



# CITY OF SANTA BARBARA

## COUNCIL ACTING AS SUCCESSOR AGENCY TO THE CITY OF SANTA BARBARA REDEVELOPMENT AGENCY AGENDA REPORT

**AGENDA DATE:** May 22, 2012  
**TO:** Mayor and Councilmembers  
**FROM:** Housing Division, Community Development Department  
**SUBJECT:** Response To Grand Jury Report Regarding "Requiem for Redevelopment"

### RECOMMENDATION:

That Council, acting as the Successor Agency to the City of Santa Barbara Redevelopment Agency, review and approve a draft letter in response to the findings and recommendations of the 2011-2012 Santa Barbara County Civil Grand Jury report titled, "Requiem for Redevelopment: The Life and Death of Redevelopment Agencies in Santa Barbara County," and authorize the City Administrator to sign the response letter and forward it to the Presiding Judge.

### DISCUSSION:

On March 5, 2012 the Santa Barbara County Civil Grand Jury delivered to the City of Santa Barbara Acting as Successor Agency to City of Santa Barbara Redevelopment Agency, a copy of the report titled, *Requiem for Redevelopment: The Life and Death of Redevelopment Agencies in Santa Barbara County*. The report was issued in response to the State Legislature's passing of AB X1 26, the redevelopment dissolution bill, and AB X1 27, the redevelopment continuation bill, as part of the State's approved budget for Fiscal Year 2012. On December 29, 2011 the California Supreme Court's upheld AB X1 26, and struck down AB X1 27 as being unconstitutional, eliminating redevelopment agencies in the State of California as of February 1, 2012.

The report included a number of findings and recommendations which require written responses from the City. California Penal Code Section 933(c) requires that the governing body of each public agency which is the subject of a report from the county civil grand jury respond on the findings and recommendations contained in the report which are relevant to that particular public agency. Staff has drafted a proposed response letter from the City for Council approval. The County Civil Grand Jury has requested a response by June 4, 2012.

Council Acting as Successor Agency to the City of Santa Barbara Redevelopment  
Agency Agenda Report  
Response To Grand Jury Report Regarding "Requiem for Redevelopment"  
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**ATTACHMENT:** Draft Response Letter from City of Santa Barbara

**PREPARED BY:** Brian J. Bosse, Housing and Redevelopment Manager/MEA

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



# City of Santa Barbara

## City Administrator's Office

[www.SantaBarbaraCA.gov](http://www.SantaBarbaraCA.gov)

May 22, 2012

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Honorable Judge Brian Hill  
Presiding Judge of the Superior Court of Santa Barbara County  
1100 Anacapa Street  
Santa Barbara, CA 93101

**SUBJECT: Response to Santa Barbara County Grand Jury Report Titled  
"Requiem for Redevelopment – The Life and Death of Redevelopment agencies in  
Santa Barbara County"**

Dear Judge Hill:

The Successor Agency to the Redevelopment Agency of the City of Santa Barbara is providing its responses to the above-referenced Civil Grand Jury Report.

The Successor Agency appreciates the opportunity to respond to the Grand Jury report. In accordance with the Grand Jury's direction, answers are provided below pursuant to Section 933.05 of the California Penal Code.

### **Findings, Recommendations and Responses**

**Grand Jury Finding 5 – City of Santa Barbara:** Over the past 11 years spent \$210.4 million; received \$162.7 in tax increment; has \$167.2 million in outstanding long-term debt and obligations.

**City Response:** Over the past eleven years the former Redevelopment Agency spent \$224,254,335 and received \$173,081,504 in tax increment revenues. As of June 30, 2011, the former Redevelopment Agency has outstanding bonded debt obligations of \$65,165,753, including principal and interest.

Regarding other outstanding long-term obligations, the Successor Agency of the Redevelopment Agency of the City of Santa Barbara has outstanding long term debt obligations of approximately \$55,589,025. When combined with the bonded indebtedness of \$65,165,753, the total is \$120,754,778, an amount significantly below the \$167.2 million reported by the Grand Jury.

The Oversight Board for the Successor Agency to the former Redevelopment Agency of the City of Santa Barbara is currently considering the Successor Agency's Recognized Obligation Payment Schedule (ROPS). The ROPS is a payment schedule which details the enforceable financial obligations of the Successor Agency including the amounts, dates of payment, source of funding and payee for each payment. Once approved by the Oversight Board, the ROPS will then be forwarded to the State Department of Finance for consideration and approval as required by AB 26. The final amount determined to be enforceable obligations by the Oversight Board may differ from the amount reported by the Successor Agency of the Redevelopment Agency of the City of



Please consider the environment before printing this letter.

Santa Barbara.

**Grand Jury Finding 8** - Detailed data are not available on the amount of money spent on individual projects, the recipients of this money, or how these projects have contributed to eliminating blight.

**City Response:** Detailed data regarding the amount of money spent on past individual projects including housing and non-housing projects, and the recipients of the money spent, has always been available via the former RDA's Comprehensive Annual Financial Report (CAFR). The CAFR for years 2005 through 2011 can currently be found on the City's website at:

<http://www.santabarbaraca.gov/Government/Finance/CAFR/>

Hard copies of all years prior to 2005 are available upon request. The CAFR is an extremely detailed document that presents information in a clear and concise manner and includes an annual financial audit.

