



Legislation Text

File #: COB 19-11, **Version:** 1

Consider adopting a resolution approving the City of Suisun City Successor Agency loan repayment schedule to the City of Suisun City Low and Moderate Income Housing Fund

Published Notice Required? Yes ☐ No ☒
Public Hearing Required? Yes ☐ No ☒

RECOMMENDATION:

It is recommended that the Solano Consolidated Oversight Board (SCOB) adopt the resolution approving the City of Suisun City Successor Agency loan (SA) repayment schedule to the City of Suisun City Low and Moderate Income Housing Fund.

DISCUSSION:

In 2009, in response to the economic challenges facing the State of California, the California State Legislature enacted ABx4-26 that added Sections 33690 and 33690.5 to the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) requiring Redevelopment Agencies (RDA) to make certain payments to its county Supplemental Educational Revenue Augmentation Fund (SERAF) in FY 2009-10 and FY 2010-11. Health and Safety Code Section 33690 (c) permitted the RDA to borrow from the Low and Moderate Income Housing Fund (LMIHF) if necessary to satisfy the SERAF payment obligations.

At that time, Suisun City RDA staff concluded that the Suisun City RDA had insufficient RDA funds available to make the SERAF payment. This resulted in the RDA borrowing from the LMIHF to fulfill its SERAF payment obligations. Specifically, the Suisun City RDA borrowed \$5,723,200 in May 2010 for FY 2009-10 and \$1,178,305 in May 2011 for the FY 2010-11 SERAF payments, for a total of \$6,901,500.

Pursuant to Health and Safety Code (HSC) section 34171 (d)(1)(G), loans issued from a city to a former RDA may be listed on the Recognized Obligation Payment Schedule (ROPS) as enforceable obligations, provided the Oversight Board approves a repayment schedule. Therefore, a separate Oversight Board action is required, approving a repayment schedule for amounts due to the LMIHF.

The SERAF loan payment from the Successor Agency to the RDA of the City of Suisun City (Successor Agency) to the LMIHF was listed as part of the ROPS 19-20. The ROPS was approved by the Successor Agency on December 11, 2018 and the Solano Countywide Oversight Board (SCOB) on January 10, 2019.

In February 2019, as a result of the State of California Department of Finance (DOF) review of the Successor Agency ROPS 19-20, the DOF required that the Successor Agency request the SCOB to approve the repayment schedule and submit it to the DOF for review before requesting the loan payment on the ROPS.

On March 12, 2019, the Successor Agency adopted the resolution approving the SERAF loan repayment schedule.

If the SCOB approves the repayment schedule, this item will be resubmitted to the DOF for further review and approval and inclusion in ROPS 19-20.

Additionally, if the SCOB also approves the repayment of this SERAF loan, the Suisun City Low and Moderate Income Housing Fund will receive \$690,150 annually for a total of \$6,901,505 after ten years (Attachment A).

FINANCIAL IMPACT:

The SERAF loan repayment schedule listed will be included in the ROPS 19-20 annual budget. There will be a positive fiscal impact on the Suisun City Low and Moderate Income Housing Funds with ten annual payments of \$690,150 for a total of \$6,901,505.

It should be noted, however, the annual maximum repayment related to SERAF is subject to the same formula restrictions as RDA/Sponsoring entity loans pursuant to HSC section 34176 (e)(6)(B) and could be reduced upon review by the DOF.

ALTERNATIVES:

The Solano Consolidated Oversight Board could direct the Successor Agency to amend the SERAF loan repayment schedule.

OTHER AGENCY INVOLVEMENT:

None.