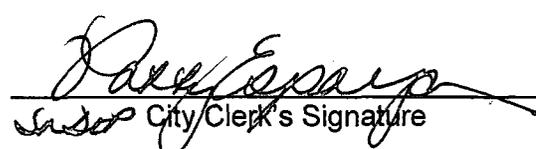


1/9/12
B. Hall, DEPT
K. FULTON, EDD

Council/Agency Meeting Held: <u>1-9-2012</u>	 City Clerk's Signature
Deferred/Continued to: _____	
<input checked="" type="checkbox"/> Approved <u>7-0</u> <input type="checkbox"/> Conditionally Approved <input type="checkbox"/> Denied	
Council Meeting Date: 1/09/12	Department ID Number: ED 12-001

**CITY OF HUNTINGTON BEACH
REQUEST FOR CITY COUNCIL ACTION**

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Fred A. Wilson, City Manager

PREPARED BY: Bob Hall, Deputy City Manager/Director of Economic Development

SUBJECT: Adoption of Successor Agency Resolutions - City Council Resolution Nos. 2012-01 and 2012-02

Statement of Issue, Funding Source, Recommended Action, Alternative Action(s), Analysis, Environmental Status, Attachment(s)

Statement of Issue: On December 29, 2011, the California State Supreme Court announced its ruling upholding Assembly Bill ABX1 26 (dissolution of redevelopment agencies), but overturning and invalidating Assembly Bill ABX1 27 (allowing "pay-to play"). Based upon the Court's ruling validating AB1X 26 redevelopment agencies are dissolved and replaced with Successor Agencies responsible for winding down the affairs of the redevelopment agencies including disposing of their assets. The Redevelopment Agency and City Council are requested to adopt the attached Resolutions designating the City Council as the Successor Agency and transferring all assets to the Successor Agency.

Funding Source: Not Applicable

Recommended Action: Motion to:

Adopt Resolution Number 2012-01, "A Resolution of the City Council of the City of Huntington Beach Designating the City Council as the Successor Agency Under Part 1.85 of Division 24 of the Health and Safety Code Subject to Reservations Herein Stated;" and,

Adopt Resolution Number 2012-02, "A Resolution of the City Council of the City of Huntington Beach Under Part 1.85 of Division 24 of the Health and Safety Code Designating the Housing Authority to Perform the Housing Functions Previously Performed by the Huntington Beach Redevelopment Agency Subject to Reservations Herein Stated."

Alternative Action(s):

Do not adopt the Resolutions, which would allow a County or a separate taxing agency to become the Successor Agency and be the lead in the dissolution of Agency assets.

REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: 1/09/12

DEPARTMENT ID NUMBER: ED 12-001

Analysis:

Under Assembly Bill 1X 26, Redevelopment Agencies are dissolved as of February 1, 2012. However, the Assembly Bill creates "Successor Agencies" that will become effective on February 1, 2012. On this date all assets, properties, contracts, and leases of the former Redevelopment Agency are to be transferred to the Successor Agencies.

If the City does not elect to become the Successor Agency, the County or another taxing agency can become the Successor Agency thereby overseeing the former Redevelopment Agency assets. If the City does not elect to be the Successor Housing Agency and assume the Redevelopment Agency's housing functions, such housing functions and all related assets will be transferred to the Orange County Housing Authority.

The City may elect to assume the housing functions and take over the housing assets of the former Redevelopment Agency, excluding amounts in the current Housing Fund reserves. The City will also receive related rights, powers, liabilities, duties, and obligations, thereby becoming a "Successor Housing Agency."

The Successor Agency will continue payments on the Enforceable Obligation Payment Schedule (EOPS), maintain reserves, perform obligations required by Enforceable Obligations, dispose of assets and property, and enforce all rights for the benefit of taxing agencies. On August 15, 2011, the City Council adopted the Redevelopment Agency's EOPS. Staff will be updating the EOPS and will present to Council for adoption at the next meeting.

