

AMENDED IN SENATE SEPTEMBER 2, 2011

CALIFORNIA LEGISLATURE—2011–12 FIRST EXTRAORDINARY SESSION

**ASSEMBLY BILL**

**No. 25**

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**Introduced by Assembly Member Blumenfield**

May 19, 2011

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~~An act relating to the Budget Act of 2011. An act to amend Sections 33334.2, 33690, 33690.5, 34162, 34163, 34165, 34167, 34171, 34176, 34177, 34179, 34181, 34182, 34183, 34185, 34187, 34194, 34194.4, and 34195 of, and to add Section 34194.25 to, the Health and Safety Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 25, as amended, Blumenfield. ~~Budget Act of 2011. Redevelopment.~~

*Existing law requires a redevelopment agency, for the 2009–10 and 2010–11 fiscal years, to deposit revenue payments in its county's Supplemental Educational Revenue Augmentation Fund for allocation to school entities. Existing law authorizes an agency, in order to make these payments, to borrow the amount required to be allocated to that agency's Low and Moderate Income Housing Fund and requires the agency to repay the borrowed funds by a specified date.*

*This bill would authorize an agency to extend the date of repayment for the borrowed funds by 5 years.*

*Existing law suspends various activities of redevelopment agencies and prohibits the agencies from incurring indebtedness for a specified period. Existing law also dissolves redevelopment agencies and community development agencies, as of October 1, 2011, and designates successor agencies, as defined. Existing law exempts from dissolution*

*a redevelopment agency of a community where the city or county that created the agency participates in a voluntary alternative redevelopment program, as prescribed. Existing law requires a participating city or county to make specified remittances for deposit in the Special District Allocation Fund and authorizes that city or county to enter into an agreement with an agency whereby the agency would transfer a portion of its tax increment to the city or county for the purpose of financing specified activities.*

*This bill would make technical, clarifying, and conforming changes to these provisions. The bill would modify provisions relating to agency indebtedness and the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies. The bill would also provide, for the 2012–13 and 2013–14 fiscal years only, that an agreement to transfer tax increment between a city or county and an agency may include an additional amount to reimburse the city for a specified shortfall. The bill would make certain provisions operative only if a specified provision of law is operative.*

*The bill would appropriate \$1,000 from the General Fund to the Department of Finance for the costs to comply with the bill.*

*The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.*

*This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.*

*This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.*

*This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2011.*

*The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and*

~~stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.~~

~~This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.~~

~~Vote: majority. Appropriation: ~~no~~yes. Fiscal committee: ~~no~~yes. State-mandated local program: no.~~

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 33334.2 of the Health and Safety Code  
2     is amended to read:

3     33334.2. (a) Except as provided in subdivision (k), not less  
4     than 20 percent of all taxes that are allocated to the agency pursuant  
5     to Section 33670 shall be used by the agency for the purposes of  
6     increasing, improving, and preserving the community’s supply of  
7     low- and moderate-income housing available at affordable housing  
8     cost, as defined by Section 50052.5, to persons and families of  
9     low or moderate income, as defined in Section 50093, lower  
10    income households, as defined by Section 50079.5, very low  
11    income households, as defined in Section 50105, and extremely  
12    low income households, as defined by Section 50106, that is  
13    occupied by these persons and families, unless one of the following  
14    findings is made annually by resolution:

15    (1) (A) That no need exists in the community to improve,  
16    increase, or preserve the supply of low- and moderate-income  
17    housing, including housing for very low income households in a  
18    manner that would benefit the project area and that this finding is  
19    consistent with the housing element of the community’s general  
20    plan required by Article 10.6 (commencing with Section 65580)  
21    of Chapter 3 of Division 1 of Title 7 of the Government Code,  
22    including its share of the regional housing needs of very low  
23    income households and persons and families of low or moderate  
24    income.

25    (B) This finding shall only be made if the housing element of  
26    the community’s general plan demonstrates that the community  
27    does not have a need to improve, increase, or preserve the supply  
28    of low- and moderate-income housing available at affordable  
29    housing cost to persons and families of low or moderate income  
30    and to very low income households. This finding shall only be

1 made if it is consistent with the planning agency’s annual report  
 2 to the legislative body on implementation of the housing element  
 3 required by subdivision (b) of Section 65400 of the Government  
 4 Code. No agency of a charter city shall make this finding unless  
 5 the planning agency submits the report pursuant to subdivision (b)  
 6 of Section 65400 of the Government Code. This finding shall not  
 7 take effect until the agency has complied with subdivision (b) of  
 8 this section.

9 (2) (A) That some stated percentage less than 20 percent of the  
 10 taxes that are allocated to the agency pursuant to Section 33670  
 11 is sufficient to meet the housing needs of the community, including  
 12 its share of the regional housing needs of persons and families of  
 13 low- or moderate-income and very low income households, and  
 14 that this finding is consistent with the housing element of the  
 15 community’s general plan required by Article 10.6 (commencing  
 16 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the  
 17 Government Code.

18 (B) This finding shall only be made if the housing element of  
 19 the community’s general plan demonstrates that a percentage of  
 20 less than 20 percent will be sufficient to meet the community’s  
 21 need to improve, increase, or preserve the supply of low- and  
 22 moderate-income housing available at affordable housing cost to  
 23 persons and families of low or moderate income and to very low  
 24 income households. This finding shall only be made if it is  
 25 consistent with the planning agency’s annual report to the  
 26 legislative body on implementation of the housing element required  
 27 by subdivision (b) of Section 65400 of the Government Code. No  
 28 agency of a charter city shall make this finding unless the planning  
 29 agency submits the report pursuant to subdivision (b) of Section  
 30 65400 of the Government Code. This finding shall not take effect  
 31 until the agency has complied with subdivision (b) of this section.

32 (C) For purposes of making the findings specified in this  
 33 paragraph and paragraph (1), the housing element of the general  
 34 plan of a city, county, or city and county shall be current, and shall  
 35 have been determined by the department pursuant to Section 65585  
 36 to be in substantial compliance with Article 10.6 (commencing  
 37 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the  
 38 Government Code.

39 (3) (A) That the community is making a substantial effort to  
 40 meet its existing and projected housing needs, including its share

1 of the regional housing needs, with respect to persons and families  
2 of low and moderate income, particularly very low income  
3 households, as identified in the housing element of the  
4 community's general plan required by Article 10.6 (commencing  
5 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the  
6 Government Code, and that this effort, consisting of direct financial  
7 contributions of local funds used to increase and improve the  
8 supply of housing affordable to, and occupied by, persons and  
9 families of low or moderate income and very low income  
10 households is equivalent in impact to the funds otherwise required  
11 to be set aside pursuant to this section. In addition to any other  
12 local funds, these direct financial contributions may include federal  
13 or state grants paid directly to a community and that the community  
14 has the discretion of using for the purposes for which moneys in  
15 the Low and Moderate Income Housing Fund may be used. The  
16 legislative body shall consider the need that can be reasonably  
17 foreseen because of displacement of persons and families of low  
18 or moderate income or very low income households from within,  
19 or adjacent to, the project area, because of increased employment  
20 opportunities, or because of any other direct or indirect result of  
21 implementation of the redevelopment plan. No finding under this  
22 subdivision may be made until the community has provided or  
23 ensured the availability of replacement dwelling units as defined  
24 in Section 33411.2 and until it has complied with Article 9  
25 (commencing with Section 33410).

