

REDEVELOPMENT AGENCY  
March 8, 2011  
**COMPANION TO ITEM 12D**

Honorable Chairman and Members  
of the Redevelopment Agency of the City of Torrance  
City Hall  
Torrance, California

**Members of the Agency:**

**SUBJECT: ENTER INTO A COOPERATION AGREEMENT BY AND BETWEEN THE CITY OF TORRANCE AND THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE FOR FUNDING OF CAPITAL IMPROVEMENT PROJECTS, AFFORDABLE HOUSING PROJECTS, PUBLICLY OWNED IMPROVEMENTS, PROFESSIONAL SERVICES AND OTHER PROGRAMS**

**RECOMMENDATION**

The Deputy Executive Director recommends that the Redevelopment Agency (Agency) adopt a **RESOLUTION** authorizing the Chair to Execute, and the Agency Clerk to Attest and deliver to the City of Torrance, a Cooperation Agreement by and between The City of Torrance and The Redevelopment Agency of The City of Torrance for funding of capital improvement projects, affordable housing projects, publicly owned improvements, professional services and other programs, together with all documents associated with or implementing the Cooperation Agreement. **COMPANION TO ITEM 12D**

**FUNDING**

Funding is not required for this item.

**BACKGROUND/ ANALYSIS**

The State of California is in a fiscal crisis with a structural deficit that has been carried forward over many state budgets. Governor Brown has made a legislative proposal in the FY2011/12 State Budget that if enacted would abolish all redevelopment agencies in California as of July 1, 2011. Once eliminated, a "successor agency" would be established to continue to administer payment of the redevelopment agency's "contractual obligations" but otherwise charged to wrap up the affairs of the redevelopment agency. If the legislation is successful, it is unclear at this time how the assets of the Agency would be distributed and or how the goals of the Agency would be carried out. By entering into a Cooperation Agreement staff believes it strengthens the City's ability to ensure

that the Agency's mission for funding of capital improvement projects, affordable housing projects, publicly owned improvements, professional services and other programs would be carried out under the control of the City of Torrance.

The legislation, as proposed, would be devastating to the mission of the Agency and the overall desire to improve specific areas of the City of Torrance. Staff believes the Cooperative Agreement is the best available vehicle to maintain local control and ensure that capital improvement projects, affordable housing projects, publicly owned improvements, professional services and other programs, as identified in the Cooperation Agreement, are funded and implemented.

Respectfully submitted,



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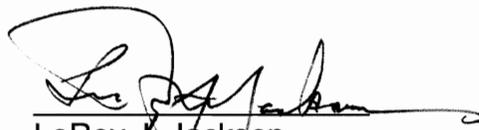
Jeffery W. Gibson  
Deputy Executive Director

CONCUR:



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John L. Fellows III  
Agency Counsel



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LeRoy J. Jackson  
Executive Director

Attachments:

- A. Resolution
- B. Cooperation Agreement

## REDEVELOPMENT AGENCY RESOLUTION NO. RA2011-\_\_\_

## A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE APPROVING A COOPERATION AGREEMENT BY AND BETWEEN THE CITY OF TORRANCE AND THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE FOR FUNDING OF CAPITAL IMPROVEMENT PROJECTS, AFFORDABLE HOUSING PROJECTS, PUBLICLY OWNED IMPROVEMENTS, AND PROFESSIONAL SERVICES

WHEREAS, the Redevelopment Agency of the City of Torrance (“Agency”) is a public body, corporate and politic, organized and existing under the Community Redevelopment Law, California Health and Safety Code Section 33000, et seq. (the “CRL”) to carry out the purposes of redevelopment in the City of Torrance (“City”), including the alleviation of blight and provision of affordable housing in the Downtown, Industrial and Skypark Redevelopment Project Areas (the “Project Areas”), as established and referenced in the Redevelopment Plan for the Downtown, Industrial and Skypark Redevelopment Project Areas (the “Redevelopment Plans”); and

WHEREAS, the Agency, pursuant to Health and Safety Code Sections 33445 and 33445.1, is authorized to provide funding for the development of publicly owned improvements; and

WHEREAS, the City and Agency mutually desire to enter into a Cooperation Agreement by and between the City of Torrance and The Redevelopment Agency of the City of Torrance (the “Agreement”) to, among other things, set forth their rights and obligations with respect to the funding of certain projects and programs (collectively, “Projects”), which include public improvements and facilities (the “Public Improvements”), all as more particularly described in Recital A of the Agreement; and

WHEREAS, City does not have the funding to plan, design, build, or implement the Projects or Public Improvements without Agency funding; and

