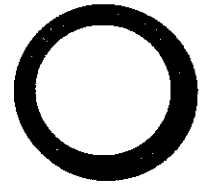


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor John Tavaglione

SUBMITTAL DATE:
January 5, 2012

SUBJECT: Designation of Successor Agency for the Redevelopment Agency for the County of Riverside and Transfer of Redevelopment Housing Function

RECOMMENDED MOTION: That the Board of Supervisors:

1. Adopt Resolution No. 2012-034, accepting the designation as Successor Agency for the Redevelopment Agency for the County of Riverside pursuant to CA Health and Safety Code section 34171(j) and further delegating such actions and functions to be performed as Successor Agency to the Economic Development Agency;
2. Adopt Resolution No. 2012-035, electing to transfer the responsibility for performing all housing functions previously performed by the Redevelopment Agency for the County of Riverside, to the Housing Authority of the County of Riverside; and
3. Authorize transmittal to the County of Riverside Office of the Auditor-Controller.

BACKGROUND: On January 10, 2011, Governor Brown, as part of the statewide budget process, proposed the elimination of redevelopment agencies throughout California, to be effective for Fiscal Year 2011-2012. The Governor's budget proposal stated that, while existing projects would not be affected, the \$1.7 billion that would have gone to redevelopment agencies would be shifted to the State General Fund to backfill the 2011-2012 budget. Future year redevelopment tax increment would be slated for school districts, special districts and other local services.

(Continued)



John Tavaglione, 2nd District Supervisor

Prev. Agn. Ref.: 3.57 of 3/15/11

District: All

Agenda Number:

3.72

Designation of Successor Agency for the Redevelopment Agency for the County of Riverside and
Transfer of Redevelopment Housing Function

January 11, 2012

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BACKGROUND: (Continued)

Subsequently, on February 23, 2011, the Department of Finance of the State of California released draft legislation that, in Part 1.85, Chapter 1, Section 34173(2)(B) states that *the determination of the first local agency that elects to become the successor agency shall be made by the county auditor-controller based on the earliest receipt by it of a copy of a duly adopted resolution of the local agency's governing board authorizing such an election.* On March 15, 2011, the Riverside County Board of Supervisors adopted Resolution No. 2011-068, and the Board of Directors of the Redevelopment Agency for the County of Riverside adopted RDA Resolution No. 2011-013; both of which designated that the Riverside County Economic Development Agency as the Successor Agency for the Redevelopment Agency for the County of Riverside.

Subsequently, on June 29, 2011, Governor Brown signed two State of California Assembly Bills, ABX1 26 and ABX1 27. The purpose of ABX1 26 was the dissolution of redevelopment agencies throughout the State of California, to be effective on October 1, 2011. ABX1 27 is a companion bill to AB1X 26 that created an alternative voluntary redevelopment program that would allow agencies to continue redevelopment activity by voluntarily authorizing, via ordinance, the contribution of tax increment to county auditor-controller offices for deposit into a Special District Allocation Fund (SDAF) and an Educational Revenue Augmentation Fund (ERAF).

On July 18, 2011, the California Redevelopment Association (CRA) and the League of California Cities (League) filed a petition which requested that the California Supreme Court (Court) overturn ABX1 26 and ABX1 27 on the grounds that they violate the California Constitution (*California Redevelopment Association v. Matosantos [Case]*). The central claim for the challenge was that the bills violate Proposition 22, the constitutional amendment passed in November 2011, which explicitly prohibits the "seizing, diverting, shifting, borrowing, transferring, suspending, or otherwise taking or interfering with revenue dedicated to local government, including local redevelopment funds. At the same time the petition was filed, the CRA and the League requested that the Court issue a stay to prevent the legislation from going into effect until the lawsuit is decided.

On August 11, 2011, the Court agreed to hear the Case, and also issued an order granting a stay of the provisions of ABX1 26 and ABX1 27, except for most of the provisions of Part 1.8 of Division 24 of the Health and Safety Code that were enacted in ABX1 26. Subsequently, on August 17, 2011, the Court issued a revised order that did not stay any of the provisions of Part 1.8 and further removed the stay of paragraph (2) of subdivision (b) Section 34194 of the Health and Safety Code as enacted in ABX1 27.