26 (B) In making the determination that other financial  
27 contributions are equivalent in impact pursuant to this subdivision,  
28 the agency shall include only those financial contributions that are  
29 directly related to programs or activities authorized under  
30 subdivision (e).

31 (C) The authority for making the finding specified in this  
32 paragraph shall expire on June 30, 1993, except that the expiration  
33 shall not be deemed to impair contractual obligations to  
34 bondholders or private entities incurred prior to May 1, 1991, and  
35 made in reliance on the provisions of this paragraph. Agencies that  
36 make this finding after June 30, 1993, shall show evidence that  
37 the agency entered into the specific contractual obligation with  
38 the specific intention of making a finding under this paragraph in  
39 order to provide sufficient revenues to pay off the indebtedness.

1 (b) Within 10 days following the making of a finding under  
2 either paragraph (1) or (2) of subdivision (a), the agency shall send  
3 the Department of Housing and Community Development a copy  
4 of the finding, including the factual information supporting the  
5 finding and other factual information in the housing element that  
6 demonstrates that either (1) the community does not need to  
7 increase, improve, or preserve the supply of housing for low- and  
8 moderate-income households, including very low income  
9 households, or (2) a percentage less than 20 percent will be  
10 sufficient to meet the community's need to improve, increase, and  
11 preserve the supply of housing for low- and moderate-income  
12 households, including very low income households. Within 10  
13 days following the making of a finding under paragraph (3) of  
14 subdivision (a), the agency shall send the Department of Housing  
15 and Community Development a copy of the finding, including the  
16 factual information supporting the finding that the community is  
17 making a substantial effort to meet its existing and projected  
18 housing needs. Agencies that make this finding after June 30, 1993,  
19 shall also submit evidence to the department of its contractual  
20 obligations with bondholders or private entities incurred prior to  
21 May 1, 1991, and made in reliance on this finding.

22 (c) In any litigation to challenge or attack a finding made under  
23 paragraph (1), (2), or (3) of subdivision (a), the burden shall be  
24 upon the agency to establish that the finding is supported by  
25 substantial evidence in light of the entire record before the agency.  
26 If an agency is determined by a court to have knowingly  
27 misrepresented any material facts regarding the community's share  
28 of its regional housing need for low- and moderate-income housing,  
29 including very low income households, or the community's  
30 production record in meeting its share of the regional housing need  
31 pursuant to the report required by subdivision (b) of Section 65400  
32 of the Government Code, the agency shall be liable for all court  
33 costs and plaintiff's attorney's fees, and shall be required to allocate  
34 not less than 25 percent of the agency's tax increment revenues to  
35 its Low and Moderate Income Housing Fund in each year  
36 thereafter.

37 (d) Nothing in this section shall be construed as relieving any  
38 other public entity or entity with the power of eminent domain of  
39 any legal obligations for replacement or relocation housing arising  
40 out of its activities.

1 (e) In carrying out the purposes of this section, the agency may  
2 exercise any or all of its powers for the construction, rehabilitation,  
3 or preservation of affordable housing for extremely low, very low,  
4 low- and moderate-income persons or families, including the  
5 following:

6 (1) Acquire real property or building sites subject to Section  
7 33334.16.

8 (2) (A) Improve real property or building sites with onsite or  
9 offsite improvements, but only if both (i) the improvements are  
10 part of the new construction or rehabilitation of affordable housing  
11 units for low- or moderate-income persons that are directly  
12 benefited by the improvements, and are a reasonable and  
13 fundamental component of the housing units, and (ii) the agency  
14 requires that the units remain available at affordable housing cost  
15 to, and occupied by, persons and families of extremely low, very  
16 low, low, or moderate income for the same time period and in the  
17 same manner as provided in subdivision (c) and paragraph (2) of  
18 subdivision (f) of Section 33334.3.

19 (B) If the newly constructed or rehabilitated housing units are  
20 part of a larger project and the agency improves or pays for onsite  
21 or offsite improvements pursuant to the authority in this  
22 subdivision, the agency shall pay only a portion of the total cost  
23 of the onsite or offsite improvement. The maximum percentage  
24 of the total cost of the improvement paid for by the agency shall  
25 be determined by dividing the number of housing units that are  
26 affordable to low- or moderate-income persons by the total number  
27 of housing units, if the project is a housing project, or by dividing  
28 the cost of the affordable housing units by the total cost of the  
29 project, if the project is not a housing project.

30 (3) Donate real property to private or public persons or entities.

31 (4) Finance insurance premiums pursuant to Section 33136.

32 (5) Construct buildings or structures.

33 (6) Acquire buildings or structures.

34 (7) Rehabilitate buildings or structures.

35 (8) Provide subsidies to, or for the benefit of, extremely low  
36 income households, as defined by Section 50106, very low income  
37 households, as defined by Section 50105, lower income  
38 households, as defined by Section 50079.5, or persons and families  
39 of low or moderate income, as defined by Section 50093, to the  
40 extent those households cannot obtain housing at affordable costs

1 on the open market. Housing units available on the open market  
2 are those units developed without direct government subsidies.

3 (9) Develop plans, pay principal and interest on bonds, loans,  
4 advances, or other indebtedness, or pay financing or carrying  
5 charges.

6 (10) Maintain the community’s supply of mobilehomes.

7 (11) Preserve the availability to lower income households of  
8 affordable housing units in housing developments that are assisted  
9 or subsidized by public entities and that are threatened with  
10 imminent conversion to market rates.

11 (f) The agency may use these funds to meet, in whole or in part,  
12 the replacement housing provisions in Section 33413. However,  
13 nothing in this section shall be construed as limiting in any way  
14 the requirements of that section.

15 (g) (1) The agency may use these funds inside or outside the  
16 project area. The agency may only use these funds outside the  
17 project area upon a resolution of the agency and the legislative  
18 body that the use will be of benefit to the project. The  
19 determination by the agency and the legislative body shall be final  
20 and conclusive as to the issue of benefit to the project area. The  
21 Legislature finds and declares that the provision of replacement  
22 housing pursuant to Section 33413 is always of benefit to a project.  
23 Unless the legislative body finds, before the redevelopment plan  
24 is adopted, that the provision of low- and moderate-income housing  
25 outside the project area will be of benefit to the project, the project  
26 area shall include property suitable for low- and moderate-income  
27 housing.

28 (2) (A) The Contra Costa County Redevelopment Agency may  
29 use these funds anywhere within the unincorporated territory, or  
30 within the incorporated limits of the City of Walnut Creek on sites  
31 contiguous to the Pleasant Hill BART Station Area Redevelopment  
32 Project area. The agency may only use these funds outside the  
33 project area upon a resolution of the agency and board of  
34 supervisors determining that the use will be of benefit to the project  
35 area. In addition, the agency may use these funds within the  
36 incorporated limits of the City of Walnut Creek only if the agency  
37 and the board of supervisors find all of the following:

38 (i) Both the County of Contra Costa and the City of Walnut  
39 Creek have adopted and are implementing complete and current  
40 housing elements of their general plans that the Department of

1 Housing and Community Development has determined to be in  
2 compliance with the requirements of Article 10.6 (commencing  
3 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the  
4 Government Code.

