



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

January 25, 2017

OVERSIGHT BOARD MEMBERS

RECOMMENDATION:

Adopt a Resolution approving an amended repayment schedule for certain agreements between the City of Long Beach and the former Redevelopment Agency of the City of Long Beach.

DISCUSSION

Cities with redevelopment agencies commonly loaned funds to those agencies to carry out the purposes of their adopted redevelopment plans, especially during the early years of a redevelopment project when the amount of tax increment generated annually was not sufficient to initiate redevelopment activities. Furthermore, redevelopment agencies needed to have established debt as a requirement to receive tax increment. Cities made loans to their redevelopment agencies to initiate redevelopment activities, expecting the loans to be repaid with interest.

AB1x26, the "Dissolution Act," voided loan agreements between cities and redevelopment agencies. AB 1484, legislation adopted to clean up earlier provisions of the Dissolution Act, provided that City/Agency loans could be deemed enforceable obligations under certain circumstances:

- A successor agency had received a finding of completion.
- A successor agency had repaid the former redevelopment agency's debt to the Low- and Moderate-Income Housing Set-Aside Fund.
- A successor agency's oversight board made a finding that the City and Agency loan agreements were for legitimate redevelopment purposes.

On April 26, 2013, the Successor Agency to the Redevelopment Agency of the City of Long Beach (Successor Agency) received its Finding of Completion. On March 11, 2016, the California Department of Finance (DOF) found that four loans totaling \$34,635,279 were enforceable obligations. In July 2016, the Successor Agency repaid the remaining debt of the former Redevelopment Agency of the City of Long Beach (Agency) to the Low- and Moderate-Income Housing Set-Aside Fund (Housing Fund).

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The repayment of the Agency's debt to the Housing Fund, and the repayment of loans from the City are subject to the annual formula described in Section 34191.4(b)(3)(A) of the Health and Safety Code.

The formula for the repayment amount in Fiscal Year 2017 (FY 17) is as follows:

(ROPS 16-17 residual proceeds – ROPS 12-13A&B residual proceeds) x 50%

or

$$(\$50,567,716 - \$45,018,614) \times 50\% = \$2,774,551$$

The proposed repayment schedule is as follows:

City's Fiscal Year/ ROPS Period	Payments Completed	Payment Request Based on Actual Residuals	Payment Based on Estimated Residuals*	Balance
Beginning Balance				\$34,635,279
2015-16/ ROPS 16-17	\$4,493,415			\$30,141,864
2016-17/ ROPS 17-18		\$2,774,551		\$27,367,313
2017-18/ ROPS 18-19			\$16,684,693	\$10,682,620
2018-19/ ROPS 19-20			\$10,682,620	\$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).

Pursuant to Section 34191.4(3)(c) of the Health and Safety Code, 20 percent of the annual repayment to the City is distributed to the Housing Successor Agency to increase, improve and preserve the supply of low- and moderate-income housing.

Payments after the Recognized Obligation Payment Schedule (ROPS) 17-18 period are estimates. The repayment amounts will be updated annually when the actual fiscal year residual amount is available. Actual repayment amounts will not exceed the maximum amount allowed pursuant to Health and Safety Code Section 34176(e)(6)(B).

This matter will be considered by the Successor Agency to the Redevelopment Agency of the City of Long Beach on January 24, 2017.

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Respectfully submitted,



AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES



PATRICK H. WEST
CITY MANAGER

PHW:AJB:LAF:KS

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Attachments: Resolution
Exhibit A to the Resolution – Repayment schedule

1 RESOLUTION NO. _____

2
3 A RESOLUTION OF THE OVERSIGHT BOARD OF
4 THE CITY OF LONG BEACH AS THE SUCCESSOR
5 AGENCY TO THE REDEVELOPMENT AGENCY OF THE
6 CITY OF LONG BEACH APPROVING AN AMENDED
7 REPAYMENT SCHEDULE FOR CERTAIN AGREEMENTS
8 BETWEEN THE CITY OF LONG BEACH AND THE
9 FORMER REDEVELOPMENT AGENCY OF THE CITY OF
10 LONG BEACH

11
12 WHEREAS, the City of Long Beach loaned funds to the Redevelopment
13 Agency of the City of Long Beach to carry out its redevelopment plans; and

14 WHEREAS, AB1x26 (the "Dissolution Act") voided loan agreements
15 between cities and redevelopment agencies; and

16 WHEREAS, AB1484, legislation adopted to clean up earlier provisions of
17 the Dissolution Act, provided that City-Agency loans could be deemed enforceable under
18 certain circumstances: 1) a successor agency had received a finding of completion; 2) a
19 successor agency had repaid the former redevelopment agency's debt to the Low- and
20 Moderate-Income Housing Set-Aside Fund; and 3) a successor agency's oversight board
21 made a finding that the city and agency loan agreements were for legitimate
22 redevelopment purposes; and

23 WHEREAS, on April 26, 2013, the Successor Agency to the
24 Redevelopment Agency of the City of Long Beach ("Successor Agency") received its
25 finding of Completion; and

26 WHEREAS, on March 11, 2016, the California Department of Finance
27 found that four loans were enforceable obligations; and

28 WHEREAS, in July 2016, the Successor Agency repaid the remaining debt

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 of the former Redevelopment Agency of the City of Long Beach to the Low- and
2 Moderate - Income Housing Set-Aside Fund;

3 NOW, THEREFORE, the Oversight Board of the City of Long Beach as the
4 Successor Agency to the Redevelopment Agency of the City of Long Beach resolves as
5 follows:

6 Section 1. Approve the amended repayment schedule for certain
7 agreements between the City of Long Beach and the former Redevelopment Agency of
8 the City of Long Beach as more particularly described on Exhibit "A" attached hereto.

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

11 PASSED, APPROVED, and ADOPTED at a meeting of the Oversight Board
12 of the City of Long Beach as the Successor Agency to the Redevelopment Agency of the
13 City of Long Beach held this 25th day of January, 2017 by the following vote:

14
15 Ayes: _____

16 _____

17 _____

18 Noes: _____

19 _____

20 _____

21 Absent: _____

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24 _____
Chairperson, Oversight Board

25 APPROVED:

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27 _____
28 Secretary, Oversight Board

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EXHIBIT "A"
REPAYMENT SCHEDULE

The proposed repayment schedule is as follows:

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