

# REDEVELOPMENT DISSOLUTION; A VIEW FROM THE TRENCHES

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# ERAF/SERAF LOAN REPAYMENTS

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- Loans made by the LMHF to pay ERAF/SERAF obligation can be repaid prior to a finding of completion
- Repayments made to Housing Successor to be deposited into Low and Moderate Income Housing Asset Fund
- Repayment amount in each ROPS period limited to statutory repayment formula

# CITY/AGENCY LOAN REPAYMENTS

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- AB 1484 allows City/Agency Loans to be repaid after Successor Agency obtains a finding of completion
- Oversight Board must make a finding that the loan was for legitimate purposes and approve the loan as an enforceable obligation
- No loan repayments prior to the 2013-14 fiscal year (DOF has determined no loan repayment prior to the 2014-15 fiscal year)

# CITY/AGENCY LOAN REPAYMENT

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- Interest on accumulated principal to be recalculated from date of origination at the LAIF rate
- Must have a defined loan repayment schedule
- Repayment limited to 50% of the difference between the 2012-2013 residual distribution and current year residual distribution to the taxing entities

# CITY/AGENCY LOANS

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- 20% of repaid amount is to be deposited into the Low and Moderate Income Housing Asset Fund
- Repayment of SERAF/ERAF loans have first priority over repayment of City/Agency Loans

# PROPERTY DISPOSITION; LONG RANGE PROPERTY MANAGEMENT PLAN

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AB 1484 -Successor Agency generally prohibited from disposing of former RDA non-housing asset real property until it receives:

- A “Finding of Completion” from the DOF, and
- An approval for its Long-Range Property Management Plan from its Oversight Board and the DOF

# AB 1484: MORATORIUM ON MOST PROPERTY DISPOSITION

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Exception to moratorium for disposition of “governmental purpose” property transfer to “appropriate public jurisdiction” pursuant to “any existing agreement” if the transfer is:

- Approved/directed by Oversight Board resolution, and
- Not disapproved by DOF (if DOF requests review)

# AB 1484: LONG-RANGE PROPERTY MANAGEMENT PLAN

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Within six (6) months of receiving a Finding of Completion, Successor Agency prepares/submits a “Long-Range Property Management Plan” (Plan)



Upon Plan approval by Oversight Board and DOF, former RDA real property transferred to a Community Redevelopment Property Trust Fund of Successor Agency for use in accordance with Plan



Property designated for an approved redevelopment plan use can be transferred from Successor Agency to City (or County) for that purpose



# AB 1484: LONG-RANGE PROPERTY MANAGEMENT PLAN

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The Plan must contain two primary elements for each property:

- A detailed inventory addressing specified aspects of each property
- A plan that addresses the proposed use or disposition of each property within four basic use/disposition categories

# PERMITTED USES/DISPOSITION OF SUCCESSOR AGENCY REAL PROPERTY UNDER A LONG-RANGE PROPERTY MANAGEMENT PLAN (HEALTH AND SAFETY CODE SECTION 34291.5)

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Plan Category	Use/Disposition Purpose of Property	Property Transferee
Enforceable Obligation	Use consistent with Enforceable Obligation Terms	Designated Enforceable Obligation Recipient
Governmental	Governmental Use in Accordance with Section 34181(a)	Appropriate Public Jurisdiction
Approved Redevelopment Plan Project	Direct Use, or Liquidation and Use of Proceeds, for Project Identified in Approved Redevelopment Plan	Host Community (City or County)
Other Liquidation	Distribution of Sale Proceeds as Property Taxes to Affected Taxing Entities	Approved Purchaser

# LONG RANGE PROPERTY MANAGEMENT PLAN ISSUES

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- AB 1484- If Plan is not approved by January 1, 2015 then property disposition revert to AB x1 26 provisions – sell property expeditiously for maximum value and distribute proceeds to taxing entities
- Compensation Agreements – DOF is requiring that if City or County wants to retain property for redevelopment use must enter into a compensation agreement with taxing entities

# LONG RANGE PROPERTY MANAGEMENT PLAN ISSUES

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- No statutory time periods for DOF to approve LRPMPs – currently only a small number have been approved. Many are awaiting approval
- If properties were purchased with bond proceeds, bond covenants may restrict use of sale proceeds
- Governmental use properties – parking lots

# SB 341

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- Applies new rules to the use of funds in the Low and Moderate Income Housing Asset Fund (LMIHAF)
- Rules apply to:
  - ▣ Program income from housing assets transferred to housing successor
  - ▣ SERAF/ERAF repayments
  - ▣ Housing bond proceeds

# SB 341

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- Income Targeting – cannot spend funds on moderate income; majority of funds must be spent on extremely low income and very low income households
- Limits on expenditure of funds for senior housing
- Allows use of greater of 2% of LMIHAF value or \$200,000 for administrative costs
- Allows up to \$250,000 per year to be used on homeless prevention services

# SB 341

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- LMHAF can be spent anywhere in the jurisdiction (not tied to a project area)
- Excess Surplus – greater of \$1,000,000 or four years of deposits
- Interjurisdictional Transfers of funds allowed under certain conditions
- Annual reporting requirements on use of funds and fund balance

# PROPOSED LEGISLATION

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- JEDI – Jobs and Education Development Initiative
  - ▣ Reauthorizes redevelopment agencies
  - ▣ Increases pass-throughs to education districts for reauthorized agencies
  - ▣ Limits housing fund deposit to 10% for reauthorized agencies



# LEGISLATION

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- AB 471 – passed by Senate and Assembly
  - amends Infrastructure Finance District Law to allow districts to be formed in former project areas, limits the funds to be used for IFD to those available after payment of enforceable obligations
  - ROPS can include payments for subsequent periods if required by lenders
  - Housing Authorities that became housing successor are entitled to an administrative cost allowance
  - LRPMP – use of property for a purposes specified in the redevelopment plan includes uses in implementation plan and community plan

# LEGISLATION

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- Governor's IFD Bill
  - ▣ Expands allowed uses for IFD funds
  - ▣ Before forming IFD must receive certification from DOF that all litigation has been resolved, SCO audits completed and agency has complied with all findings, and received a finding of completion
  - ▣ Reduces required vote from 2/3rds to 55%