



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** January 10, 2012

**TO:** Mayor and Councilmembers

**FROM:** Administration, Community Development Department

**SUBJECT:** Designation Of The City Of Santa Barbara As The Successor Entity To The Redevelopment Agency Of The City Of Santa Barbara And Election To Retain The Housing Assets And Functions

### **RECOMMENDATION:**

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Designating the City of Santa Barbara as the Successor Entity to the Redevelopment Agency of the City of Santa Barbara, and Electing to Have the City Retain the Housing Assets and Assume the Functions Previously Held and Performed by the Redevelopment Agency of the City of Santa Barbara.

### **DISCUSSION:**

On December 28, 2011 the California State Supreme Court ruled that AB 1 X 26 (the "Dissolution Act") is constitutional and will now require and control the dissolution and winding down of every redevelopment agency within California. The Supreme Court action also provided for revised dates for implementation of the Dissolution Act. This Council Agenda Report provides a recommendation for key immediate City steps needed, and outlines part of the process going forward for the dissolution of the City's RDA.

Under AB 1 X 26, the first key date is on February 1, 2012, when all RDAs will be dissolved and their successor agencies will begin to function. For the Central City Redevelopment Project Area in the City of Santa Barbara, the Sponsoring Community (the City) must act to appoint a Successor Agency for the RDA and separately for the housing functions. It has been recommended that such an action be taken by January 13, 2012 and delivered to the County Auditor-Controller in order to indicate a clear statement of intent.

The attached Resolution takes the action to appoint the City as the Successor Agency for the former RDA. All assets, properties, contracts, leases, records, buildings and equipment of the former RDA will be transferred to the control of the Successor Agency,

and subject to the dissolution processes of AB 1 X 26, except for the former Agency affordable housing “assets.”

For the affordable housing assets, the attached Resolution appoints the City and the City Council to assume the Agency’s housing functions and take over the housing assets of the former RDA along with all of the rights, powers, liabilities, duties and obligations related to those assets. Among other reasons, staff is recommending that the City Council declare the City to be the “successor housing agency” so that the City staff and the City Attorney’s office can continue to strictly enforce the Agency’s affordable housing covenants on a long term basis for the full term of those covenants.

A Successor Agency is also required to make payments and perform other obligations for the former RDA (for example, pay off bond indebtedness) while winding down all of the affairs of the former RDA and disposing of former RDA assets or properties.

At this point, it is unclear what other obligations or work the Successor Agency will be able to complete going forward under AB 1 X 26. Any expenditure after February 1, 2012 will have to be approved by a newly created local “Oversight Board.” The Oversight Board will be comprised of 7 local agency members appointed by the following:

- Santa Barbara County Board of Supervisors (two members);
- Mayor (one member) of the City;
- County Superintendent of Education (one member);
- Chancellor of California Community Colleges (one member);
- Largest special district taxing entity (one member); and
- A former RDA employee representative appointed by the Santa Barbara Mayor (one member).

The Oversight Board membership appointments must be completed by May 1, 2012.

AB 1 X 26 requires the Oversight Board to direct the Successor Agency to determine whether executory portions of those contracts, agreements or other arrangements between the former RDA and private parties should be terminated or renegotiated to reduce the Successor Agency’s liabilities and increase the net revenues to the taxing entities. The actions of the Oversight Board of the Successor Agency will be overseen by the Director of the State Department of Finance and may be subject to disapproval or modification by the State Department of Finance as well. The City, acting as the Successor Agency, will need to submit a plan to the Oversight Board for consideration about which obligations will be carried out moving forward.

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This is just one example of the complicated and quick dissolution process required for the City's RDA, with more decisions to be submitted to the Council in the near future. This Council Agenda Report does not try to cover all the specifics of this process in the interest of time and the need to act on the Successor Agency requirements by January 13, 2012.

Staff will continue to research, evaluate, and implement the dissolution process outlined in AB 1 X 26, as well as monitor activities in Sacramento that may modify or improve this dissolution process. Staff will also be available to answer any questions the Council may have on January 10, 2012 and will follow up at future meetings with status reports and required actions as necessary.

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**APPROVED BY:** City Administrator's Office