

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE
CITY OF SAN JOSE

MEMORANDUM

TO: OVERSIGHT BOARD	FROM: DEBRA FIGONE EXECUTIVE DIRECTOR
SUBJECT: TRANSFER OF REAL PROPERTY HOUSING ASSETS OF THE FORMER AGENCY TO CITY	DATE: JANUARY 4, 2013

RECOMMENDATION

It is recommended that the Oversight Board adopt a resolution acknowledging that the parcels of real property listed in **Exhibit A** ("Listed Real Property") were the housing assets of the former Redevelopment Agency of the City of San José ("Agency"), that as of February 1, 2012 these housing assets were transferred to the City of San José ("City"), that the City accepted these housing assets, and that City may exercise all rights and obligations relating to such housing assets.

BACKGROUND

In 1988, the Agency and the City entered into a Cooperation Agreement under which the Agency delegated to the City the administration of the Low and Moderate Income Housing Fund ("LMIHF"). Pursuant to the Cooperation Agreement, the City, acting on behalf of the Agency, administered and managed the LMIHF. As such, the City, through its Department of Housing, provided funds from the LMIHF to developers and low income families and individuals. Although the City was acting as the agent of the Agency, the documentation for actions taken by the City during its administration of the LMIHF were done in the name of the City.

Pursuant to ABX1 26, redevelopment agencies in California were dissolved effective February 1, 2012. The legislation, as amended by the California Supreme Court in *California Redevelopment Association v. Matosanto*, also provided that all assets, properties, contracts, leases, books, records, buildings and equipment were transferred to the Successor Agency on February 1, 2012. However, AB X1 26 provided that the City could elect to retain the housing assets and functions previously performed by the Agency.

On January 24, 2012, the Agency's Board of Directors adopted Resolution No. 6033 and the City Council adopted Resolution No. 76128, providing that upon dissolution of the Agency pursuant to AB X1 26, the City would assume the former Agency's housing assets, which includes all rights, interest privileges, property (real, personal and intangible), including all loans and grants, all property such as land, buildings and dwelling units held by the Agency in connection with the

production and preservation of low and moderate income housing (collectively, the “assumed housing assets”), and all of the rights, duties, and obligations that remain under the California Redevelopment Law (“CRL”) with regard to the production and preservation of low and moderate income housing. These assumed housing assets referred to in the resolutions included the Listed Real Property (all fee simple interests in real property) shown in **Exhibit A** and are further described below.

Willow Glen Woods Property (Evans Lane)

The property is a 5.94 acre site comprised of three parcels located on the east side of Evans Lane, north of Curtner Avenue (the “Willow Glen Woods Property”). On September 3, 2002, by Resolution 71193, the City Council authorized the purchase of two parcels (approximately 4.94 acres) from the Valley Transportation Authority with funds from the LMIHF. The third parcel has been a housing asset since October 2002, when the City Council approved that parcel’s transfer from the General Services Department to the Housing Department for the purposes of developing affordable housing. The affordability restriction on the property was recorded on August 27, 2010 as Document no. 20837397.

Ford and Monterey Property

In June 2006, by Resolution 73317, the City Council authorized the purchase for affordable housing purposes of a 3.06 acre vacant property located on the north side of Ford Road approximately 550 feet east of Monterey Road (the “Ford and Monterey Property”) from the Santa Clara Valley Transportation Authority with funds from the LMIHF. The City’s deed was recorded on November 3, 2006 as Document no. 19169881 and the affordability restriction was recorded on October 31, 2008 as Document no. 20034959. The property has been ground leased for the development of affordable housing.

Japantown Property

The City obtained the property and other property located at 675 North Sixth Street (“Japantown Property”) in 1941 by deeds recorded April 10, 1941 in Book 1029 of Official Records at Page 484 and Book 1029 of Official Records at Page 493. The property was a parking lot for the City corporation yard for many years. In June 2009, as part of the fiscal year 2009-10 Budget, by Resolution 74978, the City Council approved the acquisition the property for the purpose of affordable housing development with funds from the LMIHF from the General Services Department for the appraised value of \$2,200,000. The City recorded an affordability restriction on June 25, 2010 as Document no. 20753637.

Sycamore Terrace Property (Playa Almaden)

Sycamore Terrace is comprised of two parcels located at the northeast corner of Almaden Expressway and Coleman Road (the “Sycamore Terrace Property”) that the City purchased in order to construct affordable units: a 0.92-acre parcel acquired in 1991 and a 0.51 acre parcel acquired in 1995 from the City Parks Department, pursuant to Resolution 70602 adopted September 4, 2001. In 1991, the City sold the larger parcel to a developer for an affordable housing project and made an acquisition loan and recorded an affordability restriction on February 8, 1991 as Document no. 10802716. The development, Playa Almaden, failed to reach

the construction stage and the City foreclosed on the parcel in 1995 and recorded a trustee's deed on February 16, 1995 at Document no. 12808053.

