



STAFF REPORT

OVERSIGHT BOARD

DATE: JULY 24, 2012

TO: OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE CITY OF COLTON

FROM: ROD FOSTER, CITY MANAGER

PREPARED BY: BONNIE JOHNSON, MANAGEMENT SERVICES DIRECTOR

SUBJECT: TRANSFER OF HOUSING ASSETS, FUNCTIONS AND ENCUMBERED LOW AND MODERATE INCOME HOUSING FUNDS TO THE COLTON HOUSING AUTHORITY

RECOMMENDED ACTION

It is recommended that the Oversight Board adopt Resolution No. OB-09-12 directing the Successor Agency to transfer housing assets, functions, and encumbered Low and Moderate Income Housing Funds to the Colton Housing Authority, pursuant to Health and Safety Code sections 34177 and 34181.

GOAL STATEMENT

The proposed action will support the Oversight Board's goal to meet the legal requirements of dissolving the Redevelopment Agency and the transfer of its housing assets to the Colton Housing Authority in accordance with law.

BACKGROUND

Pursuant to Health and Safety Code section 34172, the Redevelopment Agency for the City of Colton ("Agency") was dissolved as of February 1, 2012. The City of Colton ("Successor Agency") is the successor agency to the Agency.

On March 15, 2011, the City Council adopted Resolution No. R-28-11 creating the Colton Housing Authority ("Authority"), to ensure that the City of Colton would be able to preserve and produce a safe and sanitary supply of dwellings for persons of low income at affordable rents within the City.

ISSUES/ANALYSIS

Pursuant to Health and Safety Code section 34176, the City of Colton, as the entity that authorized the creation of the Agency, could elect to retain the housing assets and functions of the Agency, upon the Agency's dissolution. If the City declined to retain the housing assets and functions of the Agency, all rights, powers, assets, liabilities, duties and obligations associated

with the housing activities of the Agency, excluding any unencumbered amounts in the Agency's Low and Moderate Income Housing Fund ("Housing Fund"), would transfer to the local housing authority within the territorial jurisdiction of the Agency selected by the City or to the State of California Department of Housing and Community Development, if no local housing authority existed. The City declined to retain the housing assets and functions of the Agency and elected to transfer the housing assets and functions to the Authority, as provided in City Council Resolution No. R-02-12, adopted on January 30, 2012.

Pursuant to Health and Safety Code section 34177(g), the Successor Agency is required to transfer the housing assets and functions of the Agency to the entity designated pursuant to Health and Safety Code section 34176, in this case, the Authority. Pursuant to Health and Safety Code section 34181(c), the Oversight Board is to direct the Successor Agency to transfer housing responsibilities and all rights, powers, duties and obligations, along with any encumbered amounts on deposit in the Housing Fund to the entity designated pursuant to Health and Safety Code section 34176, in this case, the Authority. Exhibit A to Resolution No. OB-09-12, attached to this Agenda Report, provides a list and aerial photos of Agency housing assets to be considered by the Oversight Board for transfer by the Successor Agency to the Authority.

Pursuant to Health and Safety Code section 34177(d), the Successor Agency is required to remit only the unencumbered balances of Agency funds to the County of San Bernardino Auditor-Controller, including the unencumbered balance of the Housing Fund. Pursuant to Health and Safety Code section 34177(l), the Successor Agency has prepared and the Oversight Board has approved a Recognized Obligation Payment Schedule ("ROPS") setting forth the obligations of the Agency to be paid from property tax increment revenue, including obligations related to specified housing obligations to be paid from the Housing Fund. Exhibit B to Resolution No. OB-09-12 sets forth the specified housing obligations and the amounts of funds from the Housing Fund encumbered to pay for such housing obligations provided in the ROPS to be considered by the Oversight Board for transfer to the Authority. The Authority, upon receiving the responsibility of performing certain Agency housing obligations, will also require the Housing Fund money encumbered for such obligations.