The Successor Agency will continue to: oversee development of properties until contractual obligations can be transferred to other parties; use bond proceeds to continue funded activities; defease bonds; and prepare administrative budgets. The Successor Agency will prepare a draft of the Recognized Obligation Payment Schedule (ROPS), by March 1, 2012, for payments through July 1, 2012. The City Council previously adopted the ROPS on September 19, 2011. Staff will present the updated ROPS to Council for adoption at a future Council meeting.

Successor Agencies are entitled to an administrative allowance. Subject to approval of the Oversight Board, the administrative allowance is up to five percent of property tax for 2011-12 and three percent each year thereafter.

On March 7, 2011, the City Council approved the creation of the Huntington Beach Housing Authority. It is recommended that the current Agency's Housing assets and functions be transferred to the Huntington Beach Housing Authority.

The entity that becomes the Successor Housing Agency will assume the housing functions of the Redevelopment Agency and will be able to use its inherent powers (not limited by the Dissolution Act's restrictions on Successor Agencies) to fulfill housing obligations and to exercise Redevelopment Law housing powers to fulfill such obligations.

REQUEST FOR CITY COUNCIL ACTION

MEETING DATE: 1/09/12

DEPARTMENT ID NUMBER: ED 12-001

The County of Orange and the City, if it elects to become the Successor Agency, will appoint an Oversight Board to review all former Agency assets.

Strategic Plan Goal: Maintain Financial Viability in Our Reserves

Environmental Status: Not Applicable

Attachment(s):

No.	Description
1.	Resolution No. 2012-01, "A Resolution of the City Council of the City of Huntington Beach Designating the City Council as the Successor Agency Under Part 1.85 of Division 24 of the Health and Safety Code Subject to Reservations Herein Stated"
2.	Resolution No. 2012-02, "A Resolution of the City Council of the City of Huntington Beach Under Part 1.85 of Division 24 of the Health and Safety Code Designating the Housing Authority to Perform the Housing Functions Previously Performed by the Huntington Beach Redevelopment Agency Subject to Reservations Herein Stated"

ATTACHMENT #1

RESOLUTION NO. 2012-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON BEACH
DESIGNATING THE CITY COUNCIL AS THE SUCCESSOR AGENCY UNDER PART
1.85 OF DIVISION 24 OF THE HEALTH AND SAFETY CODE SUBJECT TO
RESERVATIONS HEREIN STATED

WHEREAS, the City of Huntington Beach formed the Huntington Beach Redevelopment Agency ("Agency"), which has continuously engaged in redevelopment activities under the Community Redevelopment Law (Health and Safety Code sections 33000 et seq.); and

By enactment of Part 1.85 of Division 24 of the Health and Safety Code, subject to all reservations herein stated, the Agency, is subject to dissolution on February 1, 2012 such that the Agency shall be deemed as a former redevelopment agency under Health and Safety Code section 34173(a); and

Health and Safety Code section 34173(a) designates successor agencies as successor entities to former redevelopment agencies; and

The City Council of the City of Huntington Beach desires to declare itself as the successor agency upon the dissolution of the Agency, subject to all reservations herein stated; and

The City Council of the City of Huntington Beach hereby desires to adopt this Resolution, subject to the express reservation of rights of the City of Huntington Beach and Agency under law and/or equity, including without limitation the effectiveness of Assembly Bill No. 26 (2011-2012 1st Ex. Sess.) ("AB 1x 26"), collectively, "Laws;" and

The City Council does not intend, by adoption of this resolution, to waive any constitutional and/or legal rights under law and/or equity, including without limitation the effectiveness of AB 1x 26, by virtue of the adoption of this Resolution and, therefore, reserves all of its rights under Laws to challenge the applicability of AB 1x 26 to the Agency and/or the City of Huntington Beach in any administrative or judicial proceeding; and

All other legal prerequisites to the adoption of this Resolution have occurred; and

The City Council of the City of Huntington Beach hereby finds and determines that the foregoing recitals are true and correct.