The Haven Property

This property located at 937-943 Locust Street (the "Haven Property") was part of a larger purchase made by the Agency in 1998. The property and the housing located on it were subsequently transferred to a developer for operation as an affordable housing project and disaster shelter under a development and disposition agreement approved by the City Council on October 2, 2001 by Resolution 70649. Affordability restrictions were recorded on property as required by the development and disposition agreement. The developer subsequently requested the City to assume ownership of the property and the City Council authorized the re-acquisition via a deed in lieu on February 26, 2008 via Resolution 74245.

Vermont House Property

On September 18, 2001, by Resolution 70612 the City Council authorized loans from funds from the LMIHF and other funds for acquisition and permanent financing for an affordable housing project on property located at 1072 and 1082 Vermont Street (the "Vermont House Property") and recorded affordability restrictions on October 11, 2001 at Document no. 15905618. The borrower defaulted on the loans and the City acquired the property through a deed in lieu of foreclosure.

The Brookwood Property

On March 3, 2009, by Resolution 74814, the City Council authorized an acquisition loan to ROEM Development Corporation (the "developer") from funds from the LMIHF to enable the purchase of vacant property located at 1338-1350 East San Antonio Street (the "Brookwood Property"). At that time, the project was known as the San Antonio Family Apartments project. The project was restructured to be a ground lease deal in order to make more funds available to the project and to have the property held by the Financing Authority (a joint powers authority whose members were the City and the Agency). On the November 17, 2009, as a result of the restructuring of the project financing, the Financing Authority Board by Resolution 92 authorized the acquisition of the Brookwood property, and the ground leasing of the property back to the developer. The deed was recorded on December 21, 2009 at Document no. 20546152. Affordability restrictions were recorded on the property on December 21, 2009 at Document no. 20546149.

The North Fourth Property

On March 20, 2007, by Resolution 73697 the City Council authorized an acquisition loan to First Community Housing with funds from the LMIHF to enable the purchase of property located at 1460 North Fourth Street (the "North Fourth Property"). The project was restructured to be a ground lease deal in order to make more funds available to the project and to have the property held by the Financing Authority (a joint powers authority whose members were the City and the Agency). On the May 11, 2010, as a result of the restructuring of the project financing, the Financing Authority Board by Resolution 99 authorized the acquisition of the North Fourth property, and the ground leasing of the property back to the developer. The deed was recorded on

May 21, 2010 at Document no. 20718180. Affordability restrictions were recorded on the property on September 18, 2007 at Document no. 19588695.

The Orvieto Property

On December 16, 2008, by Resolution 74732, the City Council authorized an acquisition loan to ROEM Development Corporation (the “developer”) from funds from the LMIHF to enable the purchase of vacant property located at the southeast corner of Montecito Vista Way and Montecito Vista Drive (the “Orvieto property”). The project was restructured to be a ground lease deal in order to make more funds available to the project and to have the property held by the Financing Authority (a joint powers authority whose members were the City and the Agency). On the 22nd of June, 2010, as a result of the restructuring of the project financing, the Financing Authority Board, by Resolution 101 authorized the acquisition of the Orvieto property, and the ground leasing of the property back to the developer. The deed was recorded on July 21, 2010 at Document no. 20786724. Affordability restrictions were recorded on the property on March 5, 2009 at Document no. 20155997.

ANALYSIS

ABX1 26 allows the City to retain the housing functions and assets of the former redevelopment agency. Upon the Agency’s dissolution, and pursuant to the Agency Board Resolution 6033 and City Resolution No. 76128, adopted January 24, 2012, the City assumed the former Agency’s housing assets including the real property listed in **Exhibit A**.

On June 27, 2012 Assembly Bill 1484 (“AB 1484”) was enacted amending certain provisions ABX1 26 . In accordance with Health and Safety Code Section 34176(a)(2) added by AB 1484, the City prepared a list of transferred housing assets (as defined in Section 34176(e)) which list (the “Transfer Form”) was submitted to the State Department of Finance. The Transfer Form included an inventory of transferred real property housing assets as part of its Exhibit A (“Transfer Form Exhibit A”) which is attached hereto as **Exhibit B**. All the housing assets shown are fee simple interests in real property, despite the notation in **Exhibit B** that refers to some as ground leases. The State Department of Finance did not object to the items set forth on Transfer Form Exhibit A during the thirty day objection period.

