



# OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 Phone: 562.570.6615 Fax: 562.570.6215

February 24, 2014

## OVERSIGHT BOARD MEMBERS

### RECOMMENDATION:

Adopt a resolution approving the decision of the Successor Agency to the Redevelopment Agency of the City of Long Beach to approve an amended repayment schedule for the amounts of Property Tax funds (formerly 20 Percent Tax Increment Set-Aside) the former Redevelopment Agency owes to the Low- and Moderate-Income Housing Fund.

### DISCUSSION

On November 4, 2013, the Oversight Board of the City of Long Beach as Successor Agency to the Redevelopment Agency of the City of Long Beach (Oversight Board) reviewed and approved a repayment schedule for funds the former Redevelopment Agency owes to the Low- and Moderate-Income Housing Fund (Exhibit A).

An amended repayment schedule is being considered for two reasons:

1. In a letter dated December 17, 2013, the California Department of Finance (DOF) requested that the Oversight Board reconsider the proposed repayment schedule.
2. The amount to be repaid to the Low- and Moderate-Income Housing Fund through the repayment schedule has increased because the DOF denied a loan agreement between the former Redevelopment Agency and the former Long Beach Housing Development Company (LBHDC) as an existing enforceable obligation on the Recognized Obligation Payment Schedule (ROPS) 13-14B. The total amount of debt outstanding to the Low- and Moderate-Income Housing Fund is \$24,721,890.

The DOF requested that the Oversight Board reconsider the Low- and Moderate-Income Housing Fund repayment schedule because it wants the amount of the upcoming payment to be based on actual dollar amounts and not estimates. California Health and Safety Code Section 34171(d)(1)(G) prescribes the adoption of a repayment schedule but does not specify its format or content. This section also indicates that adoption of a repayment schedule is necessary before the Successor Agency can begin to repay the Low- and Moderate-Income Housing Fund. While Successor Agency staff interpreted the adoption of a

## OVERSIGHT BOARD MEMBERS

February 24, 2014

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repayment schedule as notification that funds would be repaid to the Low- and Moderate-Income Housing Fund, the DOF chose to use it as documentation for a ROPS request. As a result, the repayment schedule is to be based on actual residual proceeds<sup>1</sup> rather than estimates. Specifically, the amount of low- and moderate-income housing funds that can be repaid annually is limited to 50 percent of the residual proceeds paid in the preceding fiscal year less the residuals paid in Fiscal Year 2012-13 (FY12-13).

As mentioned above, the amount of Low- and Moderate-Income funds that must be repaid via the repayment schedule has increased. During its review of ROPS 13-14B, the DOF denied a loan agreement between the former Redevelopment Agency and the LBHDC. The former Redevelopment Agency and LBHDC entered into this loan agreement in 2010 when the former Redevelopment Agency borrowed the entire Fiscal Year 2009-2010 Low- and Moderate-Income Housing Set-Aside amount to assist the former Redevelopment Agency with making its state-mandated Supplemental Education Revenue Augmentation Fund (SERAF) payment. Repayment of this SERAF loan agreement was not denied on ROPS I and II so Successor Agency staff anticipated its approval on ROPS 13-14B. Instead, DOF directed that the remaining SERAF loan balance be included in the Low- and Moderate-Income Housing Fund repayment schedule.

### Repayment Schedule

The amount the Successor Agency must repay the Low- and Moderate-Income Housing Fund via the repayment schedule is \$24,721,890. The \$24,721,890 is comprised of the remaining SERAF loan balance of \$8,360,439 and \$16,361,451 deferred from the Downtown Redevelopment Project Area's low- and moderate-income housing set-aside. The deferral, described in detail in Exhibit A, was incurred when the Low- and Moderate-Income Housing Funds were established in the mid-1980s and the Downtown Redevelopment Project Area had pre-existing obligations that precluded making the annual set-aside payments.

The formula for the repayment amount in FY14-15 is as follows:

$$(\text{FY13-14 residual proceeds} - \text{FY12-13 residual proceeds}) \times 50\%$$

or

$$(\$62,714,877 - \$45,018,614) \times 50\% = \$8,848,132$$

The amount of residual RPTTF proceeds paid to the affected taxing agencies is based on the Remittance Advice provided by the Los Angeles County Auditor-Controller.

