

Orange Countywide Oversight Board

Date: 1/25/2022

Agenda Item No. 5

From: Staff of the Orange Countywide Oversight Board

Subject: Resolution of the Countywide Oversight Board Directing Disposition of La Habra
Successor Agency Asset

Recommended Action:

Approve resolution directing disposition of La Habra Successor Agency asset.

Background

Health and Safety Code Section 34177(e) requires successor agencies to dispose of assets and properties. Health and Safety Code Section 34181(a) requires oversight boards to direct successor agencies to dispose of assets and properties. Both sections require, “Disposal shall be done expeditiously and in a manner aimed at maximizing value.”

La Habra’s Second Revised Long Range Property Management Plan (LRPMP) was approved by the former La Habra Oversight Board in 2015 and the State Department of Finance later that year.

In the LRPMP, the intended use listed for the remaining La Habra property is “Sale of Property” for Assessor Parcel Number 018-381-64, which is a portion of the parking lot in the La Habra Marketplace shopping center. That parcel has a deed restriction imposed by the prior private landowner that requires that the property be used “solely for surface level public parking lot and no other use shall be allowed thereon.”

(Government Code Section 54221(a)(1) subjects successor agency properties to the Surplus Land Act. Government Code Section 54221(b)(2) specifically applies the Surplus Land Act to land designated in an LRPMP for sale. However, Government Code Section 54221(f)(1)(g) exempts properties from the Surplus Land Act if they are “subject to valid legal restrictions that are not imposed by the local agency and that would make housing prohibited...”)

At this juncture, all other successor agencies in Orange County have either disposed of their assets and properties or made clear steps forward regarding disposing of their remaining assets and properties, such as setting timelines, issuing RFPs, or commencing negotiations with potential buyers. Through discussions with the Oversight Board staff from 2019-2022, La Habra has not provided information on any clear steps forward to dispose of their sole remaining asset.

As the only other enforceable obligations held by the La Habra Successor Agency are payments of loans and bonds, disposal of this property would enable La Habra to move to Last and Final ROPS, as several other agencies in Orange County have done.

Resolutions

Staff presents two resolutions for consideration by the Oversight Board, one of which the Board could elect to adopt:

- Attachment A is a resolution directing the La Habra Successor Agency to submit a plan to the Oversight Board regarding disposition of its remaining asset.
- Attachment B is a resolution directing the La Habra Successor Agency to dispose of its remaining asset by a date to be determined by the Oversight Board. If the Oversight Board elects to adopt Attachment B, the Board should select a date before passing the resolution.

Impact on Taxing Entities

Upon disposal of the property, the income derived would be distributed to the various taxing entities proportionally based on their property tax share from this property.

Attachments

Attachment A – Resolution Directing a Plan for Disposition

Attachment B – Resolution Directing Disposition by a Specific Date

RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

RESOLUTION NO. 22 - [Insert Reso. No.]

**A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
DIRECTING THE SUCCESSOR AGENCY TO THE FORMER LA HABRA
REDEVELOPMENT AGENCY TO DISPOSE OF CERTAIN PROPERTY PURSUANT
TO THE SECOND REVISED LONG RANGE PROPERTY MANAGEMENT PLAN AS
APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCE**

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of La Habra became the Successor Agency to the former La Habra Redevelopment Agency (“Successor Agency”); and

WHEREAS, pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate legal entity from the City of La Habra (“City”); and

WHEREAS, the Orange County Oversight Board (“Oversight Board”) was established pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to prepare a Long Range Property Management Plan (“LRPMP”) addressing the future disposition and use of all real property of the former La Habra Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34191.5(b) also requires the Successor Agency to submit the LRPMP to the Oversight Board and the State of California Department of Finance (“DOF”) for review and approval no later than six (6) months following the issuance to the Successor Agency of a Finding of Completion pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Health and Safety Code Section 34181(a) gives the Oversight Board certain powers, including the authority to direct the Successor Agency to dispose of all assets and properties of the former La Habra Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34181(a) requires that disposal of the property be done expeditiously and in a manner aimed at maximizing value; and

WHEREAS, the Oversight Board, on August 1, 2013, approved submittal of a draft LRPMP to the DOF containing all the information required by Health and Safety Code Section 34191.5; and

WHEREAS, after revisions, on July 20, 2015, the Successor Agency adopted a resolution, attached hereto as Exhibit A, approving the second revised LRPMP and directing it to be forwarded to the Oversight Board for approval and submitted to the DOF; and

WHEREAS, on July 30, 2015, the Oversight Board adopted a resolution, attached hereto as Exhibit B, approving the second revised LRPMP; and

WHEREAS, by way of a letter dated September 11, 2015 and attached hereto as Exhibit C, the DOF approved the second revised LRPMP; and

WHEREAS, the second revised LRPMP addressed seven distinct properties including a 2.84-acre parcel of land consisting of a parking lot situated in a commercial retail center on the north side of West Imperial Highway and east of South Beach Boulevard with Assessor Parcel Number 018-381-64 (the “Property”); and

WHEREAS, the second revised LRPMP lists the “permissible use” of the Property as “Sale of Property”; and

WHEREAS, in accordance with Health and Safety Code Section 34191.5(c)(2)(B), the proceeds from sale of properties not determined to be for governmental purpose will be distributed to the Affected Taxing Entities (ATE’s), or used to pay enforceable obligations; and

WHEREAS, under Health and Safety Code Section 34179(h)(2)(i), the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distribution of property tax and other revenues; and

WHEREAS, to date, the Successor Agency has not disposed of the Property as required by the second revised LRPMP.

