



Legislation Text

File #: 16-003OB, **Version:** 1

Recommendation to adopt resolution approving an amended repayment schedule for the amount of property tax funds (formerly 20 Percent Tax Increment Set-Aside) the former Redevelopment Agency of the City of Long Beach owes to the Low- and Moderate-Income Housing Asset Fund.

On February 11, 2014, the Successor Agency to the Redevelopment Agency of the City of Long Beach (Successor Agency) reviewed and approved a revised repayment schedule for the \$24,721,890 in funds the former Redevelopment Agency of the City of Long Beach (Agency) owes to the Low- and Moderate-Income Housing Asset Fund (LMIHAF) related to the deferral of \$16,361,451 from the Downtown Project Area, plus an additional remaining loan balance of \$8,360,439. The Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach approved the same schedule on February 24, 2014.

The California Department of Finance (DOF) has requested that the dollar amounts requested for this repayment on each Recognized Obligation Payment Schedule (ROPS) be based on actual dollar amounts and not estimates. Accordingly, the repayment schedule needs to be amended annually based on actual Redevelopment Property Tax Trust Fund (RPTTF) distributions to the Successor Agency. 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).

Following its Finding of Completion, the Successor Agency owed the LMIHAF \$24,721,890. The debt was comprised of \$16,361,451 deferred from the Downtown Redevelopment Project Area's Low- and Moderate-Income Housing Set-Aside Fund (Housing Fund) between 1986 and 2001, plus \$8,360,439 borrowed in 2010 to make a State-mandated Supplemental Education Revenue Augmentation Fund (SERAF) payment. The deferral was incurred when the Housing Fund was established in the mid-1980s and the Downtown Project Area had pre-existing obligations that precluded making the annual set-aside payments. The loan agreement in 2010 was made when the Agency borrowed the entire Fiscal Year 2010 Housing Fund amount to assist the Agency with making its SERAF payment.

The first two payments to the LMIHAF in Fiscal Years 2014 and 2015 of \$8,848,132 and \$5,030,890, respectively, leave a remaining balance owed to the LMIHAF of \$10,842,868.

The formula for the repayment amount in Fiscal Year 2016 (FY 16) is as follows:

$(\text{ROPS 15-16A\&B residual proceeds} - \text{ROPS 12-13A\&B residual proceeds}) \times 50\%$

or

$$(\$75,691,179 - \$45,018,614) \times 50\% = \$15,336,283$$

The amount of residual Redevelopment Property Tax Trust Fund (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 Fiscal Year/ Balance ROPS Period | Payments Completed | Payment Request Based on Actual Residuals |
|--|-------------------------------|--|
| Beginning Balance \$24,721,890 | | |
| 2013-14/ ROPS 14-15A \$15,873,758 | \$8,848,132 | |
| 2014-15/ ROPS 15-16A \$10,842,868 | \$5,030,890 | |
| 2015-16 ROPS 16-17 \$0 | | \$10,842,868 |

The amount of \$15,336,283 in residual revenue available exceeds the amount needed to pay the remaining balance owed to the LMIHAF by \$4,493,415. As such, it is expected that the LMIHAF will be repaid in full after this last payment.

Approve recommendation.

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APPROVED:

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