Despite the City’s election to retain the housing assets, most title insurers now require an Oversight Board resolution directing or acknowledging the transfer housing assets to the Housing Successor pursuant to Health and Safety Code Sections 34181(c) and 34176 as a condition to issue title insurance.

The Oversight Board has authority and/or duties with respect to former Agency assets other than housing assets. However, Health and Safety Code Section 34181(c) specifically provides that the Oversight Board shall direct the Successor Agency to “transfer housing responsibilities and all rights, powers, duties, and obligations along with any amounts on deposit in the Low and Moderate Income Housing Fund to the appropriate entity pursuant to Section 34176”.

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Pursuant to AB 1484, housing assets are defined in Health and Safety Code Section 34176(e) (1) as including '[a]ny real property...that [was] acquired for low- and moderate-income housing purposes, either by purchase or through a loan, in whole or in part, with any source of funds'. Since the real properties listed in **Exhibit A** and described above are real properties acquired for low- and moderate-income housing purposes, and these properties are housing assets, the Oversight Board's adoption of the resolution acknowledging this transfer will meet the requirements of Section 34176.

The proposed acknowledgement will allow the City to obtain title insurance so it can develop and manage these parcels for affordable housing.

For questions please contact Leslye Corsiglia, Director of Housing at 408-535-3851


DEBRA FIGONE
EXECUTIVE OFFICER

Attachments

Exhibit A

Listed Real Property

Evans Lane (Willow Glen Woods), raw land	APN 455-31-053; -055
Ford and Monterey, land under development	APN 678-53-004
Japantown, raw land 675 N. Sixth Street	APN 249-39-011
Playa Almaden (Sycamore Terrace) raw land	APN 694-02-002
The Haven - improved land	937-943 Locust St
Vermont House- improved land	1072 & 1082 Vermont St.
Brookwood Terrace - improved land	1338-1350 East San Antonio Street
	APN 472-05-032,-033, -034
1460 North Fourth St - improved land	APN 235-04-005
Orvieto - improved land	80 Montecito Vista Drive
	APN 455-09-059

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Exhibit B
Real Property

(from Transfer Form Exhibit A)

Exhibit A - Real Property

City of San José
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Asset Description	Address	APNs	Acres	Units	Special Use	Category	Acquired	Value	Cost	Residual	Lease Date	Lease Type
1	Development site - raw land	Evans Lane - VTA (Willow Glen Woods)	APNs 455-31-053, 055	4.99 ac	3.99 ac (3)	Yes	CRL	02/01/12	\$0,660,657	\$0	\$0	12/31/02	Fee simple
2	Development site - raw land	East side of Evans Lane (Willow Glen Woods)	APNs 455-31-053, 055	0.94 ac	0.94 ac	Yes	CRL	02/01/12	\$1,560,000	\$0	\$0	06/30/05	Fee simple
3	Multi-family development - leased	Ford & Monterey	APN 678-63-004 Parcel 1 & Parcel 2 of Parcel Map BK 650 at Pg 61-64	3.05 ac	3.05 ac	Yes	CRL	02/01/12	\$7,008,626	\$0	\$0	10/25/06	Ground Lease
4	Development site - raw land	Japantown	APN 249-39-011	2.09 ac	2.06 ac	Yes	CRL	02/01/12	\$2,200,000	\$0	\$0	05/03/10	Fee simple
5	Development site - raw land	Playa Almaden (Sycamore Terrace)	APN 694-02-002	1.43 ac	1.43 ac	Yes	CRL	02/01/12	\$2,371,921	\$0	\$0	02/16/96 & 08/15/01	Fee simple
6	Improved property	The Haven - 837 Locust St., San Jose, CA 95110		0.30 ac	0.30 ac	Yes	CRL	02/01/12	\$1,000,000	\$0	\$0	10/17/2001	Fee simple
7	Improved property	Vermont House - Affordable special needs	1072 & 1082 Vermont St, San Jose, CA 95110	0.31 ac	0.31 ac	Yes	CRL	02/01/12	\$250,000	\$0	\$640,000	06/30/09	Fee simple
8	Multi-family development - leased	Brookwood Terrace	APN 472-05-032, 033, 034	1.92 ac	1.92 ac	Yes	CRL	02/01/12	\$5,200,000	\$0	\$18,983,548	03/01/09	Ground Lease
9	Multi-family development - leased	North Fourth Street	APN 235-04-005	0.97 ac	0.97 ac	Yes	CRL	02/01/12	\$2,190,000	\$0	\$40,870,864	06/21/10	Ground Lease
10	Multi-family development - leased	Orvieto	APN 455-09-059	1.72 ac	1.72 ac	Yes	CRL	02/01/12	\$3,680,000	\$0	\$26,015,083	03/01/09	Ground Lease

