



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 17-1098, Version: 1

- a. Approve a Compensation Agreement regarding the proposed transfer of property located at 300 Pacific Street, Monterey, from the City of Monterey Successor Agency to the City of Monterey; and
- b. Authorize the County Administrative Officer to sign the Compensation Agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors of Monterey County:

- a. Approve a Compensation Agreement between Monterey County and the Successor Agency to the Redevelopment Agency of the City of Monterey, regarding the proposed transfer of property located at 300 Pacific Street, Monterey, from the Successor Agency to the City of Monterey; and
- b. Authorize the County Administrative Officer to sign the Compensation Agreement.

SUMMARY/DISCUSSION:

This Compensation Agreement is being submitted to the Board of Supervisors for Monterey County pursuant to a request by the City of Monterey as part its approval process for disposition of properties formerly held the Redevelopment Agency of the City of Monterey. To fulfill state law requirements, the City of Monterey is requesting that all affected taxing entities, including Monterey County, enter into the agreement.

The Compensation Agreement will facilitate the transfer of the Hotel Pacific, located at 300 Pacific Street, Monterey, from the Successor Agency to the City of Monterey Redevelopment Agency (Successor Agency) to the City of Monterey. The Compensation Agreement provides for the transfer of the property at no cost to the City. The transfer is consistent with the Successor Agency's Long Range Property Management Plan, approved by the State of California, and will generate no sales proceeds. Additionally, the property is subject to the legal restriction that all property income be expended for federal Community Block Development Grant (CDBG) purposes. For these reasons, the Compensation Agreement provides for no distribution of property tax to local taxing entities.

Background:

The Redevelopment Dissolution Act (AB 1x 26 and AB 1484) eliminated all redevelopment agencies in the state on January 31, 2012 and established procedures by which successor agencies would dispose of former redevelopment agency assets, including real property. Where a successor agency proposes to transfer property to the city that created the former redevelopment agency, the successor agency is required to enter into a compensation agreement with government entities that would ordinarily be entitled to property tax resulting from the transfer. Here, Monterey County is such a taxing entity; thus, the proposed compensation agreement is brought before the Board for its consideration.

The Hotel Pacific, 300 Pacific Street, was built in 1986 with U.S. Department of Housing and Urban Development (HUD) Urban Renewal Funds. In accordance with HUD requirements, all current and future proceeds generated from the property must be treated as Community Development Block Grant (CDBG) program income and used solely to support CDBG eligible activities. Because of this pre-existing legal restriction, the proposed Agreement acknowledges that the transfer will generate no proceeds and that there will be no distribution of property tax to local taxing entities.

Examples of the activities that will be supported by Hotel Pacific revenue, pursuant to the Compensation Agreement, include rental assistance programs, legal services for seniors, motel vouchers for emergency shelter, and housing rehabilitation grants and loans to low-income homeowners who would otherwise be unable to maintain their homes in a safe manner.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed the Compensation Agreement as to form.

FINANCING:

There is no impact to the County General Fund by approval of the Compensation Agreement. The property in question is publicly owned and generates approximately \$300,000 per year in ground rent, which is restricted to CDBG expenditures as explained above.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Approval of the Compensation Agreement will further the disposition of properties formerly owned by redevelopment agencies, as required by state law. Because property income must be expended on CDBG-eligible activities, approval of the Compensation Agreement will further the provision of health and human services to low and moderate income persons in Monterey County.

- ☐ Economic Development
- ☒ Administration
- ☒ Health & Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Nicholas E. Chiulos, Assistant County Administrative Officer

Attachments: Compensation Agreement