

RESOLUTION NO. 9-12 (OB)

A RESOLUTION OF THE OVERSIGHT BOARD OF SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE CONFIRMING THE TRANSFER OF A HOUSING ASSET OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE TO THE SUCCESSOR HOUSING AGENCY UNDER HEALTH & SAFETY CODE SECTION 34176

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health & Safety Code Section 33000, et seq. ("CRL"), the City Council of the City of Watsonville previously established the Redevelopment Agency of the City of Watsonville, a public body, corporate and politic ("Agency") to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL; and

WHEREAS, in accord with CRL Section 34172(a), the Agency was dissolved as of February 1, 2012, and its rights, powers, duties and obligations, other than the Agency's housing assets and functions, were transferred to a "successor agency" (as defined by CRL Section 34171(j)); and

WHEREAS, in accord with CRL Section 34173, the City of Watsonville ("City") is the successor agency ("Successor Agency") to the former Agency and, as such, is vested with all authority, rights, powers, duties and obligations previously vested in the Agency by the CRL, except for the Agency's housing assets and functions, and except to the extent repealed, restricted or revised pursuant to provision of Assembly Bill X1 26 ("AB 26"); and

WHEREAS, the oversight board ("Oversight Board") for the Successor Agency was formed and exists in accord with CRL Section 34179; and

WHEREAS, in accord with CRL Section 34176, the City elected to act as the “housing successor” (“**Housing Successor**”) to the Agency and thereby retained the Agency’s housing assets and functions; and

WHEREAS, neither CRL Section 34176 nor any other provision of AB 26 requires the Oversight Board to approve the transfer of the Agency’s housing assets and functions to the Housing Successor; and

WHEREAS, notwithstanding the lack of any such approval requirement, the State Department of Finance has informally opined that the transfers of former redevelopment agency housing assets to a housing successor require approval of the cognizant oversight board; and

WHEREAS, without conceding the correctness of the Department of Finance’s position, the Housing Successor has asked the Oversight Board to approve the transfer to the Housing Successor of certain residential real property which was held as an Agency housing asset and to confirm that the proceeds of the sale of that property are a Housing Successor asset; and

WHEREAS, on or about February 2, 2011, the Agency entered into a purchase and sale agreement (“**Purchase Agreement**”) to acquire a single family residence located at 59 Del Rio Court, Watsonville (“**Subject Property**”) from a private party; and

WHEREAS, the Purchase Agreement was an “enforceable obligation” of the Agency under CRL Section 34167(d)(5); and

WHEREAS, in accord with the Purchase Agreement, on or about December 13, 2011, the Agency acquired the Subject Property; and

WHEREAS, the sole source of funds used to acquire the Subject Property was the Agency's low and moderate income housing fund ("LMIHF") established under CRL Section 33334.3; and

WHEREAS, by operation of CRL Section 34176, the Subject Property became a Housing Successor asset on February 1, 2012; and

WHEREAS, on or about February 27, 2012, the Housing Successor entered into a purchase and sale agreement ("Sale Agreement") for the sale of the Subject Property to a private party; and

WHEREAS, following its sale, the Subject Property will continue to be restricted for use and occupancy by persons and families of low and moderate income as required by the CRL; and

WHEREAS, the Oversight Board desires (1) to confirm and approve the transfer of the Subject Property to the Housing Successor as a housing asset of the former Agency, and (2) to confirm that the sales proceeds from the sale of the Subject Property are a Housing Successor asset and may be used for the purposes of increasing, improving and preserving the City's supply of low and moderate income housing.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF
SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF
WATSONVILLE AS FOLLOWS:**

Section 1. Based upon the oral and written evidence presented to the Oversight Board at the time of its consideration of this Resolution, the Oversight Board finds and determines as follows:

- (1) The sole source of the funds used by the Agency to acquire the Subject Property was the Agency's low and moderate income housing fund established pursuant to CRL Section 33334.3.
- (2) The February 2, 2011 Purchase Agreement was an enforceable Agency obligation.
- (3) The Subject Property was a housing asset of the former Agency. The Subject Property became a Housing Successor asset on February 1, 2012, and the proceeds from the Subject Property's sale will be a Housing Successor asset to be used for the purposes of increasing, improving and preserving the City's supply of low and moderate income housing.

Section 2. The Oversight Board acknowledges that the Housing Successor's submission of the matters described in this Resolution to the Oversight Board for approval is done to avoid unnecessary delay in the transaction by which the Subject Property is to be returned to the City's supply of affordable low and moderate income housing. The Oversight Board further acknowledges that the Housing Successor's submission of these matters to the Oversight Board does not constitute a waiver or an admission by the City, the Successor Agency or the Housing Successor that AB 26 or any other legal provision requires the Oversight Board's approval for the transfer of any Agency housing asset from the Agency or the Successor Agency to the Housing Successor or from the Housing Successor to another party. The Oversight Board acknowledges that the City, the Successor Agency, and the Housing Successor reserve all rights, defenses and claims with respect to such matters.

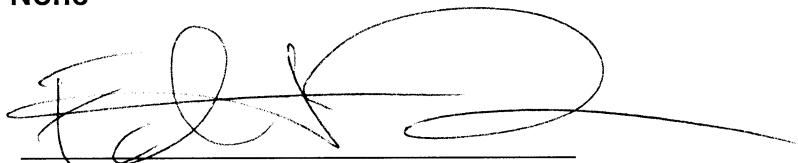
Section 3. This Resolution will become effective in accord with CRL Section 34179(h).

I, Beatriz Vázquez Flores, City Clerk of the City of Watsonville, do hereby certify that the foregoing Resolution No. 9-12 (OB) was duly and regularly passed and adopted by the Oversight Board at a meeting thereof held on the 9th day of May, 2012, and that the foregoing is a full, true and correct copy of said Resolution.

Beatriz Vázquez Flores, City Clerk

The foregoing resolution was introduced at a regular meeting of the Oversight Board of Successor Agency to the City of Watsonville Redevelopment Agency, held on the 9th day of May, 2012, by Member Pirie, who moved its adoption, which motion being duly seconded by Member Tavantzis, was upon roll call carried and the resolution adopted by the following vote:

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| AYES: | BOARD MEMBERS: | Cortez, McFadden, Medina, Pirie, Tavantzis, Montesino |
| NOES: | BOARD MEMBERS: | Caput, |
| ABSENT: | BOARD MEMBERS: | None |



Eduardo Montesino, Chair

ATTEST:



Beatriz Vázquez Flores, Board Secretary