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CALIFORNIA SUPREME COURT RULING ON DECEMBER 29, 2011 ELIMINATES REDEVELOPMENT

WHAT DOES THIS MEAN AND WHAT ARE THE NEXT STEPS?

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What Now? Wind-Down Activities Next 30 days

- By February 1, 2012
  - Successor Agency determination
  - Successor Housing Agency determination
  - RDA Asset Transfer to Successor Agency
  - Amendment of Previously Adopted Enforceable Obligations Payment Schedule (EOPS)(“Payment Schedule”)

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Successor Agency

- City or County that originally created the former RDA will automatically become the Successor Agency
- That city or county may elect, by resolution, NOT to be the Successor Agency (resolution must be transmitted to County Auditor-Controller by February 1, 2012)

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Successor Agency

- Vested with any remaining authority, rights, powers, duties and obligations formerly vested to the Redevelopment Agency (“RDA”); and
- Responsible for winding down the affairs of the former RDA (in conjunction with the Oversight Board)

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What does a Successor Agency do?

- Makes payments and performs obligations (per Payment Schedule)
- Takes control of all RDA assets, properties, contracts, leases, books and records, buildings and equipment
- Disposes of assets and properties of the former RDA
- Transfers housing functions
- Oversees development of projects currently underway by former RDA

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Successor Agency

- Sets up Redevelopment Obligation Retirement Fund
- Receives Tax Increment sufficient to pay approved former RDA obligations
- Administrative budget allowance (min $250K or 5% of TI – first year, 3% thereafter)
- Control over the agency asset disposition process
- Control over pending development projects
- Opportunity to oversee transfer of housing functions and land transfers

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Successor Housing Agency

- Assumes all rights, powers, duties and obligations of the former RDA's housing functions.
- Receives all former RDA housing assets, which may include the repayment of loans or other obligations (includes loans made for prior SERAF payments), but excluding cash deposits.
- Recommended that city take action by resolution to clarify the chosen option for selecting successor housing agency – due by February 1, 2012

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Oversight Board

Composed of seven appointed members

- 2 by County Board of Supervisors: one of the two is a public member
- 2 by the Mayor of the City of Ventura (one of the two to represent RDA employees, if any)
- 1 by largest special district located within the former RDA boundaries (who would this be?)
- 1 by the County Superintendent of Schools
- 1 member by the California Community Colleges Chancellor

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Oversight Board

- Oversight board may direct staff of the successor agency to perform work in furtherance of the oversight board's duties and responsibilities.
- Successor agency shall pay for all of the costs of meetings of the oversight board – costs may be included in administrative budget.
- Oversight board members shall serve without compensation or reimbursement for expenses.
- Oversight Board membership submitted to the State Department of Finance by May 1, 2012.

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Enforceable Obligation Payment Schedule (EOPS) ("Payment Schedule")

- Adopted Payment Schedule on August 22, 2011
  - (Covered period of August 2011 – December 2011)
- Submitted Initial Draft of the recognized Payment Schedule to State Dept of Finance on September 30, 2011
  - (Covered period of January 2012 – June 2012)
- Recommendation that the RDA update the Initial Draft Payment Schedule and submit as Recognized Payment Schedule to Successor Agency by February 1, 2012

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RDA Asset Transfer

- All assets of the Agency must be transferred to the Successor Agency prior to February 1, 2012.
- Currently a total of 7 locations.
- Proper process to accomplish this is pending legal recommendation.