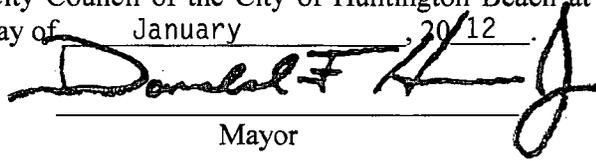
NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

1. Subject to all reservations herein stated, the City of Huntington Beach hereby elects to become the successor agency under Health and Safety Code section 34173(a) and implement all duties of successor agencies under Part 1.85 of Division 24 of the Health and Safety Code.

2. The City Manager or his/her designee is hereby authorized to administer the responsibilities of the City of Huntington Beach under Part 1.85 of Division 24 of the Health and Safety Code.

3. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the 9th day of January, 2012.



Mayor

REVIEWED AND APPROVED:



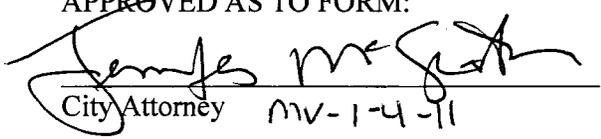
City Manager

INITIATED AND APPROVED:



Director of Economic Development

APPROVED AS TO FORM:



City Attorney MV-1-4-11

STATE OF CALIFORNIA
COUNTY OF ORANGE) ss:
CITY OF HUNTINGTON BEACH)

I, JOAN L. FLYNN the duly elected, qualified City Clerk of the City of Huntington Beach, and ex-officio Clerk of the City Council of said City, do hereby certify that the whole number of members of the City Council of the City of Huntington Beach is seven; that the foregoing resolution was passed and adopted by the affirmative vote of at least a majority of all the members of said City Council at a **Special** meeting thereof held on **January 09, 2012** by the following vote:

AYES: Shaw, Harper, Dwyer, Hansen, Carchio, Bohr, Boardman
NOES: None
ABSENT: None
ABSTAIN: None



City Clerk and ex-officio Clerk of the
City Council of the City of
Huntington Beach, California

ATTACHMENT #2

RESOLUTION NO. 2012- 02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
HUNTINGTON BEACH UNDER PART 1.85 OF DIVISION 24 OF THE
HEALTH AND SAFETY CODE DESIGNATING THE HOUSING AUTHORITY
TO PERFORM THE HOUSING FUNCTIONS PREVIOUSLY PERFORMED BY THE
HUNTINGTON BEACH REDEVELOPMENT AGENCY SUBJECT
TO RESERVATIONS HEREIN STATED

WHEREAS, the City of Huntington Beach formed the Huntington Beach Redevelopment Agency, ("Agency") which has continuously engaged in redevelopment activities under the Community Redevelopment Law (Health and Safety Code sections 33000 et seq.); and

Sections 33334.2 and 33334.3 of the Community Redevelopment Law (CRL) require the Agency to use 20 percent of taxes allocated to the Agency pursuant to Section 33670 of the CRL for the purpose of increasing, improving, and preserving the community's supply of low and moderate income housing ("Low and Moderate Income Housing Fund"); and

The Agency has continuously utilized its Low and Moderate Income Housing Fund for the purpose of increasing, improving and preserving the community's supply of low-and moderate-income housing available at affordable housing cost; and

By enactment of Part 1.85 of Division 24 of the Health and Safety Code, subject to all reservations herein stated, the Agency, is subject to dissolution on February 1, 2012 such that the Agency shall be deemed as a former Redevelopment Agency under Health and Safety Code section 34173(a); and

Subject to all reservations herein stated and pursuant to Part 1.85 of Division 24 of the Health and Safety Code, the City Council of the City of Huntington Beach desires to designate the Housing Authority to receive the transfer of, without limitation, all of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Agency upon the dissolution of the Agency, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1, commencing with Section 33000), including, but not limited to, Section 33418; and

