

REPORT TO THE OVERSIGHT BOARD



DATE: January 10, 2018

TITLE: Resolution Approving the Successor Agency's Supplemental Educational Revenue Augmentation Fund Loan Re-Payment Schedule Pursuant to Health and Safety Code Section 34171

Prepared by: Linda Kelly, Finance Manager

Reviewed by: Steve Dukett, Urban Futures Incorporated

RECOMMENDATION

Adopt a Resolution of the Oversight Board for the Successor Agency to the former Redevelopment Agency of the City of Desert Hot Springs approving the Successor Agency's Supplemental Educational Revenue Augmentation Fund Loan repayment schedule pursuant to Health and Safety Code Section 34171.

BACKGROUND

Pursuant to Health and Safety Code (the "HSC") § 34172 (a) (1), the Redevelopment Agency of the City of Desert Hot Springs was dissolved on February 1, 2012. Consistent with the provisions of the HSC, the City Council of the City of Desert Hot Springs previously elected to serve in the capacity of the Successor Agency to the former Redevelopment Agency of the City of Desert Hot Springs (the "Successor Agency"). The Oversight Board for the Successor Agency (the "Oversight Board") has been established pursuant to HSC § 34179 to assist in the wind-down of the former redevelopment agency.

Pursuant to HSC § 34171 (d) (1) (G), amounts borrowed from, or payments owing to the Low- and Moderate-Income Housing Fund ("LMIHF") are enforceable obligations, provided that the Oversight Board approves a repayment schedule. HSC § 34191.4 (b) (2) (B) provides for the repayment of any outstanding amounts borrowed from or owned to the LMIHF with respect to the Supplemental Educational Revenue Augmentation Fund ("SERAF"). Per the formula described within HSC § 34176 (e)(6)(B), LMIHF loan repayment amounts, inclusive of SERAF loans, during any given fiscal year cannot exceed an amount equal to one-half of the increase between the amount distributed to the taxing entities in that fiscal year and the amount distributed to the taxing entities during fiscal year 2012-13 (i.e., the base fiscal year) ("SERAF Repayment Formula").

ROPS 18-19 A & B confirms that the Successor Agency currently has an outstanding principal balance owing on its SERAF loan of \$3,442,921 (enforceable obligation No. 41). The Successor Agency shall apply the SERAF Repayment Formula to the amounts payable on the SERAF loan until the loan is fully repaid and such payments shall constitute the "Successor Agency's SERAF Loan Repayment Schedule". Pursuant to guidance provided by the California Department of Finance with respect to the SERAF Repayment Formula, the Oversight Board may approve the Successor Agency's SERAF Loan Repayment Schedule if it is consistent with HSC § 34176 (e)(6)(B). The Successor Agency's SERAF Loan Repayment Schedule conforms to the SERAF Loan Repayment Formula prescribed by HSC § 34176 (e)(6)(B). The Oversight Board's adoption of the attached Resolution will approve the Successor Agency's SERAF Loan Repayment Schedule, as described above and within the Resolution.

FISCAL IMPACT

All SERAF loan repayments are payable to the Desert Hot Springs Housing Authority in its capacity as the Successor Housing Agency to the former Redevelopment Agency of the City of

Desert Hot Springs and shall be used for affordable housing purposes consistent with the provisions therefore described within the HSC.

EXHIBIT(S)

- 1) Resolution Approving the Successor Agency's SERAF Loan Repayment Schedule
- 2) Recognized Obligation Payment Schedule – July 1, 2018, through June 30, 2019
- 3) Expense Listing July 1, 2015 through June 30, 2016