In addition, California Community Redevelopment Law required that every Redevelopment Agency develop and adopt an Implementation Plan. The Implementation Plan for the Central City Redevelopment Project (CCRP) is prepared pursuant to Health & Safety Code Section 33490. Its purpose was to set forth the goals of the Redevelopment Plan for the Central City Redevelopment Project and to present an overview of the programs the Redevelopment Agency expects to implement over the next five years to advance those goals and to eradicate blight within the Project Area. The Implementation Plan also details how each project and each project category's relationship to the elimination of blight. Implementation Plans for the periods of 2000-2004, 2005-2009, and 2010-2014 can be found on the City's website at the following address:

[http://www.santabarbaraca.gov/Resident/Home/Redevelopment/rda\\_reports.htm](http://www.santabarbaraca.gov/Resident/Home/Redevelopment/rda_reports.htm)

**Grand Jury Recommendation 1:** That all successor agencies provide on their websites the following for projects funded over the past 10 years, including projects that have been funded, but not completed:

1. List of all projects funded (completed or not) and the designated blight they eliminated
2. The amounts spent (or to be spent) on each individual project
3. The names and locations of recipients of over \$25,000 associated with each project
4. Administrative costs and professional services associated with each project
5. Amounts of principal and interest payments associated with each project

**City Response:** Detailed data regarding projects, the amount of money spent on past individual projects including housing and non-housing projects, and the recipients of the money spent, has always been available via a variety of public sources including: the former RDA's Comprehensive Annual Financial Report (CAFR), the former RDA's Five Year Implementation Plans, as well as project specific Council Agenda Reports.

The CAFR for the years of 2005 through 2011 can currently be found on the City's website at:

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City of Santa Barbara policies dictate that contracts above \$25,000, excluding maintenance-type projects, be approved by City Council in a public meeting. Therefore, detailed information regarding contracts over \$25,000 are available by viewing the Council Agenda Reports for the particular contract proposal. City Council Agenda Reports can be found on the City's website at the following address:

<http://www.santabarbaraca.gov/CAP/>

**Grand Jury Recommendation 2a:** That all successor agencies provide on their websites their plans for defining and eliminating blight in the absence of RDAs.

**City Response:** Since 1972 the tax increment generated by the Redevelopment Agency's programs and projects have been the primary funding source to finance projects that fight blight within the 850-acre Central City Redevelopment Project Area. This funding source has been eliminated and the City of Santa Barbara will be looking for other sources including possible Federal and State grant programs to assist with the elimination of blighting conditions.

The City will continue to support eliminating blight based upon available resources including funding sources such as the Federal Community Development Block Grant program. However, developing specific plans for defining and eliminating blight in the absence of redevelopment agencies, and posting such plans on the City's website is not a current requirement of the City of Santa Barbara. In addition, there is no longer staff to the Redevelopment Agency and thus no near term plans to embark on such an endeavor.

**Grand Jury Recommendation 2b:**

That all successor agencies provide on their websites their plans for providing low-income and moderate-income housing in the absence of RDAs.

**Response:** Since 1972 the tax increment generated by the Redevelopment Agency's programs and projects have been the primary funding source to to develop and maintain affordable housing in the City of Santa Barbara. This funding source has been eliminated and the City of Santa Barbara will be looking for other sources including possible Federal and State grant programs to assist with the elimination of blighting conditions. Over \$50,000,000 has been invested in the development and preservation of affordable housing by the Redevelopment Agency of the City of Santa Barbara. Of the roughly 37,000 housing units in Santa Barbara, approximately 8% are now considered affordable under long-term restriction. Many of the mechanisms used to develop and preserve affordable housing dissolved along with redevelopment agencies. On January 10, 2012 the City of Santa Barbara elected 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. The source of funding to perform these functions is unknown at this time. The City of Santa Barbara will continue to encourage the development and preservation of affordable housing through its Affordable Housing Policies and Procedures can be found on the City's website at the following address:

<http://www.santabarbaraca.gov/Resident/Home/Housing/reports.htm>

In addition, the City of Santa Barbara will be looking to possible Federal and State grant programs to assist with the development and preservation of affordable housing. Detailed information articulating the City's plans for providing low-income and moderate-income housing can be found within the "Draft 2012 Action Plan" on the City's Community Development Block Grant website located here:

<http://www.santabarbaraca.gov/Resident/Health/CDBG/CDBG.htm>

**Grand Jury Recommendation 3:**

That all successor agencies provide on their websites debt retirement schedules.

**Response:** The Successor Agency will post the debt retirement schedule on its website by June 1, 2012.

Sincerely,

James Armstrong  
City Administrator

cc: Mayor & Council, City of Santa Barbara  
Robert Samario, Finance Director  
Marcelo Lopez, Assistant City Administrator  
Paul Casey, Assistant City Administrator  
Ted Sten, Foreman Santa Barbara County Grand Jury