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<sup>1</sup> Residual proceeds refer to the Redevelopment Property Tax Trust Fund dollars that are distributed to the affected taxing agencies after the County's administrative costs, the affected taxing agencies' statutory pass-through payments, and the Successor Agency's enforceable obligations and administrative allowance have been paid.

OVERSIGHT BOARD MEMBERS

February 24, 2014

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The proposed repayment schedule is as follows:

City's Fiscal Year/ ROPS Period	Payment Based on Actual Residuals	Payment Based on Estimated Residuals*	Balance
Beginning Balance			\$24,721,890
2013-14/ ROPS 14-15A	\$8,848,132		\$15,873,758
2014-15/ ROPS 15-16A		\$0	\$15,873,758
2015-16/ ROPS 16-17A		\$9,410,093	\$6,463,665
2016-17/ ROPS 17-18A		\$4,282,261	\$2,181,404
2017-18/ ROPS 18-19A		\$2,181,404	\$0

\*Actual repayment amounts will be less than or equal to the maximum amount allowed pursuant to Health and Safety Code Section 34176(e)(6)(B).

Except for the ROPS 14-15A period, the above repayment amounts are estimates. The repayment amounts will be updated annually when the latest actual residual amount is available to calculate the payment amount for the upcoming ROPS period. Actual repayment amounts will not exceed the maximum amount allowed pursuant to Health and Safety Code Section 34176(e)(6)(B).

This matter was approved by the Successor Agency to the Redevelopment Agency of the City of Long Beach on February 11, 2014.

Oversight Board action is requested on February 24, 2014, in order that the amended repayment schedule for funds the former Redevelopment Agency owes to the Low- and Moderate-Income Housing Fund be submitted to the DOF for final approval.

Respectfully submitted,

  
PATRICK H. WEST  
CITY MANAGER

PHW:AJB:LAF

R:\Successor Agency\OVERSIGHT BOARD\STAFF REPORTS Oversight Board2014\February 24 Special Mtg\OB - Amended Low-Mod Housing Repayment Schedule v3.doc

Attachments: Exhibit A - 10/22/13 Successor Agency Staff Report Resolution



# OVERSIGHT BOARD

OF THE CITY OF LONG BEACH AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH

333 West Ocean Blvd., 3rd Floor, Long Beach, CA 90802 Phone: 562.570.6615 Fax: 562.570.6215

November 4, 2013

## OVERSIGHT BOARD MEMBERS

### RECOMMENDATION:

Adopt a Resolution approving the decision of the Successor Agency to the Redevelopment Agency of the City of Long Beach to approve a repayment schedule for the amounts of Property Tax (formerly 20 Percent Tax Increment Set-Aside) funds the former Redevelopment Agency owes to the Low- and Moderate-Income Housing Fund.

### DISCUSSION

Section 34171(d)(1) of the California Health and Safety Code defines the meaning of "Enforceable Obligations" in regards to the Dissolution Act (AB x1 26) and the unwinding process of the former redevelopment agencies. In particular, Section 34171(d)(1)(G) defines an "Enforceable Obligation" as the amounts borrowed from, or payments owing to, the Low- and Moderate-Income Housing Fund of a redevelopment agency that had been deferred as of the effective date of the Dissolution Act, provided that the repayment schedule is approved by the Oversight Board. Upon the Oversight Board's approval of a repayment schedule, the enforceable obligation may be included in a Recognized Obligation Payment Schedule (ROPS) in order to obtain Redevelopment Property Tax Trust Funds to fund the repayments.

Pursuant to Section 34171, the Successor Agency is requesting Oversight Board approval of a repayment schedule for the funds the former Redevelopment Agency (Agency) owes to the Low- and Moderate-Income Housing Fund.

#### Deferred Downtown 20 Percent Tax Increment

Pursuant to Section 33334.6(d) of the California Health and Safety Code, the Agency was authorized to deposit less than the amount required to be deposited into the Low- and Moderate-Income Housing Fund if the Agency found that the difference between the amount actually deposited and the amount required to be deposited would be necessary to make payments under existing obligations identified on an adopted Statement of Existing Obligations.