5 (ii) The development to be funded shall not result in any  
6 residential displacement from the site where the development is  
7 to be built.

8 (iii) The development to be funded shall not be constructed in  
9 an area that currently has more than 50 percent of its population  
10 comprised of racial minorities or low-income families.

11 (iv) The development to be funded shall allow construction of  
12 affordable housing closer to a rapid transit station than could be  
13 constructed in the unincorporated territory outside the Pleasant  
14 Hill BART Station Area Redevelopment Project.

15 (B) If the agency uses these funds within the incorporated limits  
16 of the City of Walnut Creek, all of the following requirements  
17 shall apply:

18 (i) The funds shall be used only for the acquisition of land for,  
19 and the design and construction of, the development of housing  
20 containing units affordable to, and occupied by, low- and  
21 moderate-income persons.

22 (ii) If less than all the units in the development are affordable  
23 to, and occupied by, low- or moderate-income persons, any agency  
24 assistance shall not exceed the amount needed to make the housing  
25 affordable to, and occupied by, low- or moderate-income persons.

26 (iii) The units in the development that are affordable to, and  
27 occupied by, low- or moderate-income persons shall remain  
28 affordable for a period of at least 55 years.

29 (iv) The agency and the City of Walnut Creek shall determine,  
30 if applicable, whether Article XXXIV of the California Constitution  
31 permits the development.

32 (h) The Legislature finds and declares that expenditures or  
33 obligations incurred by the agency pursuant to this section shall  
34 constitute an indebtedness of the project.

35 (i) This section shall only apply to taxes allocated to a  
36 redevelopment agency for which a final redevelopment plan is  
37 adopted on or after January 1, 1977, or for any area that is added  
38 to a project by an amendment to a redevelopment plan, which  
39 amendment is adopted on or after the effective date of this section.  
40 An agency may, by resolution, elect to make all or part of the

1 requirements of this section applicable to any redevelopment  
2 project for which a redevelopment plan was adopted prior to  
3 January 1, 1977, subject to any indebtedness incurred prior to the  
4 election.

5 (j) (1) (A) An action to compel compliance with the  
6 requirement of Section 33334.3 to deposit not less than 20 percent  
7 of all taxes that are allocated to the agency pursuant to Section  
8 33670 in the Low and Moderate Income Housing Fund shall be  
9 commenced within 10 years of the alleged violation. A cause of  
10 action for a violation accrues on the last day of the fiscal year in  
11 which the funds were required to be deposited in the Low and  
12 Moderate Income Housing Fund.

13 (B) An action to compel compliance with the requirement of  
14 this section or Section 33334.6 that money deposited in the Low  
15 and Moderate Income Housing Fund be used by the agency for  
16 purposes of increasing, improving, and preserving the community's  
17 supply of low- and moderate-income housing available at  
18 affordable housing cost shall be commenced within 10 years of  
19 the alleged violation. A cause of action for a violation accrues on  
20 the date of the actual expenditure of the funds.

21 (C) An agency found to have deposited less into the Low and  
22 Moderate Income Housing Fund than mandated by Section 33334.3  
23 or to have spent money from the Low and Moderate Income  
24 Housing Fund for purposes other than increasing, improving, and  
25 preserving the community's supply of low- and moderate-income  
26 housing, as mandated, by this section or Section 33334.6 shall  
27 repay the funds with interest in one lump sum pursuant to Section  
28 970.4 or 970.5 of the Government Code or may do either of the  
29 following:

30 (i) Petition the court under Section 970.6 for repayment in  
31 installments.

32 (ii) Repay the portion of the judgment due to the Low and  
33 Moderate Income Housing Fund in equal installments over a period  
34 of five years following the judgment.

35 (2) Repayment shall not be made from the funds required to be  
36 set aside or used for low- and moderate-income housing pursuant  
37 to this section.

38 (3) Notwithstanding clauses (i) and (ii) of subparagraph (C) of  
39 paragraph (1), all costs, including reasonable attorney's fees if

1 included in the judgment, are due and shall be paid upon entry of  
2 judgment or order.

3 (4) Except as otherwise provided in this subdivision, Chapter  
4 2 (commencing with Section 970) of Part 5 of Division 3.6 of Title  
5 1 of the Government Code for the enforcement of a judgment  
6 against a local public entity applies to a judgment against a local  
7 public entity that violates this section.

8 (5) This subdivision applies to actions filed on and after January  
9 1, 2006.

10 (6) The limitations period specified in subparagraphs (A) and  
11 (B) of paragraph (1) does not apply to a cause of action brought  
12 pursuant to Chapter 9 (commencing with Section 860) of Title 10  
13 of Part 2 of the Code of Civil Procedure.

14 (k) (1) From July 1, 2009, to June 30, 2010, inclusive, an agency  
15 may suspend all or part of its required allocation to the Low and  
16 Moderate Income Housing Fund from taxes that are allocated to  
17 that agency pursuant to Section 33670.

18 (2) An agency that suspends revenue pursuant to paragraph (1)  
19 shall pay back to its low- and moderate-income housing fund the  
20 amount of revenue that was suspended in the 2009–10 fiscal year  
21 pursuant to this subdivision from July 1, 2010, to June 30, 2015,  
22 inclusive *except that the agency may pay back this revenue from*  
23 *July 1, 2010, to June 30, 2020, inclusive, providing the agency*  
24 *complies with the requirements of paragraph (3) of subdivision*  
25 *(c) of Section 33690.*

26 (3) An agency that suspends revenue pursuant to paragraph (1)  
27 and fails to repay or have repaid on its behalf the amount of revenue  
28 suspended pursuant to paragraph (2) shall, commencing July 1,  
29 2015, *or if the agency complies with the requirements of paragraph*  
30 *(3) of subdivision (c) of Section 33690, commencing July 1, 2020,*  
31 be required to allocate an additional 5 percent of all taxes that are  
32 allocated to that agency pursuant to Section 33670 for low- and  
33 moderate-income housing for the remainder of the time that the  
34 agency receives allocations of tax revenue pursuant to Section  
35 33670.

36 (4) An agency that fails to pay or have paid on its behalf the  
37 full amount calculated pursuant to subparagraph (J) of paragraph  
38 (2) of subdivision (a) of Section 33690, or subparagraph (J) of  
39 paragraph (2) of subdivision (a) of Section 33690.5, as the case  
40 may be, shall, commencing July 1, 2010, or July 1, 2011, as

1 applicable, be required to allocate an additional 5 percent of all  
2 taxes that are allocated to that agency pursuant to Section 33670  
3 for low- and moderate-income housing for the remainder of the  
4 time that the agency receives allocations of tax revenue pursuant  
5 to Section 33670.

6 *SEC. 2. Section 33690 of the Health and Safety Code is*  
7 *amended to read:*

8 33690. (a) (1) (A) For the 2009–10 fiscal year, a  
9 redevelopment agency shall remit, as determined by the Director  
10 of Finance, prior to May 10, 2010, an amount equal to the amount  
11 determined for that agency pursuant to paragraph (2) to the county  
12 auditor for deposit in the county Supplemental Educational  
13 Revenue Augmentation Fund that is established in the county  
14 treasury. Notwithstanding any other law, any funds deposited in  
15 the Supplemental Educational Revenue Augmentation Fund shall  
16 not be distributed to a community college district.