WHEREAS, to ensure that the Projects and Public Improvements are completed in a timely manner, the Agency and City wish to enter into the Agreement; and

WHEREAS, City and Agency wish to ensure the continued provision of affordable housing within the community to serve the needs of existing and future residents who qualify as persons and families of low or moderate income as defined Health and Safety Code Section 50093 (“low and moderate income households”); and

WHEREAS, to ensure that adequate housing is provided for low and moderate income households, Agency wishes to transfer to the City specified amounts of its low and moderate income housing funds, as defined in Health and Safety Code Sections 33334.2 and 33334.3 (“Low and Moderate Income Housing Funds”), which are not otherwise pledged for other

purposes, in order to fund the “Affordable Housing Projects” identified in Recital A of the Agreement (“Housing Projects”); and

WHEREAS, City does not have the funding to plan, design, or build the Housing Projects without Agency funding; and

WHEREAS, to ensure that the Housing Projects are completed in a timely manner and that the City’s residents of all income categories have descent, safe and sanitary housing, the Agency desires to fund the Housing Projects through the Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE, AS FOLLOWS:

Section 1. The above recitals are true and correct and incorporated herein.

Section 2. Pursuant to Health and Safety Code Section 33445, subdivisions (a) and (g), the Board of Directors hereby finds and determines that:

- A. The Public Improvements to be constructed either entirely within or contiguous to the Project Areas, or located both within the Project Areas and extending beyond the Project Areas’ boundaries, as identified in the Agreement, are of benefit to the Project Areas by: (i) helping to eliminate blight within the Project Areas, in that said Public Improvements consist of public infrastructure improvements for infill, vacant, and obsolete sites, and the Redevelopment Plans provide for the elimination and prevention of the spread of blight and blighting influences through the installation, construction, re-construction, redesign, or reuse of streets, utilities, curbs, gutters, sidewalks, landscaping, traffic control devices, water and flood control facilities, disability access improvements, and other public improvements; and (ii) providing and assisting in the development, substantial rehabilitation, and preservation of Housing Projects for low and moderate income households by, among other reasons, servicing as on-site and off-site public infrastructure improvements for Housing Projects.
- B. No other reasonable means of financing the Public Improvements are available to the community, for the following reasons: (i) City monies are dedicated to critical police, fire, and other necessary expenditures, including other capital improvement projects; (ii) the only practical means of paying for the Public Improvements is to use Agency funding; and (iii) without Agency funding for the Public Improvements, the Public Improvements would not be completed, all to the detriment of the Project Areas.
- C. The Public Improvements are consistent with the Agency’s implementation plan adopted pursuant to Health and Safety Code Section 33490 (the “Implementation Plan”), in that improving public infrastructure and facilities within the Project Areas, and the provision of housing for low and moderate income households, are goals set forth in the Implementation Plan.

Section 3. Pursuant to Health and Safety Code Section 33445.1, the Board of Directors hereby finds and determines that:

- A. The Public Improvements to be constructed outside the Project Areas and not contiguous thereto, as identified in the Agreement, are of primary benefit to the Project Area by: (i) helping to eliminate blight within the Project Areas, in that said Public Improvements consist of public infrastructure improvements located approximately 1000 feet from the Project Areas and otherwise nearby, and the Redevelopment Plan provides for the elimination and prevention of the spread of blight and blighting influences through the installation, construction, reconstruction, redesign, or reuse of bridges, streets, utilities, curbs, gutters, sidewalks, landscaping, traffic control devices, water and flood control facilities, disability access improvements, and other public improvements; and (ii) providing and assisting in the development, substantial rehabilitation, and preservation of Housing Projects for low and moderate income households by, among other reasons, servicing as on-site and off-site public infrastructure improvements for Housing Projects.
- B. No other reasonable means of financing the acquisition of the land or the installation or construction of the Public Improvements are available to the community, including, but not limited to, general obligation bonds, revenue bonds, special assessment bonds, or bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982, taking into account all relevant factors including legal factors such as the eligibility of such improvements and facilities for funding under the governing statutes, economic factors such as prevailing interest rates and market conditions, and political factors such as the priority of commitments of other public funding sources, the ability or willingness of property owners or taxpayers to bear the cost of any special assessments, or other charges, and the unlikelihood of obtaining voter approval, if required.
- C. The Public Improvements are consistent with the Agency's implementation plan adopted pursuant to Health and Safety Code Section 33490 (the "Implementation Plan"), in that improving public infrastructure and facilities, and the provision of housing for low and moderate income households, are goals set forth in the Implementation Plan.
- D. The Public Improvements are provided for in the Redevelopment Plans, in that improving public infrastructure and facilities, and the provision of housing for low and moderate income households, are goals set forth in the Implementation Plan.

