

MEMORANDUM

PLACER COUNTY SUCCESSOR AGENCY

TO: Successor Agency Board
DATE: December 10, 2013
FROM: Allison Carlos, Successor Agency Officer, Designee
SUBJECT: Transfer of Property and Housing Bond Proceeds for Quartz Ridge Housing

ACTION REQUESTED

Adopt a Resolution affirming, ratifying and authorizing: (i) the conveyance of land from the Successor Agency to the former Placer County Redevelopment Agency ("Successor Agency") to the County of Placer for the Quartz Ridge affordable housing project; (ii) the transfer of housing bond proceeds to the County and the expenditure of such proceeds for the Project, and (iii) the execution of an Assignment and Assumption Agreement transferring the Successor Agency's rights and obligations under the Project Disposition and Development and Loan Agreement to the County.

BACKGROUND

On February 22, 2011, the former Placer County Redevelopment Agency ("RDA") entered into a Disposition, Development and Loan Agreement ("DDA") for the development of a 64 unit affordable housing project known as Quartz Ridge Family Apartments (the "Project") by Quartz Ridge Family Apartments, L.P. (the "Developer"). The DDA provides for the transfer of the property located at 360 Silver Bend Way in Auburn, encompassing Placer County Assessors Parcel Nos. 054-171-031, -032, -035, -036, -037, and -038 (the "Quartz Ridge Property"), to the Developer for development of the Project, and the provision of predevelopment and construction financing for the Project. In order to facilitate development of the Project, and to enable the Developer to obtain low-income housing tax credit financing, staff recommends that the Successor Agency Board affirm and approve: (i) the transfer of the Quartz Ridge Property to the County for subsequent disposition to the Developer, (ii) the transfer of housing bond proceeds to the County to enable the County to provide construction financing for the Project consistent with the DDA, and (iii) the assignment of the Successor Agency's rights and obligations under the DDA to the County.

Pursuant to Resolution 2012-025, adopted by the County Board of Supervisors on January 24, 2012, in accordance with Health and Safety Code Section 34176, the County elected to retain the housing assets and housing functions of the RDA commencing upon dissolution of the RDA.

On August 29, 2012, the Department of Finance ("DOF") approved the Housing Assets Transfer inventory prepared by the County pursuant to Health and Safety Code Section 34176(a)(2) (the "HAT") and all of the transfers identified in the HAT. The HAT identified the housing assets transferred from the Successor Agency to the County. Among others, these included: (i) the Quartz Ridge Property, (ii) a predevelopment loan receivable owed by the Developer, (iii) approximately \$300,000 in low-moderate income funds and \$1.4 million in bond proceeds remaining from the 2006 Tax Allocation Bonds issued by the RDA

for low and moderate income housing, and encumbered for construction financing for the Project pursuant to the DDA (the "Housing Bond Proceeds").

Health and Safety Code Section 34176(g)(1)(A) provides that the entity assuming the housing functions of a former redevelopment agency may designate the use of and commit proceeds of housing bonds issued prior to January 2011 for purposes consistent with the bond covenants. Oversight Board and DOF review of such commitments is limited to a determination that the commitments are consistent with the bond covenants and that sufficient funds are available. The attached resolution seeks Successor Agency governing board ratification of the transfer of the Quartz Ridge Property and the Housing Bond Proceeds to the County as identified in the HAT and approved by the DOF.

In June 2012, Assembly Bill 1484 was adopted and, among other provisions, included clarification regarding the asset and property disposal requirements of the Dissolution Act, including provisions that permit a Successor Agency that has obtained a "Finding of Completion" to prepare a Long-Range Property Management Plan (LRPMP) addressing the disposition, transfer, and retention for development of former RDA properties. Your Board and the Oversight Board have approved an LRPMP that affirms the transfer of the Quartz Ridge Property to the Developer pursuant to the DDA. Approval of the LRPMP is currently pending before the DOF.

Health and Safety Code Sections 34176(a), 34177(g) and 34181(c) allow the Successor Agency to transfer housing assets to the entity that assumed the housing functions of the former redevelopment agency. Section 34181(f) provides that the transfer of housing assets requires Oversight Board approval by resolution adopted at a public meeting after 10 days notice and is subject to approval by the DOF. In order to enable the Developer to complete applications for tax credit financing, the Successor Agency seeks approval of the attached Resolution which would authorize the Chair to execute an Assignment and Assumption Agreement transferring the Successor Agency's rights and obligations under the DDA to the County, and execute a grant deed conveying the Quartz Ridge Property to the County for subsequent conveyance to the Developer pursuant to the DDA, subject to Oversight Board and DOF approval.

The actions recommended in this report are consistent with the previous actions of this Board in connection with approval of the HAT and the LRPMP approved by the Successor Agency on August 20, 2013 and the Placer County Oversight Board on August 27, 2013.

