

STAFF REPORT
Lancaster Housing Authority
Lancaster Successor Agency

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04/23/13
MVB

Date: April 23, 2013

To: Chair Parris and Board Members
Chair Szeto and Authority Members

From: Barbara Boswell, Finance Director

Subject: **Approval of Use of Available Housing Bond Proceeds to Defeas Bonds**

Recommendation:

Successor Agency Recommendation:

Adopt **Resolution No. SA 05-13**, approving the use of unspent bond proceeds of the former Redevelopment Agency's combined redevelopment project areas (housing programs) tax allocation bonds, issue of 2009 for the purpose of defeasing a portion of the outstanding bonds.

Housing Authority Recommendation:

Adopt **Resolution No. HA 01-13**, approving the use of unspent bond proceeds of the former Redevelopment Agency's combined redevelopment project areas (housing programs) tax allocation bonds, issue of 2009 for the purpose of defeasing a portion of the outstanding bonds.

Fiscal Impact:

The defeasance of a portion of the outstanding bonds will result in annual debt service payment savings estimated at approximately \$500,000.

Background:

The adoption of AB x 1 26 effective June 29, 2011 resulted in the dissolution of all redevelopment agencies in the State of California and the creation of successor agencies tasked with handling the winding down of the operations of the former redevelopment agencies. The Lancaster Successor Agency has been prevented from spending the remaining proceeds from the Issue of 2009 in a timely manner. Since dissolution, and as a result of decreases in assessed valuations within the project areas, the successor agency has received insufficient property tax revenue distributions to cover debt service payments resulting in drawdowns from reserves to meet the obligations.

In order to reduce the enforceable obligations and annual debt service associated with the obligations, it is recommended that the remaining unspent bond proceeds be utilized to defease a portion of the outstanding 2009 bonds.

In addition to approval by the Successor Agency and Housing Authority, this action will also require approval by the Oversight Board and State of California Department of Finance.

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Attachments:

Successor Agency Resolution No. 05-13

Housing Authority Resolution No. 01-13