17 (B) On or before May 25, 2010, the county auditor shall report  
18 to the Department of Finance each amount transferred to the  
19 Supplemental Educational Revenue Augmentation Fund for the  
20 2009–10 fiscal year.

21 (2) On or before November 15, 2009, the Director of Finance  
22 shall do all of the following:

23 (A) Determine the net tax increment apportioned to each agency  
24 pursuant to Section 33670, excluding any amounts apportioned to  
25 affected taxing entities pursuant to Section 33401, 33607.5, or  
26 33676.

27 (B) Determine the net tax increment apportioned to all agencies  
28 pursuant to Section 33670, excluding any amounts allocated to  
29 affected taxing entities pursuant to Section 33401, 33607.5, or  
30 33676.

31 (C) Determine a percentage factor by dividing one billion seven  
32 hundred million dollars (\$1,700,000,000) by two and then by the  
33 amount determined pursuant to subparagraph (B).

34 (D) Determine an amount for each agency by multiplying the  
35 amount determined pursuant to subparagraph (A) by the percentage  
36 factor determined pursuant to subparagraph (C).

37 (E) Determine the total amount of property tax revenue  
38 apportioned to each agency pursuant to Section 33670, including  
39 any amounts allocated to affected taxing entities pursuant to  
40 Section 33401, 33607.5, or 33676.

1 (F) Determine the total amount of property tax revenue  
2 apportioned to all agencies pursuant to Section 33670, including  
3 any amounts allocated to affected taxing entities pursuant to  
4 Section 33401, 33607.5, or 33676.

5 (G) Determine a percentage factor by dividing one billion seven  
6 hundred million dollars (\$1,700,000,000) by two and then by the  
7 amount determined pursuant to subparagraph (F).

8 (H) Determine an amount for each agency by multiplying the  
9 amount determined pursuant to subparagraph (E) by the percentage  
10 factor determined pursuant to subparagraph (G).

11 (I) Add the amount determined pursuant to subparagraph (D)  
12 to the amount determined pursuant to subparagraph (H).

13 (J) Notify each agency, each legislative body, and each county  
14 auditor of each agency's amount. The county auditor shall deposit  
15 these amounts in the county Supplemental Educational Revenue  
16 Augmentation Fund pursuant to paragraph (1).

17 (3) The obligation of any agency to make the payments required  
18 pursuant to this subdivision shall be subordinate to the lien of any  
19 pledge of collateral securing, directly or indirectly, the payment  
20 of the principal, or interest on any bonds of the agency including,  
21 without limitation, bonds secured by a pledge of taxes allocated  
22 to the agency pursuant to Section 33670. Agencies shall factor in  
23 the fiscal obligations created by this subdivision when issuing  
24 bonded indebtedness.

25 (b) To make the allocation required by this section, an agency  
26 may use any funds that are legally available and not legally  
27 obligated for other uses, including, but not limited to, reserve funds,  
28 proceeds of land sales, proceeds of bonds or other indebtedness,  
29 lease revenues, interest, and other earned income.

30 (c) (1) Notwithstanding any other law, to make the full  
31 allocation required by this section, an agency may borrow from  
32 either the amount required to be allocated to the Low and Moderate  
33 Income Housing Fund, pursuant to Sections 33334.2, 33334.3,  
34 and 33334.6, or any moneys in that fund, or both, unless executed  
35 contracts exist that would be impaired if the agency reduced the  
36 amount allocated to the Low and Moderate Income Housing Fund  
37 or the amount of moneys in the fund, or both, pursuant to the  
38 authority of this subdivision.

39 (2) As a condition of borrowing pursuant to this subdivision,  
40 an agency shall make a finding that there are insufficient other

1 moneys to meet the requirements of subdivision (a). Funds  
2 borrowed pursuant to this subdivision shall be repaid in full on or  
3 before June 30, 2015, *except as set forth in paragraph (3)*. An  
4 agency that fails to repay funds borrowed pursuant to this  
5 subdivision shall be required to allocate an additional 5 percent of  
6 all taxes that are allocated to that agency pursuant to Section 33670  
7 for low- and moderate-income housing for the remainder of the  
8 time the agency receives tax revenue pursuant to Section 33670.

9 *(3) Notwithstanding paragraph (2), funds borrowed pursuant*  
10 *to this subdivision may be repaid in full on or before June 30,*  
11 *2020, providing that the agency, prior to June 30, 2012, makes a*  
12 *finding that there are insufficient other moneys to accomplish*  
13 *currently planned activities and investments. The finding shall*  
14 *specifically address how the extended repayment would affect low-*  
15 *and moderate-income housing. The agency shall, after a noticed*  
16 *public hearing, adopt a resolution that lists all of the following:*

17 *(A) Each existing indebtedness incurred prior to the effective*  
18 *date of this section.*

19 *(B) Each indebtedness on which a payment is required to be*  
20 *made during the applicable fiscal year.*

21 *(C) The amount of each payment, the time when it is required*  
22 *to be paid, and the total of the payments required to be made*  
23 *during the applicable fiscal year. For indebtedness that bears*  
24 *interest at a variable rate, or for short-term indebtedness that is*  
25 *maturing during the fiscal year and that is expected to be*  
26 *refinanced, the amount of payments during the fiscal year shall*  
27 *be estimated by the agency.*

28 *(D) A repayment schedule for the funds borrowed pursuant to*  
29 *this subdivision, with such repayment structured that any unpaid*  
30 *balance, as of July 1, 2015, is repaid in annual amounts of not*  
31 *less than 20 percent of the outstanding balance as of that date.*

32 *(E) The information contained in the resolution required by this*  
33 *subdivision shall be reviewed for accuracy by the chief fiscal officer*  
34 *of the agency and the legislative body shall additionally adopt the*  
35 *resolution required by this section.*

36 (d) The legislative body shall by March 1, 2010, report to the  
37 county auditor as to how the agency intends to fund the allocation  
38 required by this section, or that the legislative body intends to remit  
39 the amount in lieu of the agency pursuant to Section 33692.

1 (e) The allocation obligations imposed by this section, including  
2 amounts owed, if any, created under this section, are hereby  
3 declared to be an indebtedness of the redevelopment project to  
4 which they relate, payable from taxes allocated to the agency  
5 pursuant to Section 33670, and shall constitute an indebtedness of  
6 the agency with respect to the redevelopment project until paid in  
7 full.

8 (f) It is the intent of the Legislature, in enacting this section,  
9 that these allocations directly or indirectly assist in the financing  
10 or refinancing, in whole or in part, of the community's  
11 redevelopment project pursuant to Section 16 of Article XVI of  
12 the California Constitution.

13 (g) In making the determination required by subdivision (a),  
14 the Director of Finance shall use those amounts reported in "Table  
15 7, Assessed Valuation, Tax Increment Distribution and Statement  
16 of Indebtedness" for all agencies and for each agency in the  
17 2006–07 edition of the Controller's Community Redevelopment  
18 Agencies Annual Report made pursuant to Section 12463.3 of the  
19 Government Code, subject to any adjustments required by  
20 subdivision (h).

21 (h) With respect to the use of amounts reported in the 2006–07  
22 edition of the Controller's Community Redevelopment Agencies  
23 Annual Report for purposes of subdivision (a), both of the  
24 following shall apply:

25 (1) If revised reports were accepted by the Controller on or  
26 before September 1, 2008, the Director of Finance shall use  
27 appropriate data that has been certified by the Controller for the  
28 purpose of making the determinations required by subdivision (a).