Staff recommends that the Oversight Board adopt Resolution No. OB-09-12, directing the Successor Agency to transfer all housing assets and functions of the Agency, as well as Housing Fund monies encumbered for specified housing obligations provided in the ROPS, to the Authority. Pursuant to Health and Safety Code section 34179(h), the State of California Department of Finance ("DOF") may review Oversight Board actions, the Oversight Board's action to approve the transfer of housing assets and functions to the Authority. As a result of new legislation, AB 1484, signed into law on June 27, 2012, DOF has up to 60 days to review and approve, reject or modify the actions of the Oversight Board.

FISCAL IMPACTS

No new funds are involved with the transfer of the housing functions and assets of the Agency to the Authority, but the Authority will be allocated existing encumbered Housing Fund monies for specified housing obligations.

ALTERNATIVES

1. Provide alternative direction to staff.

ATTACHMENTS

Attachment A--Oversight Board Resolution No. OB-09-12

ATTACHMENT A

**OVERSIGHT BOARD RESOLUTION
OB-09-12**

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RESOLUTION NO. OB-09-12

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY FOR THE CITY OF COLTON, DIRECTING THE TRANSFER TO THE COLTON HOUSING AUTHORITY OF HOUSING ASSETS PURSUANT TO HEALTH AND SAFETY CODE SECTIONS 34177 AND 34181

WHEREAS, pursuant to Health and Safety Code section 34173(d), the City of Colton (“Successor Agency”) is the successor agency to the Redevelopment Agency for the City of Colton (“Agency”), confirmed by City Council Resolution No. R-01-12 adopted on January 30, 2012; and

WHEREAS, pursuant to Health and Safety Code section 34179(a), the Oversight Board is the Successor Agency’s oversight board; and

WHEREAS, pursuant to Health and Safety Code section 34176, the City of Colton, as the entity that authorized the creation of the Agency, elected not to retain the housing assets and functions previously performed by the Agency and instead elected to transfer all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the Agency, excluding any unencumbered amounts on deposit in the Low and Moderate Income Housing Fund, to the Colton Housing Authority (“Authority”), as provided in City Council Resolution No. R-02-12 adopted on January 30, 2012; and

WHEREAS, pursuant to Health and Safety Code section 34177(g), the Successor Agency is required to accomplish the transfer of housing functions and assets to the entity designated pursuant to Health and Safety Code section 34176, in this case, the Authority; and

WHEREAS, a list and aerial photos of all Agency housing assets to be transferred by the Successor Agency to the Authority is attached to this Resolution as Exhibit A; and

WHEREAS, pursuant to Health and Safety Code section 34177(d), the Successor Agency is required to remit only the unencumbered balances of Agency funds to the county-auditor controller, including the unencumbered balance of the Low and Moderate Income Housing Fund (“Housing Fund”); and

WHEREAS, pursuant to Health and Safety Code section 34177(l), the Successor Agency has prepared and the Oversight Board has approved a Recognized Obligation Payment Schedule (“ROPS”) setting forth the obligations of the Agency to be paid from property tax increment revenue, including obligations related to specified housing obligations to be paid from the balance of the Housing Fund; and

WHEREAS, the Successor Agency desires to transfer funds that are encumbered for specified housing obligations provided in the ROPS to the Authority for the Authority to perform such housing obligations, as described in Exhibit B attached to this Resolution; and

WHEREAS, pursuant to Health and Safety Code section 34181(c), the Oversight Board directs the Successor Agency to transfer housing responsibilities and all rights, powers, duties and obligations, including encumbered amounts on deposit in the Housing Fund, to the entity designated pursuant to Health and Safety Code section 34176.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR

1 **AGENCY TO THE REDEVELOPMENT AGENCY FOR THE CITY OF COLTON DOES**
2 **HEREBY RESOLVE AND FIND AS FOLLOWS:**

3 **Section 1. Recitals.** The Recitals set forth above are true and correct and are
4 incorporated into this Resolution by this reference.

5 **Section 2. CEQA Compliance.** The transfer of housing assets and functions through
6 this Resolution does not commit the Oversight Board to any action that may have a significant
7 effect on the environment. As a result, such action does not constitute a project subject to the
8 requirements of the California Environmental Quality Act. The Secretary of the Oversight Board
9 is authorized and directed to file a Notice of Exemption with the appropriate official of the
10 County of San Bernardino, California, within five (5) days following the date of adoption of this
11 Resolution.

