



Staff Report

File #: 24-0593

REQUEST FOR CITY COUNCIL ACTION

**REQUEST FOR SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY ACTION**

DATE: 08/07/2024

TO: Honorable Mayor and City Council Members

FROM: Legal and Risk Management

SUBJECT:

RESOLUTIONS OF THE CITY COUNCIL AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY DECLARING THEIR UNDERSTANDING REGARDING CERTAIN TITLE EXCEPTIONS AFFECTING REAL PROPERTY LOCATED AT 715 SOUTH MAIN STREET (APN 117-191-019)

EXECUTIVE SUMMARY:

This staff report asks the City Council and the Successor Agency to the Redevelopment Agency to adopt resolutions declaring their understanding that certain title exceptions affecting real property located at 715 South Main Street (APN 117-191-019), a portion of which the City has sold to Rest Area, LLC, have been terminated by operation of law. The title exceptions at issue for the Successor Agency are no longer effective because state law has rendered them inoperative and the title exception at issue for the City is no longer effective because the City did not preserve any public easements in connection with the noted street vacation.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2024-079, declaring its understanding that no public easements were preserved in connection with the vacation of the North-South alley in Block 119 pursuant to Instrument No. 51651 recorded in the Official Records of Riverside County on May 26, 1969.

That the City Council Serving as the Successor Agency to the Redevelopment Agency adopt Resolution No. 2024-001, declaring its understanding that certain documents recorded against real property previously owned or regulated by the Redevelopment Agency of the City of Corona are terminated by operation of law.

BACKGROUND & HISTORY:

The City of Corona ("City") and Rest Area, LLC ("Rest Area") entered into that certain Agreement of Purchase and Sale and Joint Escrow Instructions dated May 9, 2024 ("Purchase Agreement") for Rest Area's acquisition of certain real property generally located at 715 South Main Street and identified as a portion of Assessor Parcel Number 117-191-019 ("Property"). During the escrow process for the Purchase Agreement, Rest Area objected to the following title exceptions set forth in the Preliminary Title Report issued by First American Title Insurance Company dated May 3, 2024 (Order No. NCS-1198737-SA1) ("Title Report"):

4. Covenants, conditions, restrictions and easements in the document recorded February 14, 1969 as Instrument No. 14660; March 05, 1969 as Instrument No. 21740; and re-recorded June 04, 1973 as Instrument No. 72014 and incorporated by reference thereto in document recorded June 26, 1975 as Instrument No. 75724 all of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

5. The rights, if any, of a city, public utility or special district to preserve a public easement in North-South Alley in Block 119 as the same was vacated by the document recorded May 26, 1969 as Instrument No. 51651 of Official Records.

21. Covenants, conditions, restrictions and easements in the document recorded July 26, 1975 as Instrument No. 75724 of Official Records, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes. Lawful restrictions under state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

In order to proceed with the timely close of escrow, the City and Rest Area and Rest Area's assignee, South Side Social Backyard, LLC, entered into a First Amendment to Agreement for Purchase and Sale and Joint Escrow Instructions dated July 8, 2024 ("First Amendment"), whereby the City agreed that it would investigate and remove the title exceptions after the close of escrow to the extent such removal is within the reasonable legal control or power of the City.

ANALYSIS:

Title Exception No. 5

Title Exception No. 5, described above, pertains to a street vacation that was approved by the City Council in 1969. Instrument No. 51651, referenced in the title exception, which was recorded in the Official Records of Riverside County on May 26, 1969, consists of Resolution No. 3637, a Resolution of the City Council of the City of Corona ordering the vacation of a portion of Seventh Street and the North-South Alley in Block 119 of the South Riverside Townsite in the City of Corona ("Vacation Resolution"). The Vacation Resolution did not reserve, preserve or otherwise reference any public easements as part of the vacation proceedings.

The vacation of public streets is governed by Part 3 of Division 9 of the California Streets and Highways Code (commencing with Section 8300) ("Street Vacation Law"). Sections 8347 and 8348 of the Street Vacation Law provide that a public body or utility that has requested notice of vacation proceedings may determine that a public easement is necessary to be preserved as part of the vacation proceedings for existing utilities or works installed in the street to be vacated. In such situations, the public body or utility may file a verified notice of its public easement in the office of the recorder in the county in which the vacated street is located. According to Section 8348 of the Street Vacation Law, the failure to record the notice of public easement extinguishes the right of the public body or utility to a public easement.

The Title Report for the Property does not identify any public easements that were reserved or preserved as part of the vacation proceedings that were the subject of the Vacation Resolution. Therefore, as a matter of law, a public easement would not legally exist over the Property. City Council Resolution No. 2024-079 declares the City Council's understanding that Title Exception No. 5 in the Title Report is terminated by operation of law, namely the Street Vacation Law, because there is no record on title for the Property indicating that a public easement was reserved or preserved as part of the vacation proceedings referenced in that title exception.

Title Exception Nos. 4 and 21

Title Exception Nos. 4 and 21 pertain to certain covenants, conditions, restrictions and easements that were recorded against the Property by the Redevelopment Agency of the City of Corona to implement the Corona Downtown Redevelopment Project. However, pursuant to Health and Safety Code section 34172, as modified by the opinion of the Supreme Court of the State of California in *California Redevelopment Association, et al. v. Ana Matosantos, et al.*, Case No. S194861, all redevelopment agencies were dissolved as of February 1, 2012. This means that the Corona Redevelopment Agency has been dissolved and no longer exists as a public body, corporate and politic.

The City elected to serve as the successor agency to the Redevelopment Agency ("Successor Agency"), pursuant to Health and Safety Code section 34173, in order to wind down the operations of the Redevelopment Agency, dispose of its assets, and pay its debts and obligations.

With the dissolution of the Redevelopment Agency, the Successor Agency understands that any encumbrances recorded by the Redevelopment Agency against real property, including the Property,

for the purpose of implementing redevelopment projects such as the Corona Downtown Redevelopment Project are terminated by operation of law and have no future force or effect.

Successor Agency Resolution No. 2024-001 declares the understanding of the City Council serving as the Successor Agency to the Redevelopment Agency that the documents referenced in Title Exception Nos. 4 and 21 in the Title Report are terminated by operation of law. Effective February 1, 2012, redevelopment agencies were dissolved pursuant to Health and Safety Code section 34172 and divested of all rights, obligations, powers, force and effect. Therefore, the documents that the Redevelopment Agency recorded against real property to implement the Corona Downtown Redevelopment Project are no longer applicable or effective.

The adoption of City Council Resolution No. 2024-079 and Successor Agency Resolution No. 2024-001 will satisfy the City's obligations under the First Amendment to the Purchase Agreement.

FINANCIAL IMPACT:

There is no financial impact associated with the recommended actions.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely declares the City Council's and the Successor Agency's understanding regarding certain title exceptions affecting real property disposed of by the City and there is no possibility that approving the attached resolutions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JAMIE RAYMOND, CHIEF DEPUTY CITY ATTORNEY

REVIEWED BY: DEAN DERLETH, CITY ATTORNEY

Attachments:

1. Exhibit 1 - City Council Resolution No. 2024-079
2. Exhibit 2 - Successor Agency Resolution No. 2024-001