29 (2) The director shall adjust the reported amounts of net and  
30 total tax increment revenue to exclude amounts apportioned to any  
31 redevelopment agency from any territory that has been deleted  
32 from any project area, as reported to the State Board of  
33 Equalization in accordance with Section 33375 prior to August 1,  
34 2009, and that deletion is not reflected in the Controller's 2006–07  
35 published report or in the revised reports described in paragraph  
36 (1).

37 (i) Except as provided in Section 33331.5, nothing in this section  
38 shall be construed as extending the time limits on the ability of  
39 agencies to do both of the following:

40 (1) Establish loans, advances, or indebtedness.

1 (2) Exercise eminent domain powers.

2 (j) (1) Notwithstanding Sections 97.2 and 97.3 of Revenue and  
3 Taxation Code, the county auditor-controller shall distribute the  
4 funds that are remitted to the county Supplemental Educational  
5 Revenue Augmentation Fund by a redevelopment agency pursuant  
6 to this section only to a K-12 school district or county office of  
7 education that is located partially or entirely within any project  
8 area of that redevelopment agency in an amount proportional to  
9 the average daily attendance of each school district.

10 (2) The county auditor-controller shall notify each K-12 school  
11 district, and the State Department of Education, of the amount of  
12 Supplemental Educational Revenue Augmentation Fund moneys  
13 a district receives pursuant to this section from each redevelopment  
14 agency. The county auditor-controller shall also notify each K-12  
15 school district receiving funds pursuant to paragraph (1) of the  
16 project area boundaries of each redevelopment agency from which  
17 the K-12 school district received funds.

18 (3) (A) The county superintendent of schools shall provide the  
19 average daily attendance reported for each school district as of the  
20 Second Principal Apportionment for the 2009–10 fiscal year to  
21 the county auditor-controller.

22 (B) The county auditor-controller shall, based on information  
23 provided by the county superintendent of schools pursuant to  
24 subparagraph (A), allocate the funding pursuant to this subdivision  
25 to those districts within the county.

26 (4) The county auditor-controller shall notify, on or before May  
27 25, 2010, the Department of Finance of the amount of funding  
28 apportioned to each district or county office of education pursuant  
29 to this subdivision.

30 (5) School districts and county offices of education shall use  
31 the funds received under this section to serve pupils living in the  
32 redevelopment areas or in housing supported by redevelopment  
33 agency funds. Redevelopment agencies shall provide whatever  
34 information school districts and county offices of education need  
35 to accomplish this purpose.

36 (k) (1) For the 2009–10 fiscal year, the amount of property tax  
37 revenues apportioned to each school district, pursuant to Article  
38 2 (commencing with Section 96.1) of Chapter 6 of Part 0.5 of  
39 Division 1 of the Revenue and Taxation Code, shall be reduced  
40 by the total amount of Supplemental Educational Revenue

1 Augmentation Fund moneys the district receives. The amount of  
2 property tax revenues that is the product of this reduction shall be  
3 deposited in the county Supplemental Revenue Augmentation  
4 Fund established pursuant to Section 100.06 of the Revenue and  
5 Taxation Code.

6 (2) For the purposes of making the computations required by  
7 Section 8 of Article XVI of the California Constitution, the total  
8 amount of Supplemental Educational Revenue Augmentation Fund  
9 moneys a district receives, regardless of the actual date the funds  
10 are received, pursuant to this section from each redevelopment  
11 agency shall be deemed to be “allocated local proceeds of taxes,”  
12 as defined in subdivisions (g) and (h) of Section 41202, and for  
13 purposes of Section 42238 of the Education Code, for the 2009–10  
14 fiscal year.

15 (l) For purposes of this section, “K-12 school district” has the  
16 same meaning as a school district, as defined in Section 80 of the  
17 Education Code.

18 (m) This section shall not be construed to increase any  
19 allocations of excess, additional, or remaining funds that would  
20 otherwise have been allocated to cities, counties, cities and  
21 counties, or special districts pursuant to clause (i) of subparagraph  
22 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause  
23 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of  
24 Section 97.3 of, or Article 4 (commencing with Section 98) of  
25 Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation  
26 Code had this section not been enacted.

27 *SEC. 3. Section 33690.5 of the Health and Safety Code is*  
28 *amended to read:*

29 33690.5. (a) (1) (A) For the 2010–11 fiscal year a  
30 redevelopment agency shall remit, as determined by the Director  
31 of Finance, prior to May 10, 2011, an amount equal to the amount  
32 determined for that agency pursuant to paragraph (2) to the county  
33 auditor for deposit in the county Supplemental Educational  
34 Revenue Augmentation Fund.

35 (B) On or before May 25, 2011, the county auditor shall report  
36 to the Department of Finance each amount transferred to the  
37 Supplemental Educational Revenue Augmentation Fund for the  
38 2010–11 fiscal year.

39 (2) On or before November 15, 2010, the Director of Finance  
40 shall do all of the following:

- 1 (A) Determine the net tax increment apportioned to each agency  
2 pursuant to Section 33670, excluding any amounts apportioned to  
3 affected taxing entities pursuant to Section 33401, 33607.5, or  
4 33676.
- 5 (B) Determine the net tax increment apportioned to all agencies  
6 pursuant to Section 33670, excluding any amounts allocated to  
7 affected taxing entities pursuant to Section 33401, 33607.5, or  
8 33676.
- 9 (C) Determine a percentage factor by dividing three hundred  
10 fifty million dollars (\$350,000,000) by two and then by the amount  
11 determined pursuant to subparagraph (B).
- 12 (D) Determine an amount for each agency by multiplying the  
13 amount determined pursuant to subparagraph (A) by the percentage  
14 factor determined pursuant to subparagraph (C).
- 15 (E) Determine the total amount of property tax revenue  
16 apportioned to each agency pursuant to Section 33670, including  
17 any amounts allocated to affected taxing entities pursuant to  
18 Section 33401, 33607.5, or 33676.
- 19 (F) Determine the total amount of property tax revenue  
20 apportioned to all agencies pursuant to Section 33670, including  
21 any amounts allocated to affected taxing entities pursuant to  
22 Section 33401, 33607.5, or 33676.
- 23 (G) Determine a percentage factor by dividing three hundred  
24 fifty million dollars (\$350,000,000) by two and then by the amount  
25 determined pursuant to subparagraph (F).
- 26 (H) Determine an amount for each agency by multiplying the  
27 amount determined pursuant to subparagraph (E) by the percentage  
28 factor determined pursuant to subparagraph (G).
- 29 (I) Add the amount determined pursuant to subparagraph (D)  
30 to the amount determined pursuant to subparagraph (H).
- 31 (J) Notify each agency, each legislative body, and each county  
32 auditor of each agency's amount. The county auditor shall deposit  
33 these amounts in the county Supplemental Educational Revenue  
34 Augmentation Fund pursuant to paragraph (1).
- 35 (3) The obligation of any agency to make the payments required  
36 pursuant to this subdivision shall be subordinate to the lien of any  
37 pledge of collateral securing, directly or indirectly, the payment  
38 of the principal, or interest on any bonds of the agency including,  
39 without limitation, bonds secured by a pledge of taxes allocated  
40 to the agency pursuant to Section 33670. Agencies shall factor in

1 the fiscal obligations created by this subdivision when issuing  
2 bonded indebtedness.

