



Legislation Details (With Text)

File #:	17-012OB	Version:	1	Name:	091117 - OB-RES-Amended Repayment Sched.
Type:	OB-Resolution	Status:		Status:	Adopted
File created:	8/30/2017	In control:		In control:	Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Long Beach
On agenda:	9/11/2017	Final action:		Final action:	9/11/2017
Title:	Recommendation to adopt 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.				
Sponsors:					
Indexes:					
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Attachments:	1. 091117.ob.item3.pdf, 2. O.B. 07-2017.pdf				

Date	Ver.	Action By	Action	Result
9/11/2017	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 an amended repayment schedule for certain agreements between the City of Long Beach and the former Redevelopment Agency of the City of Long Beach.

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).

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

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER