

REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO (i) MAKING ADDITIONAL REDUCTIONS TO ITS ALLOCATION TO THE LOW AND MODERATE INCOME HOUSING FUND (HOUSING FUND) FOR THE 2011-12 FISCAL YEAR, (ii) ADJUSTING ITS EARLIER REDUCED ALLOCATION TO THE HOUSING FUND FOR THE 2011-12 FISCAL YEAR, AND (iii) MAKING CERTAIN FINDINGS AND DETERMINATIONS IN ACCORDANCE WITH ASSEMBLY BILL X1 27.

WHEREAS, the Redevelopment Agency of the City of San Diego (Agency) administers the implementation of various redevelopment projects, programs, and activities within fourteen designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, on June 15, 2011, the State Legislature passed Assembly Bill x1 26 (AB 26) and Assembly Bill x1 27 (AB 27), and on June 28, 2011, Governor Edmund G. Brown Jr. approved AB 26 and AB 27; and

WHEREAS, AB 26 generally prevents redevelopment agencies from entering into new or amended obligations or contracts, and eliminates redevelopment agencies and winds down their operations; and

WHEREAS, AB 27 allows redevelopment agencies to remain in existence, and to gain an exemption from the provisions of AB 26, in exchange for the payment of substantial sums of money on an annual basis; and

WHEREAS, on July 18, 2011, the California Redevelopment Association and other parties filed litigation designated as Case No. S194861 (Litigation), challenging the validity of both AB 26 and AB 27, and it is anticipated that the California Supreme Court (Supreme Court) will issue a final written opinion in the Litigation by January 15, 2012; and

WHEREAS, AB 27 codified Part 1.9 of Division 24 of the California Health and Safety Code (Part 1.9), which now comprises a portion of the California Community Redevelopment Law; and

WHEREAS, on August 1, 2011, the City enacted Ordinance No. O-20078, whereby the City agreed to make specified remittances to the San Diego County Auditor-Controller (County Auditor) in order to continue the existence of the Agency under the “voluntary alternative redevelopment program” instituted by Part 1.9; and

WHEREAS, on August 2, 2011, as authorized by AB 27, the City and the Agency entered into that certain Remittance Agreement, a copy of which is on file with the Agency Secretary as Document No. D-04681 (Remittance Agreement), whereby the Agency will transfer a portion of its available net tax increment and other funds to the City, in an amount sufficient to enable the City to pay the remittances under AB 27 to the County Auditor; and

WHEREAS, the California Department of Finance (DOF) has calculated the City’s remittance amount under AB 27 for Fiscal Year 2011-12 at \$69,255,216, and the DOF has denied the City’s appeal seeking to reduce such amount by approximately \$13 million; and

WHEREAS, California Health and Safety Code sections 33334.2 and 33334.3 generally require the Agency to use at least 20 percent of the tax increment revenue allocated to the Agency pursuant to California Health and Safety Code section 33670 for the purpose of increasing, improving, and preserving the City’s supply of low and moderate income housing

and to hold such funds in a separate Low and Moderate Income Housing Fund (Housing Fund) until expended for the designated purpose; and

WHEREAS, AB 27 authorizes the Agency to reduce its allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year if the City complies with the provisions of Part 1.9 and the Agency makes a finding that there are insufficient other moneys to meet its debt and other obligations, current priority program needs or its obligations under the Remittance Agreement; and

WHEREAS, pursuant to Resolution No. R-04680 adopted effective July 25, 2011 (July 2011 Resolution), the Agency approved a reduced allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year by the aggregate amount of \$9,870,000, of which \$9,600,000 is attributable to the Centre City Redevelopment Project Area and \$270,000 is attributable to the North Park Redevelopment Project Area, and required the full repayment of such aggregate amount to the Housing Fund by the end of the 2014-15 Fiscal Year; and

WHEREAS, after further analysis of the annual budget for the 2011-12 Fiscal Year, the Southeastern Economic Development Corporation (SEDC) has proposed that the Agency approve an additional reduced allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year by the amount of \$1,074,160, attributable solely to the Southeastern San Diego Merged Redevelopment Project Area (Southeastern Project Area) administered by SEDC, and that the Agency require full repayment of this amount by the end of the 2021-22 Fiscal Year; and

WHEREAS, in addition, the Centre City Development Corporation, Inc. (CCDC) has proposed that the Agency approve two adjustments to CCDC's portion of the earlier reduced allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year, such that (i) the reduction attributable to the Centre City Redevelopment Project Area will be changed from

\$9,600,000 to \$8,878,000 and (ii) a new reduction attributable to the Horton Plaza Redevelopment Project Area will be approved in the amount of \$580,000; and

WHEREAS, no change is being proposed to the reduced allocation of \$270,000 attributable to the North Park Redevelopment Project Area, as described in the July 2011 Resolution; and

WHEREAS, in summary, the net effect of this Resolution is that the Agency's allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year will be reduced by the aggregate amount of \$10,802,160, of which (i) \$1,074,160 is a newly-approved reduction attributable to the Southeastern Project Area, (ii) \$580,000 is a newly-approved reduction attributable to the Horton Plaza Redevelopment Project Area, (iii) \$8,878,000 is the adjusted reduction attributable to the Centre City Redevelopment Project Area, and (iv) \$270,000 is the unaltered reduction attributable to the North Park Redevelopment Project Area; and

WHEREAS, the Agency has reviewed and considered Staff Report No. RA-11-30 for this matter and any other documents and written evidence presented at the meeting and believes that it will be in the best interests of the City and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local law and requirements, to reduce the Agency's allocation of tax increment to the Housing Fund for the 2011-12 Fiscal Year in the manner described above; NOW, THEREFORE,

BE IT RESOLVED, by the Redevelopment Agency of the City of San Diego, as follows:

1. The Agency finds and determines that the foregoing recitals are true and correct.
2. The Agency has received and heard all oral and written objections pertaining to this matter, and all such oral and written objections are hereby overruled.

3. Based upon evidence in the record, the Agency finds and determines that it is necessary to implement the reduced allocation of tax increment to the Housing Fund from the Southeastern Project Area and the Horton Plaza Redevelopment Project Area for the 2011-12 Fiscal Year.

4. Based upon evidence in the record, the Agency finds and determines that it is appropriate to change the reduced allocation of tax increment to the Housing Fund from the Centre City Redevelopment Project Area for the 2011-12 Fiscal Year.

5. Based upon evidence in the record, the Agency finds and determines that there are insufficient other moneys to meet its debt and other obligations, current priority program needs or its obligations under the Remittance Agreement.

6. The Agency's Executive Director, or designee, is hereby authorized to take such actions as are necessary and appropriate to carry out and implement the following reduced allocations of tax increment to the Housing Fund for the 2011-12 Fiscal Year: (i) \$1,074,160 from the Southeastern Project Area, (ii) \$580,000 from the Horton Plaza Redevelopment Project Area, (iii) \$8,878,000 from the Centre City Redevelopment Project Area, and (iv) \$270,000 from the North Park Redevelopment Project Area.

7. The Agency shall repay the full amount of the reduced allocation of \$1,074,160 from the Southeastern Project Area to the Housing Fund by the end of the 2021-22 Fiscal Year, utilizing tax increment derived from the Southeastern Project Area.

8. The Agency shall repay the full amount of the reduced allocation of \$580,000 from the Horton Plaza Redevelopment Project Area and \$8,878,000 from the Centre City Redevelopment Project Area to the Housing Fund by the end of the 2014-15 Fiscal Year,

utilizing tax increment derived from such project areas in proportion to their relative shares of the Agency's overall reduced allocation of \$10,802,160.

9. Except as modified by this Resolution, the July 2011 Resolution shall remain in full force and effect. Consistent with the July 2011 Resolution, the Agency shall repay the full amount of the reduced allocation of \$270,000 from the North Park Redevelopment Project Area to the Housing Fund by the end of the 2014-15 Fiscal Year, utilizing tax increment derived from such project area in proportion to its relative share of the Agency's overall reduced allocation of \$10,802,160.

10. Both this Resolution and the July 2011 Resolution (collectively, the Resolutions) are contingent upon the Supreme Court's subsequent issuance of a final written opinion in the Litigation that upholds the validity of AB 27. If and when the Supreme Court issues a final written opinion that invalidates AB 27, then the Resolutions shall become inoperative automatically, without any need for further action by the Agency.

APPROVED: JAN I. GOLDSMITH, General Counsel

By Kevin Reisch
Kevin Reisch
Deputy General Counsel

KR:nja
11/21/2011
Or.Dept:Redev.Agency
RA-2012-12
PL#2011-06517
Comp. R-2012-288
RA-2012-11

I hereby certify that the foregoing Resolution was passed by the Redevelopment Agency of the City of San Diego, at this meeting of _____.

REDEVELOPMENT AGENCY

By _____
Jeannette Santos, Deputy Secretary

Approved: _____
(date)

JERRY SANDERS, Executive Director

Vetoed: _____
(date)

JERRY SANDERS, Executive Director