3 (b) To make the allocation required by this section, an agency  
4 may use any funds that are legally available and not legally  
5 obligated for other uses, including, but not limited to, reserve funds,  
6 proceeds of land sales, proceeds of bonds or other indebtedness,  
7 lease revenues, interest, and other earned income.

8 (c) (1) Notwithstanding any other law, to make the full  
9 allocation required by this section, an agency may borrow the  
10 amount required to be allocated to the Low and Moderate Income  
11 Housing Fund, pursuant to Sections 33334.2, 33334.3, and 33334.6,  
12 unless, in a given fiscal year, executed contracts exist that would  
13 be impaired if the agency reduced the amount allocated to the Low  
14 and Moderate Income Housing Fund pursuant to the authority of  
15 this subdivision.

16 (2) As a condition of borrowing pursuant to this subdivision,  
17 an agency shall make a finding that there are insufficient other  
18 moneys to meet the requirements of subdivision (a). Funds  
19 borrowed pursuant to this subdivision shall be repaid in full on or  
20 before June 30, 2016, *except as set forth in paragraph (3)*. An  
21 agency that fails to repay funds borrowed pursuant to this  
22 subdivision shall be required to allocate an additional 5 percent of  
23 all taxes that are allocated to that agency pursuant to Section 33670  
24 for low- and moderate-income housing for the remainder of the  
25 time the agency receives tax revenue pursuant to Section 33670.

26 (3) *Notwithstanding paragraph (2), funds borrowed pursuant*  
27 *to this subdivision may be repaid in full on or before June 30,*  
28 *2021, providing that the agency, prior to June 30, 2013, makes a*  
29 *finding that there are insufficient other moneys to accomplish*  
30 *currently planned activities and investments. The finding shall*  
31 *specifically address how the extended repayment would affect low-*  
32 *and moderate-income housing. The agency shall, after a noticed*  
33 *public hearing, adopt a resolution that lists all of the following:*

34 (A) *Each existing indebtedness incurred prior to the effective*  
35 *date of this section.*

36 (B) *Each indebtedness on which a payment is required to be*  
37 *made during the applicable fiscal year.*

38 (C) *The amount of each payment, the time when it is required*  
39 *to be paid, and the total of the payments required to be made*  
40 *during the applicable fiscal year. For indebtedness that bears*

1 *interest at a variable rate, or for short-term indebtedness that is*  
2 *maturing during the fiscal year and that is expected to be*  
3 *refinanced, the amount of payments during the fiscal year shall*  
4 *be estimated by the agency.*

5 *(D) A repayment schedule for the funds borrowed pursuant to*  
6 *this subdivision, with such repayment structured that any unpaid*  
7 *balance, as of July 1, 2016, is repaid in annual amounts of not*  
8 *less than 20 percent of the outstanding balance as of that date.*

9 *(E) The information contained in the resolution required by this*  
10 *subdivision shall be reviewed for accuracy by the chief fiscal officer*  
11 *of the agency and the legislative body shall additionally adopt the*  
12 *resolution required by this section.*

13 (d) The legislative body shall by March 1, 2011, report to the  
14 county auditor as to how the agency intends to fund the allocation  
15 required by this section, or that the legislative body intends to remit  
16 the amount in lieu of the agency pursuant to Section 33692.

17 (e) The allocation obligations imposed by this section, including  
18 amounts owed, if any, created under this section, are hereby  
19 declared to be an indebtedness of the redevelopment project to  
20 which they relate, payable from taxes allocated to the agency  
21 pursuant to Section 33670, and shall constitute an indebtedness of  
22 the agency with respect to the redevelopment project until paid in  
23 full.

24 (f) It is the intent of the Legislature, in enacting this section,  
25 that these allocations directly or indirectly assist in the financing  
26 or refinancing, in whole or in part, of the community's  
27 redevelopment project pursuant to Section 16 of Article XVI of  
28 the California Constitution.

29 (g) In making the determination required by subdivision (a),  
30 the Director of Finance shall use those amounts reported in "Table  
31 7, Assessed Valuation, Tax Increment Distribution and Statement  
32 of Indebtedness" for all agencies and for each agency in the  
33 2006–07 edition of the Controller's Community Redevelopment  
34 Agencies Annual Report made pursuant to Section 12463.3 of the  
35 Government Code, subject to any adjustments required by  
36 subdivision (h).

37 (h) With respect to the use of amounts reported in the 2006–07  
38 edition of the Controller's Community Redevelopment Agencies  
39 Annual Report for purposes of subdivision (a), both of the  
40 following shall apply:

1 (1) If revised reports were accepted by the Controller on or  
2 before September 1, 2008, the Director of Finance shall use  
3 appropriate data that has been certified by the Controller for the  
4 purpose of making the determinations required by subdivision (a).

5 (2) The director shall adjust the reported amounts of net and  
6 total tax increment revenue to exclude amounts apportioned to any  
7 redevelopment agency from any territory that has been deleted  
8 from any project area, as reported to the State Board of  
9 Equalization in accordance with Section 33375 prior to August 1,  
10 2009, and that deletion is not reflected in the Controller's 2006-07  
11 published report or in the revised reports described in paragraph  
12 (1).

13 (i) Except as provided in Section 33331.5, nothing in this section  
14 shall be construed as extending the time limits on the ability of  
15 agencies to do both of the following:

16 (1) Establish loans, advances, or indebtedness.

17 (2) Exercise eminent domain powers.

18 (j) (1) Notwithstanding Sections 97.2 and 97.3 of Revenue and  
19 Taxation Code, the county auditor-controller shall distribute the  
20 funds that are remitted to the county Supplemental Educational  
21 Revenue Augmentation Fund by a redevelopment agency pursuant  
22 to this section only to a K-12 school district or county office of  
23 education that is located partially or entirely within any project  
24 area of that redevelopment agency in an amount proportional to  
25 the average daily attendance of each school district.

26 (2) The county auditor-controller shall notify each K-12 school  
27 district, and the State Department of Education, of the amount of  
28 Supplemental Educational Revenue Augmentation Fund moneys  
29 a district receives pursuant to this section from each redevelopment  
30 agency. The county auditor-controller shall also notify each K-12  
31 school district receiving funds pursuant to paragraph (1) of the  
32 project area boundaries of each redevelopment agency from which  
33 the K-12 school district received funds.

34 (3) (A) The county superintendent of schools shall provide the  
35 average daily attendance reported for each school district as of the  
36 Second Principal Apportionment for the 2009-10 fiscal year to  
37 the county auditor-controller.

38 (B) The county auditor-controller shall, based on information  
39 provided by the county superintendent of schools pursuant to

1 subparagraph (A), allocate the funding pursuant to this subdivision  
2 to those districts within the county.

3 (4) The county auditor-controller shall notify, on or before May  
4 25, 2011, the Department of Finance of the amount of funding  
5 apportioned to each district or county office of education pursuant  
6 to this subdivision.

7 (5) School districts and county offices of education shall use  
8 the funds received under this section to serve pupils living in the  
9 redevelopment areas or in housing supported by redevelopment  
10 agency funds. Redevelopment agencies shall provide whatever  
11 information school districts need to accomplish this purpose.