12 **Section 3. Direction to Transfer Housing Assets and Functions.** The Oversight
13 Board hereby directs the Successor Agency to transfer the housing assets set forth in Exhibit A
14 attached to this Resolution to the Authority, along with all rights, powers, liabilities, duties and
15 obligations associated with the housing activities of the Agency, to the Authority, pursuant to
16 Health and Safety Code sections 34176, 34177 and 34181.

17 **Section 4. Transfer of Encumbered Funds from the Housing Fund.** The
18 Oversight Board hereby directs the Successor Agency to transfer the funds designated for housing
19 obligations provided in the ROPS, all as provided in Exhibit B attached to this Resolution, to the
20 Authority, pursuant to Health and Safety Code section 34181.

21 **Section 5. Severability.** If any provision of this Resolution or the application of any
22 such provision to any person or circumstance is held invalid, such invalidity shall not affect other
23 provisions or applications of this Resolution that can be given effect without the invalid provision
24 or application, and to this end the provisions of this Resolution are severable. The Oversight
25 Board declares that the Oversight Board would have adopted this Resolution irrespective of the
26 invalidity of any particular portion of this Resolution.

27 **Section 6. Certification.** The Secretary of the Oversight Board shall certify to the
28 adoption of this Resolution.

Section 7. Effective Date. Pursuant to Health and Safety Code section 34179(h), all
actions taken by the Oversight Board may be reviewed by the State of California Department of
Finance and shall not be effective for five (5) business days following notice of adoption of this
Resolution is given to the State of California Department of Finance, pending a request for review
by the State of California Department of Finance.

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APPROVED AND ADOPTED THIS 24th day of July, 2012.

Frank Gonzales, Chairperson,
Oversight Board of the Successor Agency to
the Redevelopment Agency for the City of
Colton

ATTEST:

Eileen Gomez, Secretary,
Oversight Board of the Successor Agency
to the Redevelopment Agency for the City
of Colton

1 STATE OF CALIFORNIA)
2 COUNTY OF SAN BERNARDINO) ss.
3 CITY OF COLTON)

4 I, EILEEN C. GOMEZ, Secretary of the Oversight Board of the Successor Agency
5 to the Redevelopment Agency for the City of Colton do hereby certify that the foregoing
6 Resolution No. OB-09-12 was duly and regularly adopted by the Oversight Board of the
7 Successor Agency to the Redevelopment Agency for the City of Colton, at a regular meeting
8 thereof on the 24th day of July, 2012 and that the same was passed and adopted by the following
9 vote, to wit:

10 AYES:

11 NOES:

12 ABSENT:

13 ABSTAIN:

14 _____
15 Eileen C. Gomez
16 Secretary
17 Oversight Board of the Successor Agency
18 to the Redevelopment Agency for the City
19 of Colton