Section 4. Pursuant to Health and Safety Code Section 33413 and the CRL in general, Agency hereby authorizes the use of its Low and Moderate Income Housing Funds outside the Project Areas to the extent the Housing Projects or portions thereof may be outside thereof. Nothing in this Resolution shall supersede any prior resolution, regulation, or agreement by Agency or City that authorizes the use of Low and Moderate Income Housing Funds outside the Project Areas. Rather, the authorization in this Section 4 is and shall be deemed to be supplementary to any

other prior authorization for the use of Low and Moderate Income Housing Funds outside the Project Area.

Section 5. The Agency's expenditures for the Projects and Public Improvements are necessary to effectuate the purposes of the Redevelopment Plans and are in the best interests of the City. Furthermore, use of the Low and Moderate Income Housing Funds for the Housing Projects is necessary and proper because, based on substantial evidence, neither the Agency nor the owners of the Housing Projects are able to obtain commercial or private financing in excess of the amounts anticipated for said Housing Projects that would otherwise "fill the gap" to develop the Housing Projects with the same level of affordability and quality.

Section 6. The Agreement, a copy of which is on file with the Agency Secretary, is hereby approved by the Board of Directors, and shall be executed immediately upon adoption of this Resolution.

Section 7. The Agency Executive Director is hereby authorized to execute on behalf of the Agency any and all necessary and proper amendments, implementing documents, or other agreements to effectuate the terms, conditions, and intent of the Agreement.

APPROVED and ADOPTED this \_\_\_ day of March, 2011.

\_\_\_\_\_  
Chair  
Redevelopment Agency of the City of Torrance

ATTEST:

\_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

JOHN L. FELLOWS III  
AGENCY COUNSEL

By: \_\_\_\_\_  
Patrick Q. Sullivan  
Assistant Agency Counsel

COOPERATION AGREEMENT BETWEEN THE CITY OF TORRANCE AND THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE FOR FUNDING OF CAPITAL IMPROVEMENT PROJECTS, AFFORDABLE HOUSING PROJECTS, PUBLICLY OWNED IMPROVEMENTS, AND PROFESSIONAL SERVICES

THIS COOPERATION AGREEMENT BETWEEN THE CITY OF TORRANCE AND THE REDEVELOPMENT AGENCY OF THE CITY OF TORRANCE FOR FUNDING OF CAPITAL IMPROVEMENT PROJECTS, AFFORDABLE HOUSING PROJECTS, PUBLICLY OWNED IMPROVEMENTS, AND PROFESSIONAL SERVICES (the "Agreement") is dated as of the 8th day of March, 2011 (the "Agreement Date"), and is being entered into by and between the City of Torrance, a municipal corporation ("City") and the Redevelopment Agency of the City of Torrance a public body, corporate and politic ("Agency").

R E C I T A L S:

A. Prior to the Agreement Date, Agency has initiated the following identified projects and programs (collectively, as referred to herein, the "Projects") to alleviate blight in and benefit the Downtown, Industrial and Skypark Redevelopment Project Areas (the "Project Areas"), as established and referenced in the Redevelopment Plans for the Downtown, Industrial and Skypark Redevelopment Project Areas (the "Redevelopment Plans") and the Agency's current Five-Year Implementation Plan thereof (the "Implementation Plan"):

1. Affordable Housing Projects. These projects (referred to in this Agreement as the "Affordable Housing Projects") involve the acquisition of real property and funding for the development of land for residential dwelling units by a housing developer or developers, either within or outside of the Project Areas, specifically for the provision of low and moderate income housing in accordance with the requirements of Health and Safety Code Sections 33334.2 and 33334.3. Pursuant to the Community Redevelopment Law (the "CRL"), Agency has the obligation to set aside and use no less than 20% of its tax increment funds allocated pursuant to Article XVI, Section 16 of the California Constitution and Health and Safety Code Section 33670 for the purpose of increasing, improving, and preserving the community's supply of low and moderate income housing. Furthermore, the CRL requires that at least 15% of all new and substantially rehabilitated dwelling units privately developed within the Project Area must be available at affordable housing cost to, and occupied by, low and moderate income households (the "Agency's Inclusionary Housing Requirement"). To satisfy the Agency's Inclusionary Housing Requirement, in whole or in part, Agency may cause by regulation or agreement that two (2) units outside the Project Area for each unit within the Project Area will be available at affordable costs to, and occupied by, low or moderate income households. The Affordable Housing Projects are:

a. 1640 Cabrillo Avenue, Torrance, California [on Agency books but not constructed] with a potential subsidy for construction not to exceed \$8 million.

b. Home Improvement Program (HIP). Budgeted annual expenditure of approximately \$365,000 per fiscal year, adjusted annually in an amount not to exceed 15%, to repair and rehabilitate housing for owner-occupied low income seniors.

