



CITY COUNCIL AGENDA REPORT

DATE: April 1, 2024

TO: Honorable Mayor and Members of the City Council

FROM: Tyler Summersett, Community Development Director

SUBJECT: Request to Formally Dissolve the Successor (Housing) Agency of the City of Sonora

RECOMMENDATION:

Consider adoption of Resolution 04-01-2024-A, dissolving the Successor Agency and request the Oversight Board and Auditor Controller for formal dissolution upon their review and concurrence.

BACKGROUND:

On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case, finding ABx1 26 (the "Dissolution Act") largely constitutional and AB1x 27 (the "Alternative Redevelopment Program Act") unconstitutional. The Court's bifurcated decision resulted in all California redevelopment agencies, including the Redevelopment Agency of the City of Sonora, to be dissolved under the constitutional Dissolution Act, and none will have the opportunity to opt into continued existence under the unconstitutional Alternative Redevelopment Program Act.

As the Sonora Redevelopment Agency was to be dissolved on February 1, 2012, on January 30, 2012, the City Council adopted Resolution 01-30-2012-A, electing to serve as the Successor Agency to the City of Sonora Redevelopment Agency. All non-housing funds and assets were then turned over to the successor agency who is charged with the responsibility of paying off the former Redevelopment Agency's existing debts, disposing of the former Redevelopment Agency's properties and assets to help pay off debts and return revenues to the local government entities that receive property taxes, and winding up the affairs of the former Redevelopment Agency. The City elected not to retain the Redevelopment Agency's affordable housing assets, other than its existing housing fund balance, and were turned over to the County, as successor housing agency, to continue to perform affordable housing activities. The former Redevelopment Agency's affordable housing fund balance will be used to repay existing housing fund debts and/or remitted to the County Auditor-Controller for distribution to the Taxing Entities.

An Oversight Board consisting of seven representatives selected by the County, the City and various local education and utility districts, is charged with overseeing the activities of the Successor Agency. The Oversight Board does not have a regular meeting schedule. To date, they have met on an as needed basis.

DISCUSSION / ANALYSIS:

Health and Safety Code (HSC) section 34187 states to formally dissolve a Successor Agency (Agency), the Agency, in this case the City of Sonora, shall submit to the Oversight Board (OB) a request to dissolve, with a copy of the request to the County Auditor-Controller once the following three conditions have been met:

- All of the enforceable obligations on the Recognized Obligation Payment Schedule have been retired or paid off.
- All real property has been disposed of pursuant to HSC section 34181 or 34191.4
- All outstanding litigation has been resolved.

The next step involves the Oversight Board. The OB needs to approve the request to dissolve from the Agency within 30 days and submit the request to the (State) Department of Finance. Finance will then review the request and approve or deny within 30 days.

Within 100 days of receipt of the Department of Finance dissolution approval notification, the Agency shall dispose of all remaining assets as directed by the Oversight Board and submit the sale proceeds to the County Auditor-Controller for distribution to the affected taxing entities, then notify the OB of these Agency actions.

Upon receipt of the notification, the Oversight Board is to verify the following:

- All obligations have been retired or paid off.
- All outstanding litigation has been resolved.
- All remaining assets have been disposed of with any proceeds remitted to the Auditor-Controller for distribution.

Within 14 days of verification, the OB is to adopt a final resolution of dissolution for the Agency, to be effective immediately. This resolution is to be submitted to the sponsoring entity (City), County Auditor-Controller, State Controllers office, and (State) department of Finance by electronic means.

FISCAL IMPACT:

There is no cost associated with these actions outside of staff time for coordination.

ATTACHMENTS:

Resolution 04-01-2024-A

Financials