12 (k) (1) For the 2010–11 fiscal year, the amount of property tax  
13 revenues apportioned to each school district, pursuant to Article  
14 2 (commencing with Section 96.1) of Chapter 6 of Part 0.5 of  
15 Division 1 of the Revenue and Taxation Code, shall be reduced  
16 by the total amount of Supplemental Educational Revenue  
17 Augmentation Fund moneys the district receives. The amount of  
18 property tax revenues that is the product of this reduction shall be  
19 deposited in the county Supplemental Revenue Augmentation  
20 Fund established pursuant to Section 100.06 of the Revenue and  
21 Taxation Code.

22 (2) For the purposes of making the computations required by  
23 Section 8 of Article XVI of the California Constitution, the total  
24 amount of Supplemental Educational Revenue Augmentation Fund  
25 moneys a district receives, regardless of the actual date the funds  
26 are received, pursuant to this section from each redevelopment  
27 agency shall be deemed to be “allocated local proceeds of taxes,”  
28 as defined in subdivisions (g) and (h) of Section 41202 and for  
29 purposes of Section 42238 of the Education Code, for the 2010–11  
30 fiscal year.

31 (l) For purposes of this section, “K-12 school district” has the  
32 same meaning as a school district, as defined in Section 80 of the  
33 Education Code.

34 (m) This section shall not be construed to increase any  
35 allocations of excess, additional, or remaining funds that would  
36 otherwise have been allocated to cities, counties, cities and  
37 counties, or special districts pursuant to clause (i) of subparagraph  
38 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause  
39 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of  
40 Section 97.3 of, or Article 4 (commencing with Section 98) of

1 Chapter 6 of Part 0.5 of Division 1 of, the Revenue and Taxation  
2 Code had this section not been enacted.

3 *SEC. 4. Section 34162 of the Health and Safety Code is*  
4 *amended to read:*

5 34162. (a) Notwithstanding Part 1 (commencing with Section  
6 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
7 (commencing with Section 34050), and Part 1.7 (commencing  
8 with Section 34100), or any other law, commencing on the effective  
9 date of this act, an agency shall be unauthorized and shall not take  
10 any action to incur indebtedness, including, but not limited to, any  
11 of the following:

12 (1) Issue or sell bonds, for any purpose, regardless of the source  
13 of repayment of the bonds. As used in this section, the term  
14 “bonds,” includes, but is not limited to, any bonds, notes, bond  
15 anticipation notes, interim certificates, debentures, certificates of  
16 participation, refunding bonds, or other obligations issued by an  
17 agency pursuant to Part 1 (commencing with Section 33000), and  
18 Section 53583 of the Government Code, pursuant to any charter  
19 city authority or any revenue bond law.

20 (2) Incur indebtedness payable from prohibited sources of  
21 repayment, which include, but are not limited to, income and  
22 revenues of an agency’s redevelopment projects, taxes allocated  
23 to the agency, taxes imposed by the agency pursuant to Section  
24 7280.5 of the Revenue and Taxation Code, assessments imposed  
25 by the agency, loan repayments made to the agency pursuant to  
26 Section 33746, fees or charges imposed by the agency, other  
27 revenues of the agency, and any contributions or other financial  
28 assistance from the state or federal government.

29 (3) (A) Refund, restructure, or refinance indebtedness or  
30 obligations that existed as of January 1, 2011, including, but not  
31 limited to, any of the following:

32 ~~(A)~~

33 (i) Refund bonds previously issued by the agency or by another  
34 political subdivision of the state, including, but not limited to,  
35 those issued by a city, a housing authority, or a nonprofit  
36 corporation acting on behalf of a city or a housing authority.

37 ~~(B)~~

38 (ii) Exercise the right of optional redemption of any of its  
39 outstanding bonds or elect to purchase any of its own outstanding  
40 bonds.

1     (⊖)  
 2     (iii) Modify or amend the terms and conditions, payment  
 3 schedules, amortization or maturity dates of any of the agency’s  
 4 bonds or other obligations that are outstanding or exist as of  
 5 January 1, 2011.

6     (B) *Notwithstanding the restrictions set forth in this paragraph,*  
 7 *in order to preserve the revenues and assets of an agency with*  
 8 *outstanding bonds that were issued prior to January 1, 2011, that*  
 9 *are secured with credit enhancement issued by a third party credit*  
 10 *provider prior to January 1, 2011, that agency may modify or*  
 11 *amend the terms of existing agreements with that credit provider*  
 12 *if the modification or amendment would avoid or delay the*  
 13 *incurrence of a reimbursement obligation of the agency owing to*  
 14 *the credit provider which is immediately due and payable or which*  
 15 *is payable over a shorter period of time than the scheduled*  
 16 *amortization of the bonds.*

17     (4) Take out or accept loans or advances, for any purpose, from  
 18 the state or the federal government, any other public agency, or  
 19 any private lending institution, or from any other source. For  
 20 purposes of this section, the term “loans” include, but are not  
 21 limited to, agreements with the community or any other entity for  
 22 the purpose of refinancing a redevelopment project and moneys  
 23 advanced to the agency by the community or any other entity for  
 24 the expenses of redevelopment planning, expenses for  
 25 dissemination of redevelopment information, other administrative  
 26 expenses, and overhead of the agency.

27     (5) Execute trust deeds or mortgages on any real or personal  
 28 property owned or acquired by it.

29     (6) Pledge or encumber, for any purpose, any of its revenues or  
 30 assets. As used in this part, an agency’s “revenues and assets”  
 31 include, but are not limited to, agency tax revenues, redevelopment  
 32 project revenues, other agency revenues, deeds of trust and  
 33 mortgages held by the agency, rents, fees, charges, moneys,  
 34 accounts receivable, contracts rights, and other rights to payment  
 35 of whatever kind or other real or personal property. As used in this  
 36 part, to “pledge or encumber” means to make a commitment of,  
 37 by the grant of a lien on and a security interest in, an agency’s  
 38 revenues or assets, whether by resolution, indenture, trust  
 39 agreement, loan agreement, lease, installment sale agreement,  
 40 reimbursement agreement, mortgage, deed of trust, pledge

1 agreement, or similar agreement in which the pledge is provided  
2 for or created.

3 (b) Any actions taken that conflict with this section are void  
4 from the outset and shall have no force or effect.

5 (c) Notwithstanding subdivision (a), a redevelopment agency  
6 may issue refunding bonds, which are referred to in this part as  
7 Emergency Refunding Bonds, only where all of the following  
8 conditions are met:

9 (1) The issuance of Emergency Refunding Bonds is the only  
10 means available to the agency to avoid a default on outstanding  
11 agency bonds *or lines of credit obtained from a financial*  
12 *institution.*

13 (2) Both the county treasurer and the Treasurer have approved  
14 the issuance of Emergency Refunding Bonds.