ENVIRONMENTAL CLEARANCE

The project is exempt from CEQA pursuant to Section 15378(b)(5).

FISCAL IMPACT

The actions recommended in this report will have no adverse fiscal impact or costs to the Successor Agency. Placer County will assume the cost of about \$5,000 annually for maintenance of the property until it is subsequently conveyed to the developer.

Attachments: Resolution

Assignment and Assumption of Disposition and Development Agreement
Disposition, Development and Loan Agreement is available in the Placer County Clerk of the Board office.

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**Before the Governing Board of the Successor Agency to the
Placer County Redevelopment Agency**

In the matter of:

Adopt a Resolution affirming, ratifying and authorizing the transfer of land and housing bond proceeds to the County of Placer for the Quartz Ridge affordable housing project and authorizing the execution of an Assignment and Assumption Agreement transferring the Successor Agency's rights and obligations under the Project Disposition, Development and Loan Agreement to the County.

Resol. No:.....

The following **RESOLUTION** was duly passed by the governing Board of the Successor Agency to the Placer County Redevelopment Agency at a regular meeting held on _____ by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Attest:
Clerk of said Board

Chair, Successor Agency Governing Board

WHEREAS, all assets, including real property, of the former Placer County Redevelopment Agency ("RDA") transferred to the Successor Agency by operation of law on February 1, 2012, when the RDA was dissolved;

WHEREAS, by resolution adopted pursuant to Health and Safety Code Section 34176, the County of Placer ("County") elected to retain the housing assets and functions of the RDA;

WHEREAS, pursuant to a Disposition, Development and Loan Agreement ("DDA") executed by the RDA and Quartz Ridge Family Apartments L.P. (the "Developer"), the property at 360 Silver Bend Way in Auburn encompassing APNs 054-171-031, 054-171-032, 054-171-035, 054-171-036, 054-171-037, and 054-171-038 (the "Quartz Ridge Property") is slated for the development of a 64-unit affordable housing project known as Quartz Ridge Family Apartments (the "Project");

WHEREAS, on August 29, 2012, the Department of Finance ("DOF") approved the Housing Assets Transfer inventory ("HAT") prepared by the County and which identified housing assets transferred to the County, including the Quartz Ridge Property and the remaining proceeds of housing bonds issued by the RDA in 2006 (the "Housing Bond Proceeds") to provide financing for the Project;

WHEREAS, in its approval of the HAT, the DOF indicated that it approved all transfers identified in the HAT;

WHEREAS, Health and Safety Code Section 34176(g)(1)(A) provides that the entity assuming the housing functions of a former redevelopment agency may designate the use of and commit proceeds of housing bonds issued prior to January 2011 for purposes consistent with the bond covenants;

WHEREAS, the Long-Range Property Management Plan approved by the Successor Agency and the Oversight Board and currently pending at the Department provides for the conveyance of the Quartz Ridge Property to the Developer pursuant to the DDA;

WHEREAS, Health and Safety Code Sections 34176(a), 34177(g) and 34181(c) allow a Successor Agency to transfer housing assets to the entity that assumed the housing functions of a former redevelopment agency with Oversight Board approval pursuant to a resolution adopted at a public meeting after 10 days notice;

WHEREAS, staff has prepared a proposed Assignment and Assumption Agreement pursuant to which the Successor Agency would assign its rights and obligations under the DDA to the County;

WHEREAS, upon assignment of the DDA and transfer of the Quartz Ridge Property to the County, the County would assume responsibility for management and maintenance of the property pending conveyance to the Developer, and the Successor Agency would be relieved of such burdens and expenses, thereby reducing the need to obtain funding from the Redevelopment Property Tax Trust Fund;

WHEREAS, upon assignment of the DDA, the County would assume responsibility for identifying funds to provide any approved shortfall in financing for the Project, and the Successor Agency would be relieved of such obligation; and

WHEREAS, the Project will provide critically needed affordable housing in the community,

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency to the former Placer County Redevelopment Agency as follows:

1. The transfer of the Quartz Ridge Property to the County of Placer for subsequent disposition to the Developer for development of the Project as previously specified on the HAT is hereby affirmed, ratified, and approved.
2. The transfer of the remaining Housing Bond Proceeds to the County of Placer to enable the County to provide construction financing for the Project as previously specified on the HAT is hereby affirmed, ratified, and approved.
3. The Assignment and Assumption Agreement is approved, and subject to approval by the Oversight Board and the DOF, the Chair is authorized to execute such agreement substantially in the form presented to this Board.
4. The Chair or the designee of the Chair is authorized to take such other actions and to execute such instruments as necessary to carry out the intent of this Resolution, including without limitation, the execution and recordation of a grant deed conveying the Quartz Ridge Property to the County upon approval by the Oversight Board and the DOF.