2. Commercial Rebate Program and Rights of First Refusal. This Program assists in rehabilitating commercial properties in the Downtown Project Area in connection with façade upgrades contracted by owners of up to one-half the cost, in an amount not to exceed \$40,000 per transaction. In exchange, the Agency receives a right of first refusal to purchase the property in the event of sale or potential sale.

B. The Projects identified in Recital A.1 are Affordable Housing Projects that further the compliance with the Agency's Inclusionary Housing Requirement, and that the use of Agency funds for the Affordable Housing Projects is necessary because no other commercial or private means of financing the Affordable Housing Projects is available to "fill the gap" necessary to finance the development at the same level of affordability and quality. The Projects identified in Recital A.1 above consist in whole or in part of public improvements and facilities that are owned or will be owned by the City, Agency, or other public agency (but no public buildings subject to the provisions of California Health & Safety Code Section 33679). In this regard, California Health & Safety Code Section 33445 authorizes Agency, with the consent of the City Council of City, to pay all or a part of the value of the land for and the cost of the installation and construction of those public improvements and facilities situated within or contiguous to the Project Areas (which applies to the public improvements and facilities referred to in Recital A.1) and if Agency's Board of Directors and the City Council of City make the following determinations: (1) that the acquisition of land or the installation or construction of the public improvements and facilities are of benefit to the Project Areas by helping to eliminate blight within the Project Areas or providing housing for low- or moderate-income persons; (2) that no other reasonable means of financing the acquisition of the land or installation or construction of the public improvements and facilities are available to the community; and (3) that the payment of Agency tax increment funds for the acquisition of land or the cost of the public improvements or facilities is consistent with Agency's Implementation Plan adopted pursuant to Health & Safety Code Section 33490. In addition, California Health & Safety Code Section 33445.1 further authorizes Agency, with the consent of the City Council of City, to pay all or a part of the value of the land for and the cost of the installation and construction of those public improvements and facilities not situated within or contiguous to the Project Areas (which applies to the public improvements and facilities referred to in Recital A.1) if Agency's Board of Directors and the City Council of City make the following additional findings: (1) that the acquisition of the land or the installation or construction of the public improvements and facilities are of primary benefit to the Project Areas and help to eliminate blight within the Project Areas or will directly assist in the provision of housing for low-or moderate-income persons; (2) that no other reasonable means of financing the acquisition of the land or the installation or construction of the public improvements and facilities are available to the community, including, but not limited to, general obligation bonds, revenue bonds, special assessment bonds, or bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982, taking into account all relevant factors including legal factors such as the eligibility of

such improvements and facilities for funding under the governing statutes, economic factors such as prevailing interest rates and market conditions, and political factors such as the priority of commitments of other public funding sources, the ability or willingness of property owners or taxpayers to bear the cost of any special assessments, or other charges, and the unlikelihood of obtaining voter approval, if required; and (3) that the acquisition of land and the installation of each public improvement or facility is provided for in the redevelopment plan for the Project Areas. The Project identified in Recital A.1.b is an ongoing funding program that furthers the alleviation of blight.

C. Pursuant to California Health & Safety Code Section 33220 and City's police powers, City has the authority to aid and cooperate with Agency in the planning, undertaking, construction or operation of redevelopment projects within the area in which City and Agency are authorized to act.

D. City and Agency desire to enter into this Agreement to ensure that the above-referenced Projects are funded and implemented.

#### A G R E E M E N T:

NOW, THEREFORE, based on the foregoing Recitals, which are incorporated herein by this reference, and for good and valuable consideration, the receipt and sufficiency of which is acknowledged by both parties, City and Agency agree as follows:

1. City Consent; Findings and Determinations. The City Council of City consents to Agency's expenditure of property tax increment revenues generated from the Project Areas to pay for the Projects requiring City Council consent, including without limitation the public improvement projects referred to in Recital A.1 of this Agreement, inclusive. The City Council of City and the Board of Directors further hereby confirm and declare that they have made all of the findings and determinations referred to in Recital B of this Agreement. With respect to the findings and determinations made, the City Council of City and Board of Directors of Agency further hereby find that such public improvements and facilities will be of primary benefit to the Project Areas; that such public improvements and facilities will benefit the Project Areas by helping to maintain critical public infrastructure necessary to eliminate blight within the Project Areas; that City has no other public funds available to pay for such public improvements and facilities due to the substantial decline in tax revenues and state of the economy; that the cost of the public improvements makes bond financing marginal at best, taking into consideration the significant costs that would be incurred to obtain voter approval and issue bonds; that such public improvements are not revenue-producing assets and would not support revenue bonds; and that it is extremely unlikely the City's voters in general or a more limited class of voters or property owners adjacent to the project site would approve general obligation, special assessment, or community facility district bonds as would be required if those sources of funds were to be used.