(Continued)

BACKGROUND: (Continued)

The Court set an expedited briefing schedule in order to issue its decision in the Case prior to January 15, 2012. Oral arguments in the Case were heard on November 10, 2011, and on December 29, 2011, the Court announced its decision to uphold ABx1 26 (the redevelopment "elimination" bill), but struck down ABX1 27, the bill that would have allowed redevelopment agencies to continue activities after making a payment to the state.

Resolution No. 2012-034 reiterates and clarifies the Board action of March 15, 2011, Agenda Number 3.57, to designate the Successor Agency for the Redevelopment Agency for the County of Riverside, pursuant to ABx1 26.

Resolution No. 2012-035 elects to transfer the responsibility for performing all the housing functions previously performed by the Redevelopment Agency for the County of Riverside to the Housing Authority of the County of Riverside. Resolution No. 2012-035 has been prepared pursuant to Part 1.85, Chapter 2, Section 34176(b)(2) of the Health and Safety Code as enacted in ABX1 26, which states that *if a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amounts in the Low and Moderate Income Housing Fund, that responsibility shall be transferred to the local housing authority in the territorial jurisdiction of the former redevelopment agency when there is one local housing authority.*

I recommend that the Board adopt Resolution No. 2012-034 and Resolution No. 2012-035, and authorize transmittal to the County of Riverside Office of the Auditor-Controller.

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3 **RESOLUTION NO. 2012-034**

4 **RESOLUTION ACCEPTING THE DESIGNATION AS SUCCESSOR AGENCY FOR**
5 **THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE AND**
6 **FURTHER DELEGATING SUCH ACTIONS AND FUNCTIONS TO BE PERFORMED**
7 **AS SUCCESSOR AGENCY TO THE ECONOMIC DEVELOPMENT AGENCY**

8 **WHEREAS**, on January 10, 2011, Governor Brown proposed the elimination of
9 all redevelopment agencies throughout the State of California as a component of his
10 budget proposal;

11 **WHEREAS**, the Department of Finance of the State of California released draft
12 legislation on February 23, 2011 that is generally consistent with Governor Brown's
13 budget proposal;

14 **WHEREAS**, Part 1.85, Chapter 1, Section 34173(2)(B) of the draft legislation
15 states that *the determination of the first local agency that elects to become the*
16 *successor agency shall be made by the county auditor-controller based on the earliest*
17 *receipt by it of a copy of a duly adopted resolution of the local agency's governing*
18 *board authorizing such an election;*

19 **WHEREAS**, on March 15, 2011, the Riverside County Board of Supervisors
20 adopted Resolution No. 2011-068 designating the Riverside County Economic
21 Development Agency as the Successor Agency for the Redevelopment Agency for the
22 County of Riverside in anticipation of any future legislation regarding redevelopment;

23 **WHEREAS**, on June 29, 2011, Governor Brown signed two State of California
24 Assembly Bills, ABX1 26 and ABX1 27, which, respectively, dissolved redevelopment
25 agencies throughout the state of California, and created an alternative voluntary
26 redevelopment program that would allow agencies to continue redevelopment activity
27 by voluntarily making a payment to the state;

1 **WHEREAS**, on July 18, 2011, the California Redevelopment Association (CRA)
2 and the League of California Cities (League) filed a petition which requested that the
3 California Supreme Court (Court) overturn ABX1 26 and ABX1 27 on the grounds that
4 the bills violated the California Constitution (*California Redevelopment Association v.*
5 *Matosantos [Case]*);

6 **WHEREAS**, the Court heard oral arguments in the case on November 10,
7 2011;

8 **WHEREAS**, on December 29, 2011, the Court announced its decision to
9 uphold ABX1 26 and strike down ABX1 27, thus eliminating redevelopment agencies;

10 **WHEREAS**, pursuant to the provisions of ABX1 26, the Board of Supervisors
11 accepts the designation as Successor Agency for the Redevelopment Agency for the
12 County of Riverside; and,

13 **WHEREAS**, the Board of Supervisors further delegate such actions and
14 functions to be performed to the Economic Development Agency.

15 **NOW, THEREFORE, BE IT RESOLVED, FOUND, AND DETERMINED** by the
16 Board of Supervisors of the County of Riverside as follows:

17 **Section 1. Acceptance of Designation as Successor Agency.** The
18 Riverside County Board of Supervisors accepts the designation as Successor Agency
19 for the Redevelopment Agency for the County of Riverside pursuant to CA Health and
20 Safety Code section 34171(j).

21 **Section 2. Delegation of Actions and Functions of Successor Agency.**
22 The Riverside County Board of Supervisors further delegates such actions and
23 functions to be performed by the Successor Agency to the Riverside County Economic
24 Development Agency.

25 **Section 3. Effective Date.** This resolution shall take effect as of February 1,
26 2012.

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FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* 1-5-10
ANITA G. WELLS

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3 **RESOLUTION NO. 2012-035**

4 **RESOLUTION ELECTING TO TRANSFER RESPONSIBILITY FOR PERFORMING**
5 **HOUSING FUNCTIONS PREVIOUSLY PERFORMED BY THE REDEVELOPMENT**
6 **AGENCY FOR THE COUNTY OF RIVERSIDE TO THE HOUSING AUTHORITY OF**
7 **THE COUNTY OF RIVERSIDE**

8 **WHEREAS**, on June 29, 2011, Governor Brown signed two State of California
9 Assembly Bills, ABX1 26 and ABX1 27, which, respectively, dissolved redevelopment
10 agencies throughout the state of California, and created an alternative voluntary
11 redevelopment program that would allow agencies to continue redevelopment activity
12 by voluntarily making a payment to the state;

13 **WHEREAS**, on July 18, 2011, the California Redevelopment Association (CRA)
14 and the League of California Cities (League) filed a petition which requested that the
15 California Supreme Court (Court) overturn ABX1 26 and ABX1 27 on the grounds that
16 the bills violated the California Constitution (*California Redevelopment Association v.*
17 *Matosantos [Case]*);

18 **WHEREAS**, the Court heard oral arguments in the case on November 10,
19 2011;

20 **WHEREAS**, on December 29, 2011, the Court announced its decision to
21 uphold ABX1 26 and strike down ABX1 27, thus eliminating redevelopment agencies;

22 **WHEREAS**, Part 1.85, Chapter 2, Section 34176(b)(2) of the Health and Safety
23 Code as enacted in ABX1 26 states that *if a city, county, or city and county does not*
24 *elect to retain the responsibility for performing housing functions previously performed*
25 *by a redevelopment agency, all rights, powers, assets, liabilities, duties, and*
26 *obligations associated with the housing activities of the agency, excluding any*
27 *amounts in the Low and Moderate Income Housing Fund, that responsibility shall be*
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FORM APPROVED COUNTY COUNSEL
BY: *[Signature]* 1-5-12
ANITA C. MILLS
DATE

1 transferred to the local housing authority in the territorial jurisdiction of the former
2 redevelopment agency when there is one local housing authority;

3 **WHEREAS**, the Housing Authority of the County of Riverside is the one local
4 housing authority located within the jurisdiction of the Redevelopment Agency for the
5 County of Riverside; and,

6 **WHEREAS**, pursuant to the provisions of ABX1 26, the Board of Supervisors
7 elects to transfer the responsibility for performing the housing functions previously
8 performed by the Redevelopment Agency for the County of Riverside to the Housing
9 Authority of the County of Riverside.

10 **NOW, THEREFORE, BE IT RESOLVED, FOUND, AND DETERMINED** by the
11 Board of Supervisors of the County of Riverside as follows:

12 **Section 1. Election of Transfer of Housing Functions.** The Riverside
13 County Board of Supervisors elects to transfer the responsibility for performing
14 housing functions previously performed by the Redevelopment Agency for the County
15 of Riverside, including all rights, powers, assets, liabilities, duties, and obligations
16 associated with the housing activities of the agency, excluding any amounts in the
17 Low and Moderate Income Housing Fund to the Housing Authority of the County of
18 Riverside.

19 **Section 2. Effective Date.** This resolution shall take effect as of February 1,
20 2012.

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