



Legislation Text

File #: 16-0710, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute any and all necessary documents, including a Master Agreement for Taxing Entity Compensation with Los Angeles County Chief Administrative Office, Los Angeles County Office of Education, Los Angeles County Department of Public Works, Los Angeles County Sanitation District, Water Replenishment District of Southern California, Long Beach Community College District and Long Beach Unified School District, for distribution of sale proceeds related to properties designated as Future Development under Redevelopment Agency dissolution procedures. (Districts 1,2,6,8,9)

With the passage of ABx1 26 in June 2011, and the subsequent California Supreme Court decision upholding ABx1 26 in December of that year, California's Redevelopment Agencies were dissolved effective February 1, 2012. On June 27, 2012, AB 1484 was signed into law modifying various provisions of ABx1 26 relating to Redevelopment Agency dissolution procedures, one of which was requiring Successor Agencies to prepare a Long Range Property Management Plan (LRPMP) addressing the disposition and use of all real property held by the Agency at time of dissolution. The LRPMP classified real property into four permissible use categories: (1) government purposes, (2) future development, (3) sale, and (4) fulfillment of an enforceable obligation. Of the Successor Agency's 259 parcels included in the LRPMP, 141 properties were classified as "Future Development" (Exhibit A) allowing them to be transferred to the City and disposed of consistent with applicable Redevelopment Plans and guiding documents for respective project areas once the LRPMP was approved. The LRPMP was approved by the State of California Department of Finance (DOF) on March 10, 2015 and amended on June 24, 2015.

Further, AB 1484 added Section 34180(f) to the State Health and Safety Code requiring Cities that wish to retain property for Future Development to enter into a Compensation Agreement with affected taxing entities. The affected taxing entities that have a share of the property tax from the Future Development properties include the Los Angeles County Chief Administrative Office, Los Angeles County Office of Education, Los Angeles County Department of Public Works, Los Angeles County Sanitation District, Water Replenishment District of Southern California, Long Beach Community College District and Long Beach Unified School District. The proposed Master Agreement for Taxing Entity Compensation allows the proceeds from the City's sale of the Future Development properties be remitted to the Los Angeles County Auditor-Controller for distribution to the taxing entities consistent with their current proportional share of the base property tax revenues. Future Development properties may have been acquired through funds from the sale of tax-exempt bonds. These bonds may need to be redeemed upon sale of the Future Development properties.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on July 25, 2016 and by Assistant Finance Director Lea Eriksen on July 22, 2016.

City Council consideration of this transaction is requested on August 9, 2016, to ensure that the Master Agreement can be completed in a timely manner.

Sale proceeds, less escrow and closing fees and recovery of administrative costs, will be remitted to the Los Angeles County Auditor-Controller for distribution to the affected taxing agencies. If required under the terms of the tax-exempt bonds issued for the acquisition of the Future Development properties, proceeds will first be used to redeem the bonds. The County will distribute the net proceeds to the affected taxing agencies based on their share of the 1 percent tax rate. The City's share is approximately 21 percent of the net sale proceeds.

Approve recommendation.

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APPROVED:

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