



Legislation Details (With Text)

File #: 14-003OB **Version:** 1 **Name:** 022414-OB-Adopt Reso repayment schedule of Property Tax Funds

Type: OB-Resolution **Status:** Adopted

File created: 2/14/2014 **In control:** Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach

On agenda: 2/24/2014 **Final action:** 2/24/2014

Title: Recommendation to adopt resolution approving the decision of the City of Long Beach, as 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.

Sponsors:

Indexes:

Code sections:

Attachments: 1. 022414.ob.item3.pdf, 2. O.B. 01-2014.pdf

Date	Ver.	Action By	Action	Result
2/24/2014	1	Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach	approve recommendation and adopt	Pass

Recommendation to adopt resolution approving the decision of the City of Long Beach, as 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.

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 repayment schedule as notification that funds would be repaid to the Low- and Moderate-Income Housing Fund, the OaF chose to use it as documentation for a RapS request. As a result, the repayment schedule is to be based on actual residual proceeds 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 RapS 13-14B, the OaF 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 RapS I and II so Successor Agency staff anticipated its approval on RapS 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:

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

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.

The proposed repayment schedule is as follows:

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

*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.

Approve recommendation.

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

APPROVED:

PATRICK H. WEST
CITY MANAGER