EXHIBIT A
To Resolution No. OB-09-12

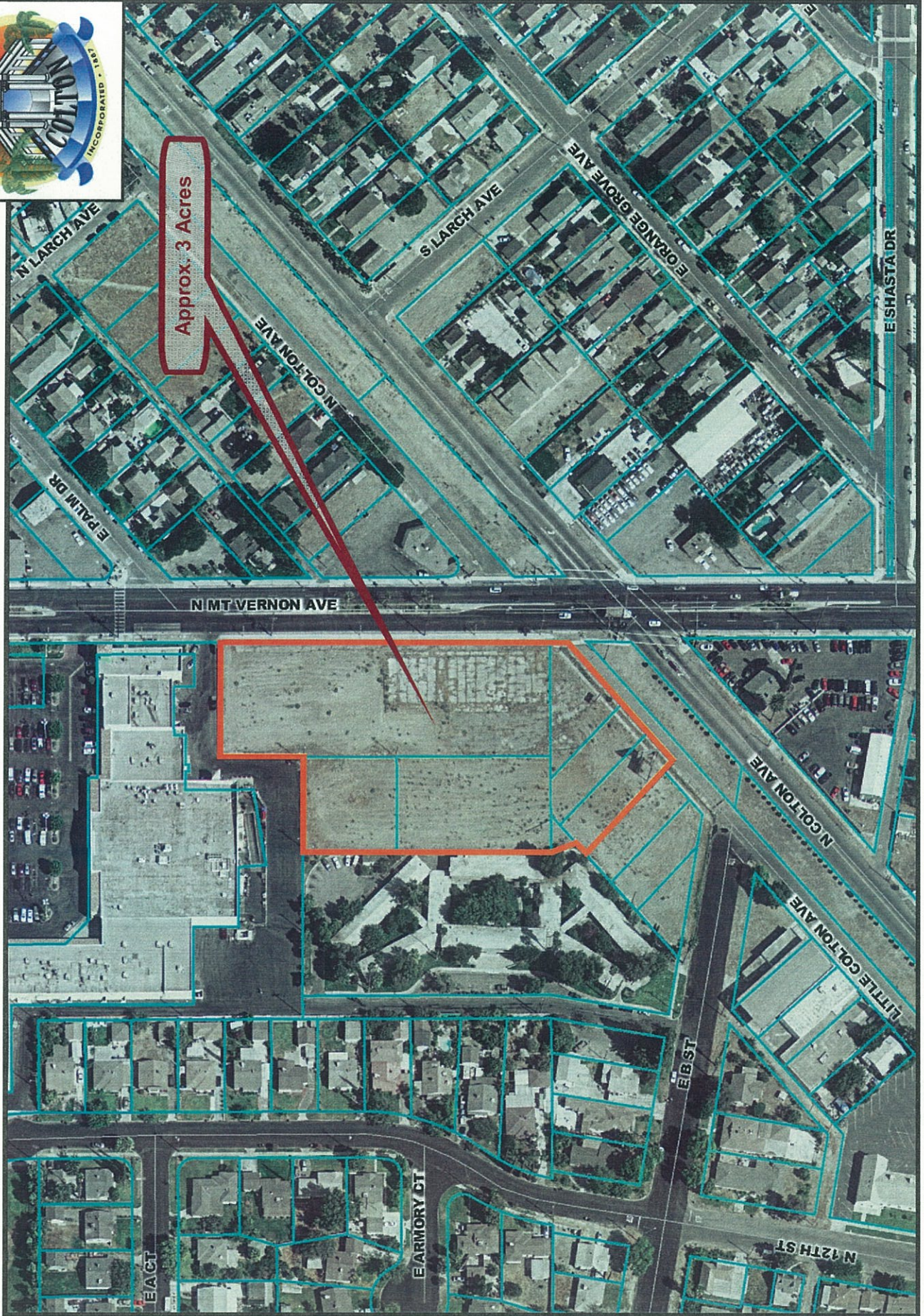
HOUSING PROPERTIES AND ASSETS

APN	SITE ADDRESS	LOCATION/DESCRIPTION	FUND
16122170	NWC Mt Vernon & Colton Ave	Vacant land	**Low/Mod
16122103	NWC Mt. Vernon & Colton Ave	Vacant land	**Low/Mod
16122104	NWC Mt. Vernon & Colton Ave	Vacant land	**Low/Mod
16122105	NWC Mt. Vernon & Colton Ave	Vacant land	**Low/Mod
16122106	NWC Mt. Vernon & Colton Ave	Vacant land	**Low/Mod
16122137	NWC Mt. Vernon & Colton Ave	Vacant Land	**Low/Mod
16122167	NWC Mt. Vernon & Colton Ave	Vacant Land	**Low/Mod
16205220	Colton Palms site	Vacant Land	**Low/Mod
16205206	552 N. La Cadena Dr	HR Office	**Low/Mod
16205403	Comer of 9th St. & "E" St.	Parking Lot	**Low/Mod
27531101	700 E Washington Sp. #1	Rancho Mediterrania	**Low/Mod
27531125	700 E Washington Sp. #25	Rancho Mediterrania	**Low/Mod
27531130	700 E Washington Sp. #30	Rancho Mediterrania	**Low/Mod
27531133	700 E Washington Sp. #33	Rancho Mediterrania	**Low/Mod
27531143	700 E Washington Sp. #43	Rancho Mediterrania	**Low/Mod
27531162	700 E Washington Sp. #62	Rancho Mediterrania	**Low/Mod
27531169	700 E Washington Sp. #69	Rancho Mediterrania	**Low/Mod
27531305	700 E Washington Sp. #80	Rancho Mediterrania	**Low/Mod
27531322	700 E Washington Sp. #97	Rancho Mediterrania	**Low/Mod