The City Council of the City of Huntington Beach hereby desires to adopt this Resolution, subject to the express reservation of rights of the City of Huntington Beach, Agency and Housing Authority under law and/or equity, including without limitation the effectiveness of Assembly Bill No. 26 (2011-2012 1st Ex. Sess.) ("AB 1x 26") (collectively, "Laws"); and

The City Council does not intend, by adoption of this resolution, to waive any constitutional and/or legal rights under law and/or equity, including without limitation the effectiveness of AB 1x 26, by virtue of the adoption of this Resolution and, therefore, reserves all of its rights under Laws to challenge the applicability of AB 1x 26 to the Agency and/or the City of Huntington Beach and/or Housing Authority in any administrative or judicial proceeding; and

All other legal prerequisites to the adoption of this Resolution have occurred; and

The City Council of the City of Huntington Beach hereby finds and determines that the foregoing recitals are true and correct,

NOW, THEREFORE, the City Council of the City of Huntington Beach does hereby resolve as follows:

1. Subject to all reservations herein stated and pursuant to Part 1.85 of Division 24 of the Health and Safety Code, the City of Huntington Beach hereby designates the Housing Authority to receive the transfer of, without limitation, all of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Agency upon the dissolution of the Agency, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1, commencing with Section 33000), including, but not limited to, Section 33418.

2. The designation of Housing Authority under this Resolution is expressly contingent upon Housing Authority being duly authorized to take, and taking, such act.

3. The City Manager or his/her designee is hereby authorized to make all notifications of such designation as deemed necessary under Part 1.85 of Division 24 of the Health and Safety Code and to execute all documents and take all actions necessary and convenient to carry out and implement the designation of the Housing Authority to receive the transfer of, without limitation, all of the housing assets, rights, powers, duties, obligations, liabilities and functions previously performed by the Agency upon the dissolution of the Agency, including enforcement of affordability covenants and performance of related activities pursuant to applicable provisions of the Community Redevelopment Law (Part 1, commencing with Section 33000), including, but not limited to, Section 33418.

4. This Resolution shall take effect immediately upon its adoption.

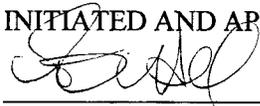
PASSED AND ADOPTED by the City Council of the City of Huntington Beach at a regular meeting thereof held on the 9th day of January, 2012.



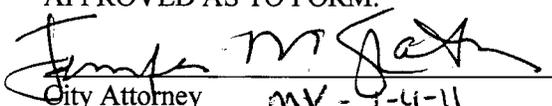
Mayor

REVIEWED AND APPROVED:


City Manager

INITIATED AND APPROVED:


Director of Economic Development

APPROVED AS TO FORM:


City Attorney MV-7-4-11

STATE OF CALIFORNIA
COUNTY OF ORANGE) ss:
CITY OF HUNTINGTON BEACH)

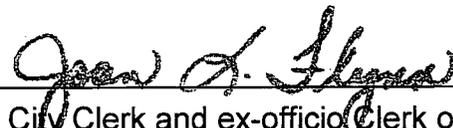
I, JOAN L. FLYNN the duly elected, qualified City Clerk of the City of Huntington Beach, and ex-officio Clerk of the City Council of said City, do hereby certify that the whole number of members of the City Council of the City of Huntington Beach is seven; that the foregoing resolution was passed and adopted by the affirmative vote of at least a majority of all the members of said City Council at a **Special** meeting thereof held on **January 09, 2012** by the following vote:

AYES: Shaw, Harper, Dwyer, Hansen, Carchio, Bohr, Boardman

NOES: None

ABSENT: None

ABSTAIN: None



City Clerk and ex-officio Clerk of the
City Council of the City of
Huntington Beach, California