**ASSIGNMENT AND ASSUMPTION OF RIGHTS AND OBLIGATIONS UNDER
DISPOSITION, DEVELOPMENT AND LOAN AGREEMENT**

This Assignment of Rights and Obligations under Disposition, Development and Loan Agreement (this “**Assignment**”) is entered into effective as of _____, 20__ (“**Effective Date**”) by and between the Successor Agency to the Placer County Redevelopment Agency (“**Successor Agency**” or “**Assignor**”) and the County of Placer, a political subdivision of the State of California (“**County**” or “**Assignee**”). The Assignor and Assignee are collectively referred to herein as the “**Parties.**”

A. The former Placer County Redevelopment Agency, a public body corporate and politic (the “**RDA**”) and Quartz Ridge Family Apartments L.P., a California limited partnership (“**Developer**”) entered into that certain Disposition, Development and Loan Agreement dated as of February 22, 2011 (the “**DDA**”) concerning the property located at 360 Silver Bend Way in Auburn, California and more particularly described in the DDA (the “**Property**”).

B. The DDA provides for the conveyance of the Property to the Developer for development of a 64-unit affordable housing development (the “**Project**”) and the provision of a loan to provide financing for Project predevelopment expenses and construction financing (the “**Loan**”).

C. Pursuant to Resolution No. 2012-025 adopted by the Placer County Board of Supervisors on January 24, 2012, Placer County elected to serve as the Successor Agency to the RDA commencing upon dissolution of the RDA pursuant to Assembly Bill x1 26.

D. Pursuant to Resolution No. 2012-025, adopted by the Placer County Board of Supervisors on January 24, 2012, in accordance with Health and Safety Code Section 34176, Placer County elected to retain the housing assets and housing functions of the former RDA commencing upon dissolution of the RDA.

E. The rights and obligations of the RDA under the DDA transferred to the Successor Agency by operation of law upon dissolution of the RDA on February 1, 2012.

F. The Property was originally acquired using funds from the RDA’s housing bond funds pursuant to Health and Safety Code Section 33334.2.

G. The primary source of funds for the Loan is intended to be proceeds of low and moderate-income housing tax allocation bonds issued by the RDA in 2006 (the “**Housing Bond Proceeds**”).

H. On August 29, 2012, the State Department of Finance approved the Housing Asset Transfer inventory that describes housing assets transferred to the County, including the Property and the Housing Bond Proceeds. The transfer of such assets was affirmed and ratified

by the governing board of the Successor Agency on December 10, 2013, and by the Oversight Board to the Successor Agency on December 16, 2013.

I. In order to facilitate development of the Project, the Successor Agency wishes to assign its rights and obligations under the DDA to the County, and the County wishes to assume such rights and obligations.

NOW, THEREFORE, in exchange for the mutual covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Assignment and Assumption of Interest. The Successor Agency hereby transfers, assigns and conveys to the County, all of the Successor Agency's right, title and interest in and to, and all of the Successor Agency's obligations under, the DDA (the "**Rights and Obligations**"). The County, for itself and its successors and assigns, hereby accepts the foregoing assignment, assumes all such Rights and Obligations, and agrees to perform and discharge all obligations of the Successor Agency under the DDA.
2. Governing Law; Venue. This Assignment shall be interpreted and enforced in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Assignment shall be filed and litigated exclusively in the Superior Court of Placer County, California or in the Federal District Court for the Eastern District of California.
3. Entire Agreement/Amendment. This Assignment constitutes the entire agreement among the Parties with respect to the subject matter hereof, and supersedes all prior written and oral agreements with respect to the matters covered by this Assignment. This Assignment may not be amended except by an instrument in writing signed by each of the Parties.
4. Further Assurances. Each Party shall execute and deliver such other certificates, agreements and documents and take such other actions as may be reasonably required to consummate or implement the transactions contemplated by this Assignment and the DDA.
5. Captions; Interpretation. The section headings used herein are solely for convenience and shall not be used to interpret this Assignment.
6. Severability. If any term, provision, condition or covenant of this Assignment or its application to any party or circumstances shall be held by a court of competent jurisdiction, to any extent, invalid or unenforceable, the remainder of this Assignment, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law unless the rights and obligations of the Parties have been materially altered or abridged thereby.
7. Counterparts. This Assignment may be executed in counterparts, each of which shall, irrespective of the date of its execution and delivery, be deemed an original, and the counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF Assignor and Assignee have executed this Assignment as of the date first set forth above.

ASSIGNOR:

SUCCESSOR AGENCY TO THE PLACER COUNTY REDEVELOPMENT AGENCY

By: _____

Print Name: _____

Title: _____

Attest:

Approved as to form:

ASSIGNEE:

COUNTY OF PLACER, a political subdivision of the State of California

By: _____

Print Name: _____

Title: _____

Attest:

Approved as to form:

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