OVERSIGHT BOARD
RESOLUTION NO. _____

**A RESOLUTION OF THE OVERSIGHT BOARD OF
THE SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SAN
JOSE ACKNOWLEDGING THE TRANSFER OF THE
LISTED HOUSING ASSETS TO THE CITY OF SAN
JOSE IN ITS CAPACITY OF HOUSING SUCCESSOR
AGENCY**

WHEREAS, by the implementation of Assembly Bill X1 26 ("ABX1 26") , which amended provisions of the California Redevelopment Law, (the "CRL", found at Health and Safety Code Section 33000, *et seq.*) and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, as of February 1, 2012, the Redevelopment Agency of the City of San José ("Agency") was dissolved, the Successor Agency to the Redevelopment Agency of the City of San Jose ("Successor Agency") came in to existence, and the requirement for the appointment of an Oversight Board to the Successor Agency to the Redevelopment Agency of the City of San José ("Oversight Board") became effective; and

WHEREAS, on January 24, 2012, the Agency's Board of Directors approved a resolution No. 6033 (the "Agency Board Resolution"), providing that the City of San José ("the City") elected to retain the responsibility for performing housing functions previously performed by the Agency (the City acting in such capacity is referred to herein as the "Housing Successor") and that upon dissolution of the Agency (a) all assets, properties, contracts, leases, books and records, buildings and equipment, of the Agency would be transferred to the City in its capacity as Successor Agency pursuant to the terms of Health and Safety Code Section 34173 and (b) all housing assets along with all responsibilities, rights, powers, duties and obligations associated therewith of the Agency would be transferred to the City in its capacity of

Housing Successor pursuant to the terms of Health and Safety Code Section 34176;
and

WHEREAS, upon the Agency's dissolution, and pursuant to the Agency Board Resolution and City Resolution No. 76128, adopted January 24, 2012, the City assumed the former Agency's housing assets, which includes all rights, interest privileges, property (real, personal and intangible), including all loans and grants, all property such as land, buildings and dwelling units held by the Agency in connection with the production and preservation of low and moderate income housing, excluding any funds held in the Agency's Low and Moderate Income Housing Fund (collectively, the "housing assets"), and all of the rights, duties, and obligations that remain under the CRL with regard to the production and preservation of low and moderate income housing; and

WHEREAS, the City has elected to retain the housing responsibilities and housing assets pursuant to City Resolution No. 76128; and

WHEREAS, despite the City's election to retain the housing assets, most title insurers now require an Oversight Board resolution directing or acknowledging the transfer housing assets to the Housing Successor pursuant to Health and Safety Code Sections 34181(c) and 34176 as a condition to issue title insurance; and

WHEREAS, Assembly Bill 1484 ("AB 1484") was enacted on June 27, 2012 amending certain provisions ABX1 26 applicable to the designation of housing assets; and

WHEREAS, in accordance with Health and Safety Code Section 34176(a)(2) added by AB 1484, the City prepared a list of transferred housing assets (as defined in Section 34176(e)) which list (the "Transfer Form") included an inventory of

transferred real property housing assets as its Exhibit A ("Transfer Form Exhibit A");
and

WHEREAS, the portion of the Transfer Form Exhibit A that listed real property is
attached hereto as **Exhibit A**; and

WHEREAS, the Transfer Form was delivered to the State Department of Finance,
and

WHEREAS, the State Department of Finance did not object to the items set forth on
Transfer Form Exhibit A during the thirty day period provided for objection by Health
and Safety Code Section 34176(a)(2); and

WHEREAS, AB 1484 also added a requirement that the Oversight Board's action
regarding the transfer housing assets be taken after 10 days notice to the public;
and

WHEREAS, notice of this Oversight Board action was posted December 27, 2012
and subsequently posted on the Oversight Board website; and

WHEREAS, the Transfer Form mistakenly implied that certain transferred housing
assets were ground leases (items 3, and items 8-10) instead of fee interests and it
should be clarified that all of the transferred real property housing assets in **Exhibit**
A are fee ownership, although items 3, and 8-10 are subject to ground leases;

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY
OF SAN JOSE that:

A. The Oversight Board hereby determines and finds that the following assets also set forth in **Exhibit A** attached hereto and described in the staff memorandum dated January 3, 2013 are fee interests in real property:

