



City Council Staff Report

DATE: APRIL 21, 2010 CONSENT CALENDAR

SUBJECT: EXTENSION OF RETENTION PERIOD FOR PROPERTIES
ACQUIRED BY COMMUNITY REDEVELOPMENT AGENCY
USING MONIES FROM LOW AND MODERATE INCOME
HOUSING FUND

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY:

This resolution extends for an additional five years the period that the Community Redevelopment Agency of the City of Palm Springs ("Agency") may retain three properties (APNs 669-401-039, 669-393-023 and 669-401-010) previously acquired using monies from the Low and Moderate Income Housing Fund for the development of housing affordable to persons and families of low and moderate income. The purpose of this extension is to enable the Agency to comply with California Redevelopment Law Section 33334.16, which, barring an extension from the City Council as the legislative body, prohibits redevelopment agencies from retaining such properties longer than five years without initiating specific development activities.

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA EXTENDING THE PERIOD FOR RETAINING THREE PROPERTIES (APNs 669-401-039, 669-393-023, 669-401-010) ACQUIRED BY COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS USING MONIES FROM LOW AND MODERATE INCOME HOUSING FUND FOR AN ADDITIONAL FIVE YEARS."

BACKGROUND:

On April 7, 2003, the Community Redevelopment Agency (Agency) approved two separate actions to acquire vacant single-family home lots in the Desert Highland

ITEM NO. 2.K.

Gateway area for the purpose of assembling lots for the Desert Highland Infill Program, including: (1) an Agreement to negotiate with Siham Shtayyeh for the exchange of two C-1 zoned lots for an equivalent sized R-1 Lot on El Dorado Boulevard (APN 669-401-039); and (2) notification to the County of Riverside that the Agency intends to purchase two tax lien properties in the neighborhood through a direct sale (APN 669-323-023 and APN 669-401-010).

The Agency established a Desert Highland Infill Program in 2002 with the issuance of an RFP to builders interested in constructing single-family homes in the neighborhood on Agency-owned parcels. The properties were targeted at moderate-income families that had become priced out of the single-family market in Palm Springs. The Agency entered into a DDA with Century Homes to build several of their successful model 102 and 103 homes from Mountain Gate on the Agency-owned lots. The Agency attempted to acquire additional lots to add to the program to create more economy of scale for the developer and raise the profile of the program. Ultimately, five (5) homes were built on scattered lots within the Desert Highland Gateway area as part of the program.

The lot on El Dorado Boulevard with APN 669-401-039 was acquired through a land swap and therefore no funds were involved. The date of acquisition of the property was November 3, 2004.

The two tax lien properties (APN 669-323-023 and APN 669-401-010) were received by Tax Deed dated May 2, 2005 from the Tax Collector of Riverside County per Agency Resolution No. 1251 adopted June 2, 2004. The acquisition cost of the tax lien property with APN 669-323-023 located at 400 W. Avenida Cerca was \$83,437.15 and the cost of the tax lien property with APN 669-401-010 located at 233 W. Tramview Road was \$66,165.13.

The three vacant lots are located as shown in Exhibit A among a largely single-family neighborhood in the Agency's original Highland-Gateway Redevelopment Project area which is now included in Merged Project Area No. 1.

For properties such as these, acquired using monies from the Low and Moderate Income Housing Fund, California Redevelopment Law Section 33334.16 requires the Agency within five years from the date it first acquires the property to initiate activities consistent with the development of the property for housing affordable to persons and families of low and moderate income. These activities may include, but are not limited to, zoning changes or agreements entered into for the development and disposition of the property. If these activities have not been initiated within this period, the City Council as the legislative body may, by resolution, extend the period during which the Agency may retain the property for one additional period not to exceed five years.

The resolution of extension must affirm the intention of the legislative body that the property be used for the development of housing affordable to persons and

families of low and moderate income. In the event that physical development of the property for this purpose has not begun by the end of the extended period, the property shall be sold and the proceeds deposited in the Agency's Low and Moderate Income Housing Fund.

While these three properties were intended to be included in an amendment to the DDA with Century Homes for future phases of the Desert Highland Infill Program, no action was taken as market conditions changed and the developer only build five scattered lots in the neighborhood. Therefore, there are no existing regulatory agreements or liens on these properties and the Agency owns them free and clear. A new Regulatory Agreement shall be recorded against each of the properties used in the future for affordable housing.

FISCAL IMPACT:

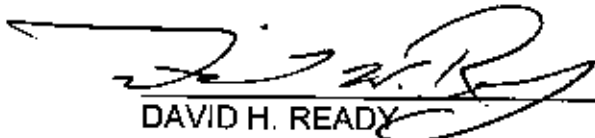
No Fiscal Impact.