27531328	700 E Washington Sp. #103	Rancho Mediterrania	**Low/Mod
27531332	700 E Washington Sp. #107	Rancho Mediterrania	**Low/Mod
27531178	700 E Washington Sp. #112	Rancho Mediterrania	**Low/Mod
27531181	700 E Washington Sp. #115	Rancho Mediterrania	**Low/Mod
27531182	700 E Washington Sp. #116	Rancho Mediterrania	**Low/Mod
27531196	700 E Washington Sp. #130	Rancho Mediterrania	**Low/Mod
27531202	700 E Washington Sp. #134	Rancho Mediterrania	**Low/Mod
27531204	700 E Washington Sp. #136	Rancho Mediterrania	**Low/Mod
27531208	700 E Washington Sp. #140	Rancho Mediterrania	**Low/Mod
27531210	700 E Washington Sp. #142	Rancho Mediterrania	**Low/Mod
27531211	700 E Washington Sp. #143	Rancho Mediterrania	**Low/Mod
27531212	700 E Washington Sp. #144	Rancho Mediterrania	**Low/Mod
27531251	700 E Washington Sp. #203	Rancho Mediterrania	**Low/Mod
27531268	700 E Washington Sp. #220	Rancho Mediterrania	**Low/Mod
27531271	700 E Washington Sp. #223	Rancho Mediterrania	**Low/Mod
27531274	700 E Washington Sp. #226	Rancho Mediterrania	**Low/Mod
27531276	700 E Washington Sp. #228	Rancho Mediterrania	**Low/Mod
27531356	700 E Washington Sp. #235	Rancho Mediterrania	**Low/Mod
27531368	700 E Washington Sp. #247	Rancho Mediterrania	**Low/Mod
27531380	700 E Washington Sp. #259	Rancho Mediterrania	**Low/Mod