1. Evans Lane (Willow Glen Woods), raw land, APN 455-31-053; -055
2. Ford and Monterey, land under development, APN 678-53-004
3. Japantown, raw land, 675 N. Sixth Street, APN 249-39-011
4. Playa Almaden (Sycamore Terrace), raw land, APN 694-02-002
5. The Haven, improved land, 937-943 Locust St
6. Vermont House, improved land, 1072 & 1082 Vermont St.
7. Brookwood Terrace, improved land, 1338- 1350 East San Antonio Street, APN 472-05-032, -033, -034
8. 1460 North Fourth St, improved land , APN 235-04-005
9. Orvieto, improved land, 80 Montecito Vista Drive, APN 455-09-059

B. The Oversight Board hereby determines and finds that these assets are housing assets that must to be transferred to the City in its capacity of Housing Agency, pursuant to Health and Safety Code Section 34176.

C. The Oversight Board hereby acknowledges that, consistent with Health and Safety Code Section 34176 as of February 1, 2012, these assets were transferred from the Agency to the City in its capacity of housing successor, that, as such, the City accepted the housing assets and that City may exercise all rights and obligations relating to the housing assets and such actions by the City shall not be subject to further review or approval by this Oversight Board.

RD:SSG:CER
11/27/2012

ADOPTED this _____ day of _____, 2013, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

CHUCK REED
Chair

ATTEST:

Toni J. Taber, CMC
Acting Successor Agency Clerk

Exhibit A

City of San José
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset	Legal Title and Description	Carrying Value of Asset (1)	Total square footage (2)	Square footage reserved for low/mod housing (3)	Is the property encumbered by a low/mod housing covenant?	Source of low/mod housing covenant (4)	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund (5)	Construction or acquisition costs funded with other RDA funds (6)	Construction or acquisition costs funded with non-RDA funds (7)	Date of construction or acquisition by the former RDA (8)	Interest in real property (option to purchase, easement, etc.) (9)
1	Development site - raw land	Evans Lane - VTA (Willow Glen Woods) APNs 455-31-053, 055	\$8,560,557	4.99 ac	3.99 ac (3)	Yes	CRL	02/01/12	\$8,560,557	\$0	\$0	12/31/02	Fee simple
2	Development site - raw land	East side of Evans Lane (Willow Glen Woods) APNs 455-31-053, 055	\$1,580,000	0.94 ac	0.94 ac	Yes	CRL	02/01/12	\$1,580,000	\$0	\$0	06/30/05	Fee simple
3	Multi-family development - leased	Ford & Monterey APN 676-53-004 Parcel 1 & Parcel 2 of Parcel Map BK 850 at Pg 51-54	\$7,008,525	3.05 ac	3.05 ac	Yes	CRL	02/01/12	\$7,008,525	\$0	\$0	10/25/06	Ground Lease
4	Development site - raw land	Jepantown APN 219-39-011	\$2,200,000	2.09 ac	2.09 ac	Yes	CRL	02/01/12	\$2,200,000	\$0	\$0	05/03/10	Fee simple
5	Development site - raw land	Playa Almaden (Sycamore Terrace) APN 694-02-002	\$2,371,921	1.43 ac	1.43 ac	Yes	CRL	02/01/12	\$2,371,921	\$0	\$0	02/16/96 & 08/15/01	Fee simple
6	Improved property	The Haven - 637 Locust St., San Jose, CA 95110	\$1,000,000	0.30 ac	0.30 ac	Yes	CRL	02/01/12	\$1,000,000	\$0	\$0	10/17/2001	Fee simple
7	Improved property	Vermont House - Affordable special needs 1972 & 1882 Vermont St, San Jose, CA 95110	\$250,000	0.31 ac	0.31 ac	Yes	CRL	02/01/12	\$250,000	\$0	\$640,000	06/30/09	Fee simple
8	Multi-family development - leased	Brookwood Terrace APN 472-05-032, 033, 034	\$5,200,000	1.92 ac	1.92 ac	Yes	CRL	02/01/12	\$5,200,000	\$0	\$18,983,548	09/01/09	Ground Lease
9	Multi-family development - leased	North Fourth Street APN 235-04-005	\$2,190,000	0.97 ac	0.97 ac	Yes	CRL	02/01/12	\$2,190,000	\$0	\$40,670,884	05/21/10	Ground Lease
10	Multi-family development - leased	Orvieto APN 455-09-059	\$3,680,000	1.72 ac	1.72 ac	Yes	CRL	02/01/12	\$3,680,000	\$0	\$26,015,063	03/01/09	Ground Lease