Diana Shay
Redevelopment Coordinator



Tom Wilson
Assistant City Manager



DAVID H. READY
City Manager

Attachments:

1. Resolution
2. Exhibit A to Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA EXTENDING THE PERIOD FOR RETAINING THREE PROPERTIES (APNs 669-401-039, 669-393-023, 669-401-010) ACQUIRED BY COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS USING MONIES FROM LOW AND MODERATE INCOME HOUSING FUND

WHEREAS, the Community Redevelopment Agency of the City of Palm Springs, California ("Agency") is constituted under the Community Redevelopment Law (California Health and Safety Code Section 33000 et. seq.) to carry out the purpose of redevelopment in the City of Palm Springs, California ("the City"); and

WHEREAS, the Agency owns three properties located in Merged Project Area No. 1 described as (1) exchange property on El Dorado Blvd. with APN 669-401-039 acquired in land swap on November 3, 2004 and (2) two tax sale properties, the first at 400 W. Avenida Cerca with APN 669-323-023 and the second at 233 W. Tramview Road with APN 669-401-010, said parcels having been received by Tax Deeds dated March 31, 2005 from the Tax Collector of Riverside County per Agency Resolution No. 1251 adopted on June 2, 2004 with transfer of title recorded on May 2, 2005, shown in Exhibit A; and

WHEREAS, barring an extension from the City Council, California Redevelopment Law (CRL), Health and Safety Code Section 33334.16 prohibits the Agency from retaining such properties longer than five years without initiating specific activities for the development of the properties for housing affordable to persons and families of low and moderate income; and

WHEREAS, CRL Health and Safety Code Section 33334.16 allows that the City Council as the legislative body may "by resolution, extend the period during which the Agency may retain the propert(ies) for one additional period not to exceed five years".

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The above recitals are true and correct and incorporated herein.

SECTION 2. The intention of the City Council is hereby affirmed that these properties be used for the development of housing affordable to persons and families of low and moderate income.

SECTION 3. The period during which the Agency may retain these properties for the above stated purposes is extended five years until May 2, 2015.

ADOPTED this _____ day of _____, 2010.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on _____, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California

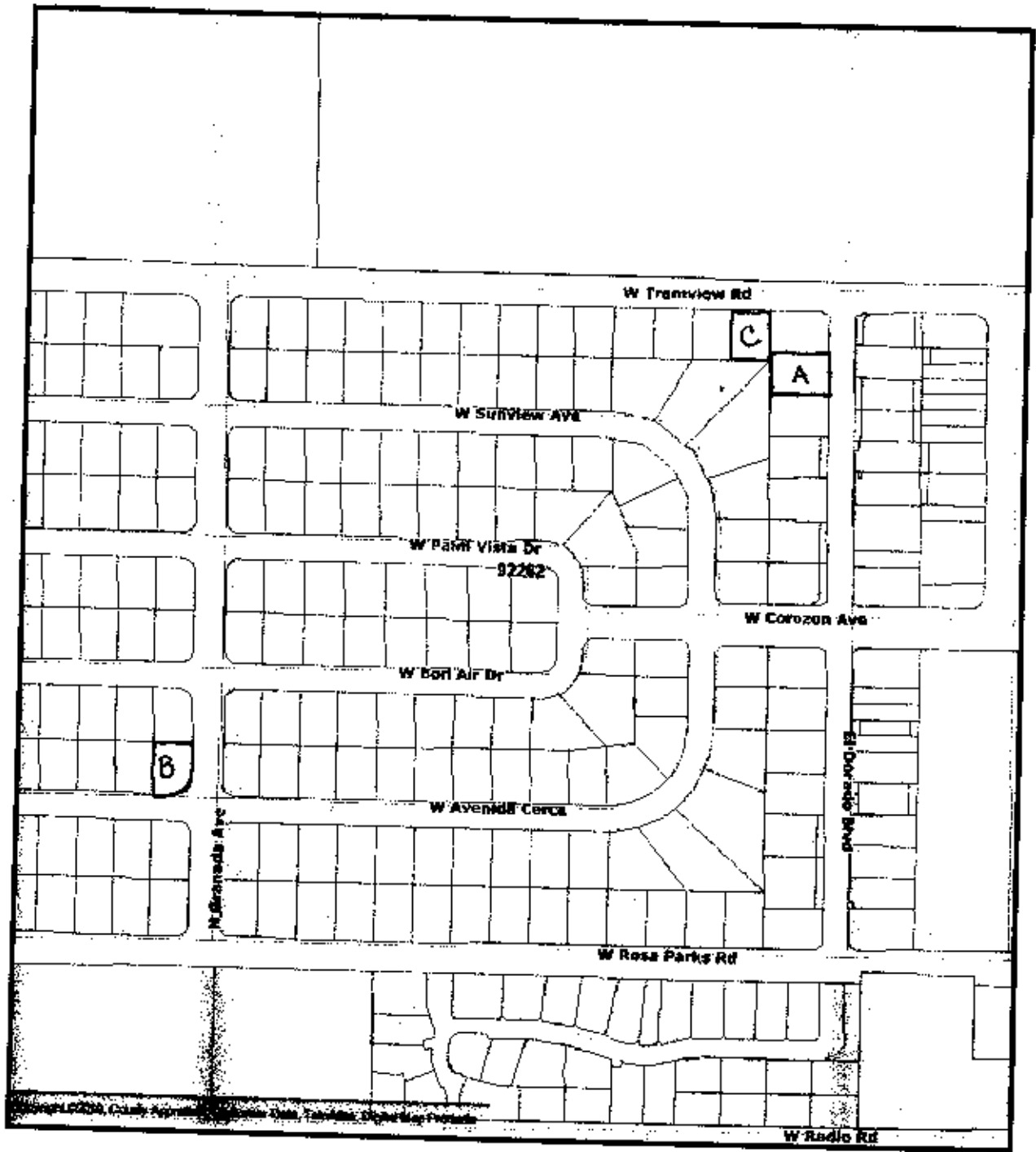


EXHIBIT A
Three Vacant Lots



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- A - APN: 669-401-039
- B - APN: 669-393-023
- C - APN: 669-401-010