

RESOLUTION NO. HA-2018-002

RESOLUTION OF THE DESERT HOT SPRINGS HOUSING AUTHORITY ACTING AS THE SUCCESSOR HOUSING AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS APPROVING THE PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS BETWEEN THE SUCCESSOR HOUSING AGENCY AND RICHARD M. JOHNSON, JR., AS TRUSTEE OF THE RICHARD M. JOHNSON, JR. ATTORNEY AT LAW 401(K) PROFIT SHARING TRUST, WITH RESPECT TO THE REAL PROPERTY LOCATED ON THE WEST SIDE OF SANTA YSABEL DRIVE ON THE NORTHWEST CORNER OF SANTA YSABEL DRIVE AND IRONWOOD DRIVE, DESERT HOT SPRINGS, CALIFORNIA (APN 641-191-009), AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code (the “HSC”) § 34172 (a) (1), the Redevelopment Agency of the City of Desert Hot Springs dissolved February 1, 2012; and

WHEREAS, consistent with the provisions of the HSC, the City Council of the City of Desert Hot Springs (the “City”) previously elected to serve in the capacity of the Successor Agency to the Redevelopment Agency of the City of Desert Hot Springs (the “Successor Agency”); and

WHEREAS, on January 11, 2011, the City formed the Desert Hot Springs Housing Authority (the “Housing Authority”); and

WHEREAS, on February 21, 2012, pursuant to Resolution No. 2012-005, the City affirmed that the housing functions of the former redevelopment agency were to be transferred to the Housing Authority by operation of law inclusive of all tangible and intangible low- and moderate-income housing fund (the “LMIHF”) assets associated therewith and that the Housing Authority would serve in the capacity as the Successor Housing Agency to the Redevelopment Agency of the City of Desert Hot Springs (the “Successor Housing Agency”); and

WHEREAS, on February 21, 2012, pursuant to Resolution No. HA-2012-001, the Housing Authority accepted the responsibility as the Successor Housing Agency and the LMIHF assets, which included fifteen (15) parcels of real property; and

WHEREAS, the Housing Authority in its capacity as Successor Housing Agency determined that two (2) of the fifteen (15) parcels it received were not needed for affordable housing purposes and should be sold and that the proceeds of sale used for future affordable housing purposes; and

WHEREAS, the subject of this Resolution concerns one of the two (2) surplus Successor Housing Agency residential properties that are to be sold and is described as: i) Site No. 2 within Exhibit “A”; ii) is an approximately 0.18-acre vacant parcel located on the west side of Santa Ysabel Drive at the northwest corner of Santa Ysabel Drive and Ironwood Drive, Desert Hot Springs, California (APN 641-191-009) (the “Property”); and iii) is zoned low density residential (“RL”); and

WHEREAS, on November 15, 2016, the Successor Agency approved an Agreement with NAI Capital (the “NAI Agreement”) to list and sell certain real property assets of the Successor Agency, which included the two the Successor Housing Agency surplus parcels, all of which were subsequently listed for sale; and

WHEREAS, as a part of the NAI Agreement, NAI has agreed to prepare of a Broker’s

Opinion of Value (the "BOV") for each property that is sold; and

WHEREAS, in response to NAI's listing, on May 29, 2018, Richard M. Johnson, Jr., as Trustee of the Richard M. Johnson, Jr. Attorney at Law 401(K) Profit Sharing Trust (the "Johnson Trust") offered to purchase the Property for \$12,500 (the "Purchase Price"), a copy of the offer (the "Offer") is attached to this Resolution as Exhibit "B"; and

WHEREAS, the Johnson Trust plans to develop the Property for housing; and

WHEREAS, to determine whether the purchase price offered by the Johnson Trust is fair and reasonable, the Successor Housing Agency requested NAI to prepare a BOV, to confirm if the Purchase Price is fair and reasonable; and

WHEREAS, on May 30, 2018, the Successor Housing Agency received the BOV from NAI indicating its opinion that the market value of the Property is currently \$12,200 (the "BOV Market Value"); and

WHEREAS, in consideration that the \$12,500 purchase price offered by the Johnson Trust is \$300, or 0.025% more than the BOV Market Value, it may be concluded that the purchase price offered by the Johnson Trust for the Property is fair and reasonable, as more fully described within the BOV, a copy of which is attached to this Resolution as Exhibit "C"; and

