

**OVERSIGHT BOARD TO THE
SUCCESSOR AGENCY TO THE REDEVELOPMENT
AGENCY OF THE CITY OF LAKE ELSINORE**

TO: MEMBERS OF THE OVERSIGHT BOARD

FROM: BARBARA LEIBOLD, SUCCESSOR AGENCY COUNSEL

DATE: JULY 24, 2012

**SUBJECT: OVERVIEW OF REAL PROPERTY OWNED BY THE SUCCESSOR
AGENCY**

Background:

The Oversight Board to the Successor Agency of the Redevelopment Agency of the City of Lake Elsinore has been established to direct the Successor Agency to take certain actions to wind down the affairs of the former Redevelopment Agency. Prior to its dissolution, the Redevelopment Agency was engaged in activities to implement the Redevelopment Plans for its three project areas: (1) Rancho Laguna Project Area No. 1, (2) the Rancho Laguna Project Area No. 2 and (3) Rancho Laguna Project Area No. 3. In the course of those activities, the Agency acquired real property. As of the date of dissolution, the former Agency owned 55 parcels, 48 of which are non-housing assets and subject to statutory disposition requirements.

The purpose of this Report is to provide an overview of these properties to the Oversight Board and to brief the Board on the property disposition procedures as modified by AB 1484. Binders with real property data have been separately distributed to the Oversight Board Members.

Discussion:

General Requirements: AB x1 26 (“Dissolution Act”) requires the Successor Agency to dispose of real properties of the former redevelopment expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for previously approved development projects identified on the Successor Agency’s ROPS or otherwise needed to wind down the affairs of the agency, will be transferred to the county auditor-controller for distribution as property tax proceeds.

AB 1484 suspends the real property disposition process pending a Department of Finance “Finding of Completion” relating to the former Agency’s financial obligations. Within six months after receipt of a “Finding of Completion” the Successor Agency must submit a long-range management plan for the real property of the dissolved RDA for

approval by the Oversight Board and the DOF. The property management plan must include an inventory with specified information about each property and address the use or disposition of each property. Permitted uses under the property management plan include:

- 1) Retention of the property for governmental use
- 2) Retention of the property for future development
- 3) Sale of the property
- 4) Use of the property to fulfill an enforceable obligation

Real Property owned by the Successor Housing Agency NOT Subject to Disposal. Seven parcels of the 55 Agency owned properties were acquired with Low and Moderate Income Housing Funds and were transferred to the City as Successor Housing Agency. The Successor Housing Agency is not required to dispose of these seven parcels.

Governmental Purpose: AB X1 26 provides an exception to the general provisions requiring disposition of real property assets by permitting the Oversight Board to direct the Successor Agency to transfer ownership to the City of certain properties that were funded by tax increment revenues and used for a governmental purpose, such as roads, school buildings, parks, and fire stations. While AB 1484 postpones the disposition process, it retains the “governmental purpose” exception.

Future Development: AB 1484 appears to provide greater flexibility to successor agencies to hold real property for future development to advance the planning objectives of the successor agency.

Sale: Properties that are not used for governmental purposes or necessary to fulfill an enforceable obligation are generally subject to disposition.

Enforceable Obligations: Successor agencies are permitted to maintain properties required to satisfy an enforceable obligation.

Postponed Disposition: The Successor Agency will prepare a long-range property management plan consistent with the statutory requirements following the issuance by DOF of a finding of completion. Based upon the AB 1484 timeline, staff does not anticipate submittal of the plan to the Oversight Board and DOF until mid-2013 and does not anticipate property dispositions until after the plan is approved.

