



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

September 11, 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:

$(\text{ROPS 16-17 residual proceeds} - \text{ROPS 12-13A\&B residual proceeds}) \times 50\%$

or

$$(\$58,609,983 - \$45,018,614) \times 50\% = \$6,795,684$$

A proposed repayment schedule submitted to, and approved by, the Successor Agency on January 24, 2017 approved a FY 17 repayment amount of only \$2,774,551 in error. The revised proposed repayment schedule below includes the difference between the correct amount of \$6,795,684 and the \$2,774,551, which was approved in January and has since been repaid.

The revised 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
2016-17/ ROPS 17-18B		\$4,021,133		\$24,592,762
2017-18/ ROPS 18-19			\$8,663,629	\$15,929,133
2018-19/ ROPS 19-20			\$15,169,670	\$759,463
2019-20/ ROPS 20-21			\$ 759,463	\$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.

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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 was approved by the Successor Agency to the Redevelopment Agency of the City of Long Beach on August 22, 2017.

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

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 CERTAIN AGREEMENTS
BETWEEN THE CITY OF LONG BEACH AND THE
FORMER REDEVELOPMENT AGENCY OF THE CITY OF
LONG BEACH

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

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

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

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

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

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

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 ____ day of _____, 2017 by the following vote:

14
15 Ayes:

18 Noes:

21 Absent:

24 _____
Chairperson, Oversight Board

25 APPROVED:
26
27

28 _____
Secretary, Oversight Board

EXHIBIT "A"
REPAYMENT SCHEDULE

City's Fiscal Year/ ROPS Period	Payments Completed	Payment Request Based on Actual Residuals	Payment Based on Estimated Residuals*	Balance
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