCTION IN THE CITY, DECLARING THAT THE MEMBERS OF THE CITY COUNCIL SHALL BE THE COMMISSIONERS OF THE HOUSING AUTHORITY AND DESIGNATING THE FIRST INTERIM CHAIRMAN OF THE HOUSING AUTHORITY (Council Resolution 12-3).

The motion carried by the following roll call vote:

Ayes: Mayor Gary Monahan, Mayor Pro Tem Jim Righeimer, Council Member Wendy Leece, Council Member Stephen Mensinger

Noes: Council Member Eric Bever

Absent: None.

MOTION: Voting as the Housing Authority, adopt a resolution of the Costa Mesa Housing Authority designating Officers of the Housing Authority, adopting Personnel Rules and Regulations and a Conflict of Interest Code and providing for the time and place of holding regular meetings of the Housing

Authority. Moved by Housing Authority Chair Jim Righeimer, second by Housing Authority Vice Chair Stephen Mensinger.

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF COSTA MESA, CALIFORNIA, DESIGNATING OFFICERS OF THE HOUSING AUTHORITY, ADOPTING PERSONNEL RULES AND REGULATIONS AND A CONFLICT OF INTEREST CODE AND PROVIDING FOR THE TIME AND PLACE OF HOLDING REGULAR MEETING OF THE HOUSING AUTHORITY (Housing Authority Resolution 01-2012).

The motion carried by the following roll call vote:

Ayes: Housing Authority Chair Jim Righeimer, Housing Authority Vice Chair Stephen Mensinger, Commissioner Eric Bever, Commissioner Wendy Leece, Commissioner Gary Monahan

Noes: None.

Absent: None

MOTION: Voting as the Housing Authority, adopt a resolution of the Costa Mesa Housing Authority adopting Bylaws of the Authority. Moved by Housing Authority Chair Jim Righeimer, second by Commissioner Wendy Leece.

A RESOLUTION OF THE COSTA MESA HOUSING AUTHORITY ADOPTING BYLAWS OF THE AUTHORITY (Housing Authority Resolution 02-2012).

The motion carried by the following roll call vote:

Ayes: Housing Authority Chair Jim Righeimer, Housing Authority Vice Chair Stephen Mensinger, Commissioner Eric Bever, Commissioner Wendy Leece, Commissioner Gary Monahan

Noes: None.

Absent: None

MOTION: Voting as the City Council, adopt a resolution of the City Council of the City of Costa Mesa declining to assume the Housing Assets and functions of the Costa Mesa Redevelopment Agency and confirming that the Costa Mesa Housing Authority will assume the Housing assets and Housing functions. Moved by Mayor Gary Monahan, second by Council Member Wendy Leece.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA DECLINING TO ASSUME THE HOUSING ASSETS AND FUNCTIONS OF THE COSTA MESA COMMUNITY REDEVELOPMENT AGENCY AND CONFIRMING THAT THE COSTA MESA HOUSING AUTHORITY WILL ASSUME THE HOUSING ASSETS AND HOUSING FUNCTIONS PREVIOUSLY PERFORMED BY THE AGENCY PURSUANT TO HEALTH & SAFETY CODE SECTION 34176 (Council Resolution 12-4)

The motion carried by the following roll call vote:

Ayes: Mayor Gary Monahan, Mayor Pro Tem Jim Righeimer, Council Member Wendy Leece, Agency, Council Member Stephen Mensinger, Council Member Eric Bever

Noes: None

Absent: None.

MOTION: Voting as the Housing Authority, adopt a resolution of the Costa Mesa Housing Authority accepting the Housing Assets and Housing functions of the Costa Mesa Redevelopment Agency. Moved by Housing Authority Chair Jim Righeimer, second by Commissioner Wendy Leece

A RESOLUTION OF THE COSTA MESA HOUSING AUTHORITY ACCEPTING THE HOUSING ASSETS AND FUNCTIONS OF THE COSTA MESA REDEVELOPMENT AGENCY (Housing Authority Resolution 03-2012)

The motion carried by the following roll call vote:

Ayes: Housing Authority Chair Jim Righeimer, Housing Authority Vice Chair Stephen Mensinger, Commissioner Wendy Leece, Commissioner Gary Monahan

Noes: Commissioner Eric Bever

Absent: None

Council Member Wendy Leece asked how often the Housing Authority would meet. Ms. Brady reported the Housing Authority meetings in the Bylaws were set to be concurrent with the City Council meetings but the dates could be modified as needed by the Housing Authority Commissioners.

Council Member Stephen Mensinger asked if the net cost to the General Fund would be \$300,000. Ms. Ullman reported staff took the current budget and deducted what would be available to the Successor Agency. Based on the current legislation it could be as much \$300,000 but staff was already looking at reducing the amount. Council Member Stephen Mensinger asked how staff was planning on reducing the amount. Ms. Ullman reported if SB 654 passed and they received the obligated housing money there would be no issues this year. However, if SB 654 did not pass, they would have to look at a reduction in staff and programs. Council Member Stephen Mensinger asked when staff would know the status of SB 654 – Ms. Ullman said within the next 2 weeks. Mr. Brady added SB 654 had good traction.

V. **ADJOURN** – meeting was adjourned at 9:02 p.m.