WHEREAS, approval of this Resolution will approve the Purchase and Sale Agreement and Joint Escrow Instructions (the "Purchase and Sale Agreement") between the Successor Housing Agency and the Johnson Trust with respect to the Property, the form of which is attached to this Resolution as Exhibit "D," and authorize certain related actions; and

WHEREAS, the proposed sale of the Property is exempt under the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, § 15000 *et seq.*, hereafter the "Guidelines") and the City's environmental guidelines, as a "common sense exemption," which provides that activities that cannot possibly have a significant effect on the environment are exempt from CEQA, 14 Cal Code Regs. §15061 (b) (3); and

WHEREAS, all the prerequisites with respect to the approval of this Resolution have been met.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED BY THE DESERT HOT SPRINGS HOUSING AUTHORITY ACTING AS THE SUCCESSOR HOUSING AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF DESERT HOT SPRINGS AS FOLLOWS:

Section 1. Recitals

That the Recitals set forth above are true and correct.

Section 2. Approval of Agreement and Related Approvals

That the Purchase and Sale Agreement is approved and the City's City Manager, acting as the Executive Director of the Housing Authority, is authorized to i) execute the same, ii) make ministerial revisions to the Purchase and Sale Agreement which do not increase the Successor Housing Agency's obligations or materially reduce the consideration payable to the Successor Housing Agency; iii) substantively negotiate and execute any and all documents needed to effectuate the transaction, including signing a grant deed and any and all other documents which are necessary or appropriate to carry out and implement the Purchase and Sale

Agreement; iv) administer the Successor Housing Agency's obligations under the Purchase and Sale Agreement; v) retain the land proceeds in the Low-Mod Income Housing Asset Fund to be used for future affordable housing purposes; and vi) take such other actions and execute such other documents as are necessary as may otherwise be required to fulfill the intent of this Resolution.

Section 3. Approval of the Purchase Price

That the Purchase Price for the Property is determined to be fair and reasonable.

Section 4. CEQA

That the proposed sale of the Property is exempt under CEQA, the Guidelines and the City's environmental guidelines, as a "common sense exemption," which provides that activities that cannot possibly have a significant effect on the environment are exempt from CEQA, 14 Cal Code Regs. §15061 (b) (3).

Section 5. Severability

That if any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Successor Housing Agency hereby declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion thereof.

Section 6. Effective Date

That this Resolution shall take effect immediately upon adoption.

Section 7. Certification

That the City Clerk acting for the Successor Housing Agency shall certify to the passage of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED, AND ADOPTED by the Desert Hot Springs Housing Authority acting as the Successor Housing Agency to the Redevelopment Agency of the City of Desert Hot Springs at a meeting held on the 19th day of June, 2018, by the following vote:

AYES: 4 – Betts; Pye; Zavala; and Mayor Matas.

NOES: 1 – McKee.

ABSENT: None.

ABSTAIN: None.

[SIGNATURES FOLLOW ON THE NEXT PAGE]

ATTEST:

Jerryl Soriano, City Clerk

APPROVED:

Scott Matas, Chair

APPROVED AS TO FORM:

Jennifer Mizrahi, City Attorney

EXHIBIT "A"

Description of the Two Surplus Residential Properties

Surplus Residential Properties				
No.	APN	Address	Lot Size (ac)	Zoning
1	641-191-008	West Drive	0.18	RL
2	641-191-009	Santa Ysabel	0.18	RL

EXHIBIT "B"

**May 29, 2018 Offer to Purchase Property
From Richard M. Johnson, Jr., as Trustee of the
Richard M. Johnson, Jr. Attorney at Law 401(K) Profit Sharing Trust**

(See Attachment)

EXHIBIT “C”

**May 30, 2018
Broker’s Opinion of Value
Prepared by
NAI Capital**

(See Attachment)

EXHIBIT "D"

**Purchase and Sale Agreement and Joint Escrow Instructions
between the
Successor Agency to the Redevelopment Agency
of the City of Desert Hot Springs
and
Richard M. Johnson, Jr., as Trustee of the
Richard M. Johnson, Jr. Attorney at Law 401(K) Profit Sharing Trust
(See Attachment)**