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

SECTION 1. The Recitals set forth above are true and correct and are incorporated into the Resolution by this reference.

SECTION 2. The Countywide Oversight Board hereby directs the Successor Agency to dispose of the Property on or before [REDACTED] pursuant to the second revised LRPMP.

SECTION 3. The Oversight Board approves the transmittal of this Resolution to the DOF.

SECTION 4. This Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 5. Under Health and Safety Code Section 34179(h), written notice and information about certain actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Oversight Board’s action shall be effective five (5) business days after notice in a manner specified by the DOF unless the DOF requests a review.

SECTION 6. If any provision of this Resolution or the application of any such provision to any person or circumstances is held to be invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The

Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 7. This Resolution shall be effective immediately upon adoption.

SECTION 8. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.

RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD

RESOLUTION NO. 22 - [Insert Reso. No.]

**A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD
DIRECTING THE SUCCESSOR AGENCY TO THE FORMER LA HABRA
REDEVELOPMENT AGENCY TO SUBMIT A PLAN FOR THE DISPOSITION OF
CERTAIN PROPERTY PURSUANT TO THE SECOND REVISED LONG RANGE
PROPERTY MANAGEMENT PLAN AS APPROVED BY THE CALIFORNIA
DEPARTMENT OF FINANCE**

WHEREAS, pursuant to Health and Safety Code Section 34173(d), the City of La Habra became the Successor Agency to the former La Habra Redevelopment Agency (“Successor Agency”); and

WHEREAS, pursuant to Health and Safety Code Section 34173(g), the Successor Agency is a separate legal entity from the City of La Habra (“City”); and

WHEREAS, the Orange County Oversight Board (“Oversight Board”) was established pursuant to Health and Safety Code Section 34179(a); and

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to prepare a Long Range Property Management Plan (“LRPMP”) addressing the future disposition and use of all real property of the former La Habra Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34191.5(b) also requires the Successor Agency to submit the LRPMP to the Oversight Board and the State of California Department of Finance (“DOF”) for review and approval no later than six (6) months following the issuance to the Successor Agency of a Finding of Completion pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Health and Safety Code Section 34181(a) gives the Oversight Board certain powers, including the authority to direct the Successor Agency to dispose of all assets and properties of the former La Habra Redevelopment Agency; and

WHEREAS, Health and Safety Code Section 34179(c) also authorizes the Oversight Board to direct staff of the Successor Agency to perform work in furtherance of the Oversight Board’s and the Successor Agency’s duties and responsibilities; and

WHEREAS, Health and Safety Code Section 34181(a) requires that disposal of the property be done expeditiously and in a manner aimed at maximizing value; and

WHEREAS, the Oversight Board, on August 1, 2013, approved submittal of a draft LRPMP to the DOF containing all the information required by Health and Safety Code Section 34191.5; and

WHEREAS, after revisions, on July 20, 2015, the Successor Agency adopted a resolution, attached hereto as Exhibit A, approving the second revised LRPMP and directing it to be forwarded to the Oversight Board for approval and submitted to the DOF; and

WHEREAS, on July 30, 2015, the Oversight Board adopted a resolution, attached hereto as Exhibit B, approving the second revised LRPMP; and

WHEREAS, by way of a letter dated September 11, 2015 and attached hereto as Exhibit C, the DOF approved the second revised LRPMP; and

WHEREAS, the second revised LRPMP addressed seven distinct properties including a 2.84-acre parcel of land consisting of a parking lot situated in a commercial retail center on the north side of West Imperial Highway and east of South Beach Boulevard with Assessor Parcel Number 018-381-64 (the “Property”); and

WHEREAS, the second revised LRPMP lists the “permissible use” of the Property as “Sale of Property”; and

WHEREAS, in accordance with Health and Safety Code Section 34191.5(c)(2)(B), the proceeds from sale of properties not determined to be for governmental purpose will be distributed to the Affected Taxing Entities (ATE’s), or used to pay enforceable obligations; and

WHEREAS, under Health and Safety Code Section 34179(h)(2)(i), the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distribution of property tax and other revenues; and

WHEREAS, to date, the Successor Agency has not disposed of the Property as required by the second revised LRPMP.

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

SECTION 1. The Recitals set forth above are true and correct and are incorporated into the Resolution by this reference.

SECTION 2. The Countywide Oversight Board hereby directs the Successor Agency to present a plan to the Oversight Board for the disposition of the Property pursuant to the second revised LRPMP on or before .

SECTION 3. The Oversight Board approves the transmittal of this Resolution to the DOF.

SECTION 4. This Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 5. Under Health and Safety Code Section 34179(h), written notice and information about certain actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Oversight Board’s action shall be effective five (5) business days after notice in a manner specified by the DOF unless the DOF requests a review.

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SECTION 8. The Clerk of the Oversight Board shall certify to the adoption of this Resolution.