2. Agency Funding. Agency hereby covenants and pledges to pay to City all of the actual and reasonable costs incurred by City to implement the Projects, with the Affordable Housing Projects to be paid by Agency with (to the maximum extent allowed by the CRL) low and moderate income housing funds as provided for in Health and Safety Code Sections 33334.2

and 33334.3 (“Low and Moderate Income Housing Funds”) and all other Projects or portions thereof to be paid by Agency with tax increment funds allocated pursuant to Article XVI, Section 16 of the California Constitution and Health and Safety Code Section 33670 that are not Low and Moderate Income Housing Funds (“General Tax Increment Funds”), with the further understanding that the actual costs may differ from the estimated cost amounts referred to in Recital A, but in no event shall the Agency have an obligation under this Agreement to pay for each identified Project in Recital A.1.a an amount that exceeds that Project’s total estimate as set forth in Recital A.1.a. By way of example and application of the previous sentence, the maximum total pledge and payment that Agency has under this Agreement for the 1640 Cabrillo Avenue Project set forth in Recital A.1.a is \$8,000,000. Agency payments may be made as City costs are incurred or in advance, as determined by City. City shall be entitled to periodically invoice Agency for payment of eligible costs and Agency shall pay eligible costs within thirty (30) days after receipt of invoice. City shall expend all payments received from Agency pursuant to this Agreement only for the identified Projects, as the same may be modified from time to time consistent with this Agreement. Upon Agency’s request, City shall account to Agency for all City costs and expenditures.

3. Indebtedness of Agency. Agency’s funding of the Projects is intended to and shall constitute an indebtedness of Agency within the meaning of Article XVI, Section 16 of the California Constitution and California Health & Safety Code Section 33670(b). Agency shall include the cost of the Projects on Agency’s annual statements of indebtedness that Agency is required to annually file pursuant to California Health & Safety Code Section 33675 and shall take all legal actions required to have sufficient property tax increment revenues allocated and paid to Agency to enable Agency to timely perform its payment obligations to City hereunder.

4. Subordination. Agency’s funding obligations hereunder shall be junior and subordinate to (i) all Agency tax allocation bonds or other direct long-term indebtedness of Agency, (ii) all pledges by Agency of tax increments for tax allocation bonds or other direct long-term indebtedness of Agency, (iii) other Agency financial agreements or other contractual obligations of Agency, and (iv) any contingent obligations of Agency. This subordination provision shall be applicable to all such Agency obligations as set forth in this section, whether such obligations are incurred prior to or after the effective date of this Agreement.

5. Binding on Successors and Assigns. To the maximum extent permitted by law, this Agreement is intended to be binding upon the voluntary and involuntary successors and assigns of City and Agency.

6. Severability. Each provision of this Agreement shall be severable from the whole, and if any provision of this Agreement shall be found contrary to law, the remainder of this Agreement shall remain in full force and effect.

7. Non-Recourse Obligation. No officer, official, employee, agent, or representative of Agency or City shall be liable for any amounts due hereunder, and no judgment or execution thereon entered in any action herein shall be personally enforced against any such officer, official, employee, agent, or representative.



IN WITNESS WHEREOF, City and Agency have entered into this Agreement to be effective as of the Agreement Date.

CITY OF TORRANCE

By: \_\_\_\_\_  
Frank Scotto, Mayor

ATTEST:

\_\_\_\_\_  
Sue Herbers, CMC, City Clerk

APPROVED AS TO FORM:  
JOHN L. FELLOWS III  
CITY ATTORNEY

By: \_\_\_\_\_  
Patrick Q. Sullivan,  
Assistant City Attorney

REDEVELOPMENT AGENCY  
OF THE CITY OF TORRANCE

By: \_\_\_\_\_  
Frank Scotto, Chair

ATTEST:

\_\_\_\_\_  
Sue Herbers, CMC, Agency Secretary

APPROVED AS TO FORM:  
JOHN L. FELLOWS III  
AGENCY COUNSEL

By: \_\_\_\_\_  
Patrick Q. Sullivan,  
Assistant Agency Counsel