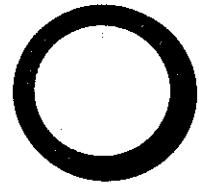


**SUBMITTAL TO THE BOARD OF COMMISSIONERS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** Commissioner John Tavaglione

**SUBMITTAL DATE:**  
January 5, 2012

**SUBJECT:** Acceptance of Transfer of Redevelopment Housing Function

**RECOMMENDED MOTION:** That the Board of Commissioners:

1. Adopt Resolution No. 2012-001, accepting the transfer of 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.

**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)

  
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John Tavaglione, 2nd District Supervisor

Prev. Agn. Ref.:

District: All

Agenda Number:

10.1

**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. 2012-001 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. 2012-001 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 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 of Commissioners adopt Resolution No. 2012-001, and accept the transfer of housing functions to the Housing Authority of the County of Riverside.

RF:LB:RD

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3 **RESOLUTION NO. 2012-001**

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

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  
7 Commissioners accepts the transfer of the responsibility for performing the housing  
8 functions previously performed by the Redevelopment Agency for the County of  
9 Riverside to the Housing 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. Acceptance of Transfer of Housing Functions.** The Board of  
13 Commissioners accepts the transfer of the responsibility for performing housing  
14 functions previously performed by the Redevelopment Agency for the County of  
15 Riverside, including all rights, powers, assets, liabilities, duties, and obligations  
16 associated with the housing activities of the agency.

17 **Section 2. Effective Date.** This resolution shall take effect as of February 1,  
18 2012.

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FORM APPROVED COUNTY COUNSEL  
BY: *Antia C. Willis*  
DATE: 1-5-12  
ANTIA C. WILLIS