## OVERSIGHT BOARD MEMBERS

November 4, 2013

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Between 1986 and 2001, the Agency Board adopted resolutions finding that, due to the need to pay existing obligations in the Downtown Redevelopment Project Area, it was necessary to deposit less than the amount required by statute into the Low- and Moderate-Income Housing Fund. From Fiscal Years 1986 to 2004, the Downtown Redevelopment Project Area's 20 Percent Tax Increment obligation to the Low- and Moderate-Income Housing Fund totaled \$28,074,322. During this time period, the Agency transferred \$11,712,870 in 20 Percent Tax Increment Set-Aside, and deferred \$16,361,451. As a result of positive Downtown Redevelopment Project Area cash flows in Fiscal Years 2000, 2002 and 2004, the Tax Increment transfers to the Low- and Moderate-Income Housing Fund were \$2.8 million more than the required 20 percent transfer, thereby reducing the deferred balance. Between Fiscal Years 2005 and 2011, the Agency transferred the full Downtown Redevelopment Project Area 20 Percent Tax Increment obligation to the Low- and Moderate-Income Housing Fund, and no funds were deferred. Please see Exhibit A for an accounting of the deferrals.

Pursuant to Section 33334.6(g) of the California Health and Safety Code, these Tax Increment deferrals created a deficit for the Downtown Redevelopment Project Area, and the Agency was required to adopt a plan to eliminate the deficit. In 1995, the Agency approved Resolution R.A. 21-95 adopting a plan for the repayment of the deferred set-aside commencing upon the termination of the Downtown Redevelopment Project Area. Prior to the Agency's dissolution, it was anticipated that upon the termination of the Downtown Redevelopment Project Area in 2017, a larger portion of the tax increment would be available for debt service and the Agency could begin to repay the deferred tax increment to the Low- and Moderate-Income Housing Fund.

### Repayment Schedule

The proposed repayment schedule is as follows:

<b>Fiscal Year</b>	<b>Payment Amount</b>	<b>Balance</b>
Beginning Deferred Balance		\$16,361,451
2015/16 - ROPS 15-16A	\$ 8,180,726	\$ 8,180,725
2016/17 - ROPS 16-17A	\$ 8,180,725	\$ 0

As of January 1, 2013, amounts owed to the Low- and Moderate-Income Housing Fund totaled \$16.3 million.

The above repayment amounts are estimates based on a schedule to retire the debt by September 2017, and are subject to change. The State Department of Finance and County Auditor-Controller have ultimate approval authority as to the amounts available for repayment.

This matter was approved by the Successor Agency to the Redevelopment Agency of the City of Long Beach on October 22, 2013.

OVERSIGHT BOARD MEMBERS

November 4, 2013

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Should the Oversight Board approve the recommended repayment schedule, funds to repay the Low- and Moderate-Income Housing Fund are anticipated to be included on ROPS 15-16A (July-December 2015), at the earliest, which will be presented to the Oversight Board in February 2015.

Respectfully submitted,



PATRICK H. WEST  
CITY MANAGER

PHW:AJB:RMZ:DLH

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Attachments: Exhibit A – Summary of Downtown Redevelopment Project Area 20 Percent Tax Increment Transfers and Deferrals (1986 - 2004)  
Resolution