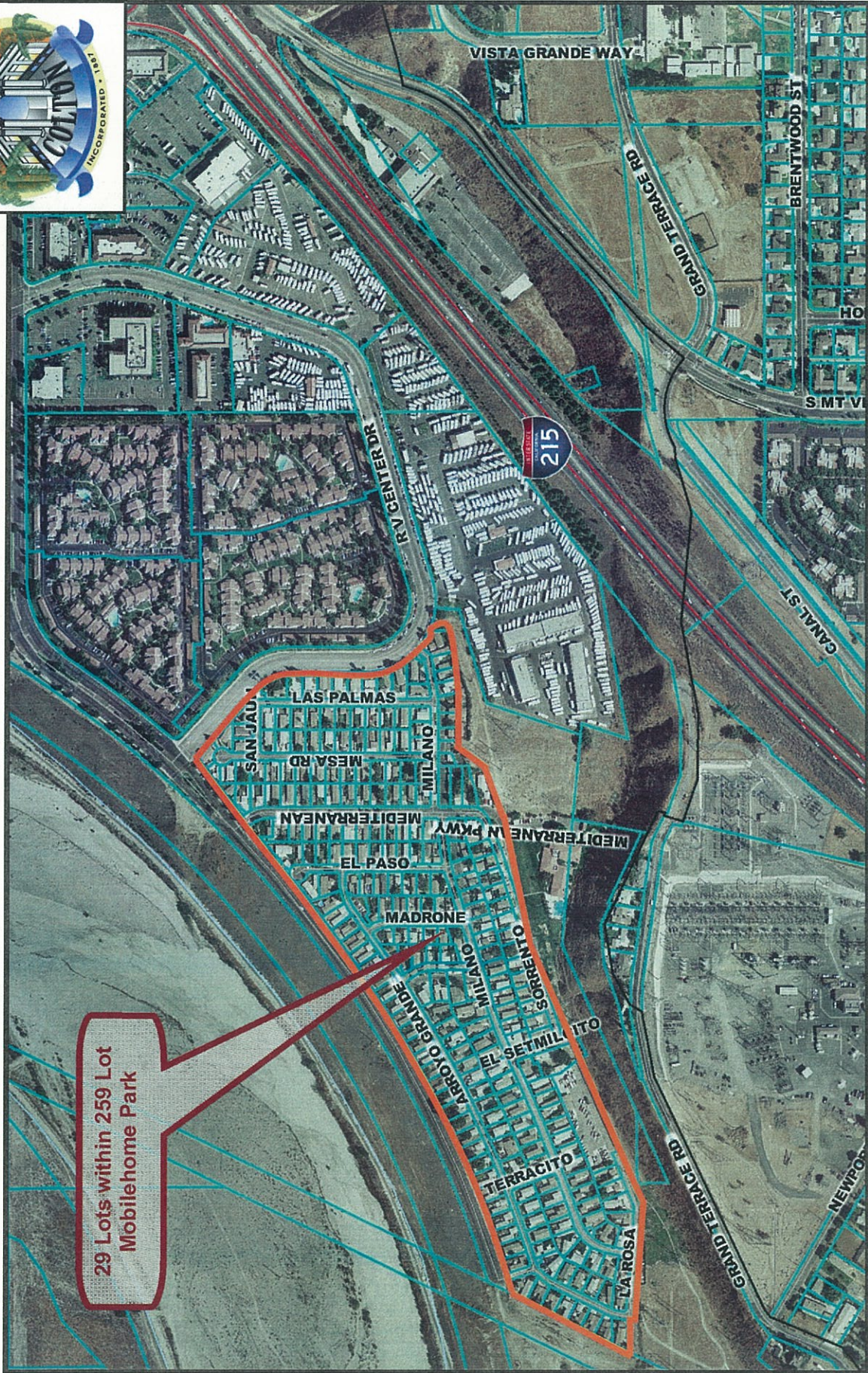
ASSETS FOR TRANSFER TO COLTON HOUSING AUTHORITY



ASSETS FOR TRANSFER TO COLTON HOUSING AUTHORITY



ASSETS FOR TRANSFER TO COLTON HOUSING AUTHORITY



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EXHIBIT B TO RESOLUTION OB-09-12

**ENCUMBERED HOUSING MONIES AND RELATED HOUSING
OBLIGATIONS**

[Attached behind this page]

**Housing Funds, Encumbered
Balance Sheet
as of February 1, 2012
(All Housing Funds Combined)**

Unaudited

	<u>Total</u>	
ASSETS		
Cash in Banks	1,101,126.16	
Cash in Banks - Rancho Med Operations	145,355.93	(Note 1)
Cash with Trustee	1,291,387.67	(Note 2)
Taxes Receivable	12,967.00	
Accounts Receivable - Rent	3,138.78	
Notes Receivable	94,868.42	(Note 3)
Land Held for Resale	796,941.83	(Note 4)
Allowance for Decline in Value	(260,023.00)	(Note 4)
Advances to Other Funds	1,903,927.00	(Note 5)
Total Assets	<u>5,089,689.79</u>	
LIABILITIES		
Bondholder Deposits	15,737.79	(Note 6)
Advance From Other Funds	5,267,268.00	(Note 7)
Total Liabilities	<u>5,283,005.79</u>	
EQUITIES		
Reserved for Debt Service	1,291,387.67	
Unassigned	(1,484,703.67)	
Total Fund Balance	(193,316.00)	(Note 8)
Total Liabilities & Fund Balance	<u>5,089,689.79</u>	

Note 1 - Bank account used solely for revenue and expenses related to the 29 Agency owned lots

Note 2 - Required reserve funds related to outstanding bonded indebtedness (all held by third party trustee)

Note 3 - Receivables related to loans from programs run by the former RDA; staff is researching collectability

Note 4 - The net value (\$796,941.83 - \$260,023.00 = \$536,918.83) represents an accounting estimate of the potential resale value of the 29 Agency owned lots.

Note 5 - Amounts borrowed by the former RDA from the Low/Mod Fund to pay SERAF in May 2010

Note 6 - RAD 0-1 assessment payoffs collected by the former RDA

Note 7 - Advances from former RDA to cash flow low/mod housing activities; specifically Rancho Mediterranean

Note 8 - Unassigned equity is negative. In addition, overall equity is negative; i.e. total liabilities exceed total assets.