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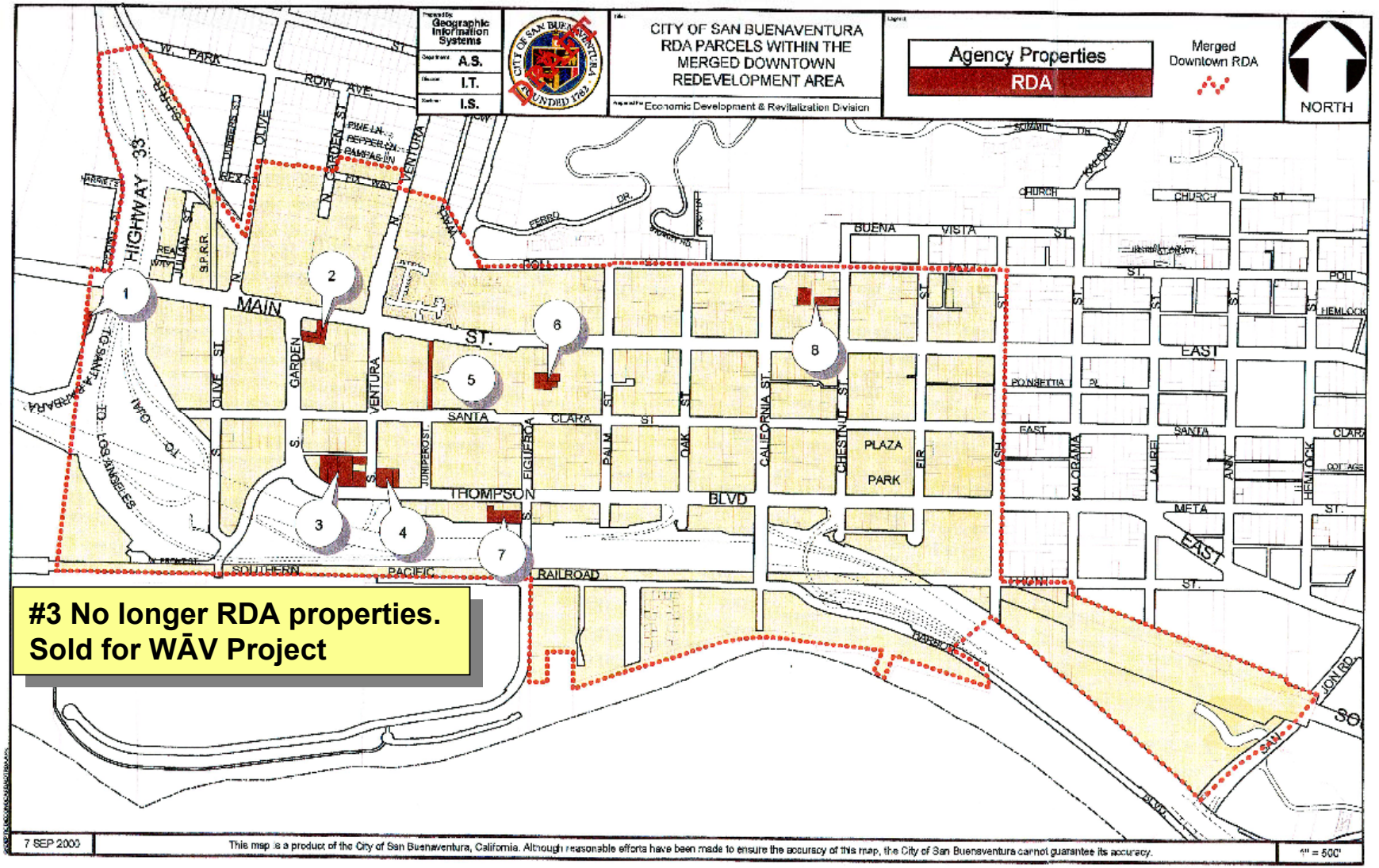

#3 No longer RDA properties.
Sold for WĀV Project

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NEXT STEPS/ACTIONS

- Review previous Payment Schedules for consistency with legislative definitions
- Adopt Recognized Payment Schedule
- Transfer Agency Assets to Successor Agency
- Review City/Agency agreements to determine “survivability” per legislation
- Mayor’s Oversight Board appointment(s)

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Salvaging Redevelopment in California?

The California Redevelopment Association and the California League of Cities are currently working with state legislators to introduce legislation to salvage redevelopment.

City of Cerritos et.al. v. State of California case and request for injunction