Downtown Project Area  
Deferred 20% Tax Increment Set -Aside

Fiscal Year	FY 20% TI Obligation	FY 20% TI Payments	Total 20% TI Deferred	Annual 20% TI Deferred	Agency Resolution
					R.A. 18-86
86-87-88			972,613	972,613	R.A. 26-87
1989	1,341,173	(250,000)	2,063,786	1,091,173	R.A. 9-88
1990	1,566,346	(250,000)	3,380,132	1,316,346	R.A. 23-89
1991	1,740,120	(250,000)	4,870,252	1,490,120	R.A. 12-90
1992	1,988,893	(250,000)	6,609,145	1,738,893	11-91
1993	2,005,508	(250,000)	8,364,653	1,755,508	R.A. 15-92
1994	1,918,105	-	10,282,758	1,918,105	8-93
1995	3,011,587	-	13,294,345	3,011,587	15-94
1996	1,324,861	-	14,619,206	1,324,861	9-95
1997	1,047,995	-	15,667,201	1,047,995	R.A. 18-96
1998	1,430,587	-	17,097,788	1,430,587	R.A. 6-98
1999	1,338,346	(639,780)	17,796,354	698,566	R.A. 22-99
2000	1,674,786	(2,347,710)	17,123,430	(672,924)	
2001	1,398,282	-	18,521,712	1,398,282	R.A. 18-2001
2002	1,568,000	(2,428,260)	17,661,451	(860,260)	
2003	1,720,000	(1,720,000)	17,661,451	-	
2004	2,027,120	(3,327,120)	16,361,451	(1,300,000)	
Total Obligation	28,074,322				
Total Payments		(11,712,870)			
Total Deferred			16,361,451	16,361,451	

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RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE OVERSIGHT BOARD OF THE CITY OF LONG BEACH AS THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF LONG BEACH APPROVING AN AMENDED REPAYMENT SCHEDULE FOR THE AMOUNTS OF PROPERTY TAX FUNDS THE FORMER REDEVELOPMENT AGENCY OWES TO THE LOW- AND MODERATE-INCOME HOUSING FUND

WHEREAS, Section 34171(d)(1) of the California Health and Safety Code defines the meaning of Enforceable Obligations, in regards to the Dissolution Act (AB1x26) and the unwinding process of the former redevelopment agencies, as the amounts borrowed from, or payments owing to, the Low- and Moderate-Housing Fund of a redevelopment agency that had been deferred as of the effective date of the Dissolution Act; and

WHEREAS, pursuant to California Health and Safety Code Section 34171(d)(1)(G), the Successor Agency to the Redevelopment Agency of the City of Long Beach ("Successor Agency") is requesting the Oversight Board of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the City of Long Beach ("Oversight Board") approve a repayment schedule for the funds the former Redevelopment Agency of the City of Long Beach owes to the Low- and Moderate-Income Housing Fund; and

WHEREAS, on November 4, 2013 the Oversight Board reviewed and approved a repayment schedule for funds the former Redevelopment Agency owes to the Low- and Moderate-Income Housing Fund; and

WHEREAS, on December 17, 2013, the California Department of Finance



1 (“DOF”) denied the Oversight Board’s action, requesting a revised action based on actual  
2 residual payments to the affected taxing agencies rather than estimates;

3 NOW, THEREFORE, the Oversight Board resolves as follows:

4 Section 1. Approve the amended repayment schedule attached as  
5 Exhibit “A” for the funds the former Redevelopment Agency owes to the Low- and  
6 Moderate-Income Housing.

7 Section 2. This resolution shall take effect immediately upon its adoption  
8 by the Oversight Board, and the City Clerk shall certify the vote adopting this resolution.

9 PASSED, APPROVED, and ADOPTED at a meeting of the Oversight Board  
10 of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the  
11 City of Long Beach held this \_\_\_\_\_ day of \_\_\_\_\_, 2014 by the following vote:

12  
13 Ayes: \_\_\_\_\_  
14 \_\_\_\_\_  
15 \_\_\_\_\_  
16 Noes: \_\_\_\_\_  
17 \_\_\_\_\_  
18 \_\_\_\_\_  
19 Absent: \_\_\_\_\_

22 \_\_\_\_\_  
Chairperson, Oversight Board

23 APPROVED:  
24  
25 \_\_\_\_\_  
26 Secretary, Oversight Board

28

## Exhibit A

### Low- and Moderate-Income Housing Fund Repayment Schedule

<b>City's Fiscal Year/ ROPS Period</b>	<b>Payment Based on Actual Residuals</b>	<b>Payment Based on Estimated Residuals*</b>	<b>Balance</b>
Beginning Balance			\$24,721,890
2013-14/ ROPS 14-15A	\$8,848,132		\$15,873,758
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