15 (3) Emergency Refunding Bonds are issued only to provide  
16 funds for any single debt service payment that is due prior to  
17 October 1, 2011, and that is more than 20 percent larger than a  
18 level debt service payment would be for that bond, *or, in the case*  
19 *of a line of credit obtained from a financial institution, for which*  
20 *the line of credit expires prior to October 1, 2011, and payment*  
21 *is due.*

22 (4) The principal amount of outstanding agency bonds is not  
23 increased, *except if Emergency Refunding Bonds are issued for*  
24 *the purpose of paying off a line of credit as allowed pursuant to*  
25 *paragraph (3) and, in that case, only in an amount that*  
26 *corresponds to the amount of the line of credit payment, as well*  
27 *as the costs of issuance of the Emergency Refunding Bonds and a*  
28 *reserve fund for the Emergency Refunding Bonds.*

29 *SEC. 5. Section 34163 of the Health and Safety Code is*  
30 *amended to read:*

31 34163. Notwithstanding Part 1 (commencing with Section  
32 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
33 (commencing with Section 34050), and Part 1.7 (commencing  
34 with Section 34100), or any other law, commencing on the effective  
35 date of this part, an agency shall not have the authority to, and  
36 shall not, do any of the following:

37 (a) Make loans or advances or grant or enter into agreements  
38 to provide funds or provide financial assistance of any sort to any  
39 entity or person for any purpose, including, but not limited to, all  
40 of the following:

1 (1) Loans of moneys or any other thing of value or commitments  
 2 to provide financing to nonprofit organizations to provide those  
 3 organizations with financing for the acquisition, construction,  
 4 rehabilitation, refinancing, or development of multifamily rental  
 5 housing or the acquisition of commercial property for lease, each  
 6 pursuant to Chapter 7.5 (commencing with Section 33741) of Part  
 7 1.

8 (2) Loans of moneys or any other thing of value for residential  
 9 construction, improvement, or rehabilitation pursuant to Chapter  
 10 8 (commencing with Section 33750) of Part 1. These include, but  
 11 are not limited to, construction loans to purchasers of residential  
 12 housing, mortgage loans to purchasers of residential housing, and  
 13 loans to mortgage lenders, or any other entity, to aid in financing  
 14 pursuant to Chapter 8 (commencing with Section 33750).

15 (3) The purchase, by an agency, of mortgage or construction  
 16 loans from mortgage lenders or from any other entities.

17 (b) Enter into contracts with, incur obligations, or make  
 18 commitments to, any entity, whether governmental, tribal, or  
 19 private, or any individual or groups of individuals for any purpose,  
 20 including, but not limited to, loan agreements, passthrough  
 21 agreements, regulatory agreements, services contracts, leases,  
 22 disposition and development agreements, joint exercise of powers  
 23 agreements, contracts for the purchase of capital equipment,  
 24 agreements for redevelopment activities, including, but not limited  
 25 to, agreements for planning, design, redesign, development,  
 26 demolition, alteration, construction, reconstruction, rehabilitation,  
 27 site remediation, site development or improvement, removal of  
 28 graffiti, land clearance, and seismic retrofits.

29 (c) (1) Amend or modify existing agreements, obligations, or  
 30 commitments with any entity, for any purpose, including, but not  
 31 limited to, any of the following:

32 (1)

33 (A) Renewing or extending term of leases or other agreements,  
 34 except that the agency may extend lease space for its own use to  
 35 a date not to exceed six months after the effective date of the act  
 36 adding this part and for a rate no more than 5 percent above the  
 37 rate the agency currently pays on a monthly basis.

38 (2)

39 (B) Modifying terms and conditions of existing agreements,  
 40 obligations, or commitments.

1     ~~(3)~~  
 2     (C) Forgiving all or any part of the balance owed to the agency  
 3 on existing loans or extend the term or change the terms and  
 4 conditions of existing loans.

5     ~~(4)~~  
 6     (D) Increasing its deposits to the Low and Moderate Income  
 7 Housing Fund created pursuant to Section 33334.3 beyond the  
 8 minimum level that applied to it as of January 1, 2011.

9     ~~(5)~~  
 10    (E) Transferring funds out of the Low and Moderate Income  
 11 Housing Fund, except to meet the minimum housing-related  
 12 obligations that existed as of January 1, 2011, *and* to make required  
 13 payments under Sections 33690 and 33690.5, ~~and to borrow funds~~  
 14 ~~pursuant to Section 34168.5.~~

15    (2) *Notwithstanding the restrictions set forth in this subdivision,*  
 16 *in order to preserve the revenues and assets of an agency with*  
 17 *outstanding bonds that were issued prior to January 1, 2011, that*  
 18 *are secured with credit enhancement issued by a third party credit*  
 19 *provider prior to January 1, 2011, that agency may seek the*  
 20 *extension of the credit enhancement and, in connection therewith,*  
 21 *may amend or modify the terms of existing agreements with the*  
 22 *credit provider if the extension, amendment, or modification would*  
 23 *avoid or delay the incurrence of a reimbursement obligation of*  
 24 *the agency owing to the credit provider which is immediately due*  
 25 *or payable or which is payable over a shorter period of time than*  
 26 *the scheduled amortization of the bonds.*

27    (d) Dispose of assets by sale, long-term lease, gift, grant,  
 28 exchange, transfer, assignment, or otherwise, for any purpose,  
 29 including, but not limited to, any of the following:

30    (1) Assets, including, but not limited to, real property, deeds of  
 31 trust, and mortgages held by the agency, moneys, accounts  
 32 receivable, contract rights, proceeds of insurance claims, grant  
 33 proceeds, settlement payments, rights to receive rents, and any  
 34 other rights to payment of whatever kind.

35    (2) Real property, including, but not limited to, land, land under  
 36 water and waterfront property, buildings, structures, fixtures, and  
 37 improvements on the land, any property appurtenant to, or used  
 38 in connection with, the land, every estate, interest, privilege,  
 39 easement, franchise, and right in land, including rights-of-way,  
 40 terms for years, and liens, charges, or encumbrances by way of

1 judgment, mortgage, or otherwise, and the indebtedness secured  
 2 by the liens.

3 (e) Acquire real property by any means for any purpose,  
 4 including, but not limited to, the purchase, lease, or exercising of  
 5 an option to purchase or lease, exchange, subdivide, transfer,  
 6 assume, obtain option upon, acquire by gift, grant, bequest, devise,  
 7 or otherwise acquire any real property, any interest in real property,  
 8 and any improvements on it, including the repurchase of developed  
 9 property previously owned by the agency and the acquisition of  
 10 real property by eminent domain; provided, however, that nothing  
 11 in this subdivision is intended to prohibit the acceptance or transfer  
 12 of title for real property acquired prior to the effective date of this  
 13 part.

14 (f) Transfer, assign, vest, or delegate any of its assets, funds,  
 15 rights, powers, ownership interests, or obligations for any purpose  
 16 to any entity, including, but not limited to, the community, the  
 17 legislative body, another member of a joint powers authority, a  
 18 trustee, a receiver, a partner entity, another agency, a nonprofit  
 19 corporation, a contractual counterparty, a public body, a  
 20 limited-equity housing cooperative, the state, a political subdivision  
 21 of the state, the federal government, any private entity, or an  
 22 individual or group of individuals.

23 (g) Accept financial or other assistance from the state or federal  
 24 government or any public or private source if the acceptance  
 25 necessitates or is conditioned upon the agency incurring  
 26 indebtedness as that term is described in this part.

27 *SEC. 6. Section 34165 of the Health and Safety Code is*  
 28 *amended to read:*

29 34165. (a) Notwithstanding Part 1 (commencing with Section  
 30 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
 31 (commencing with Section 34050), and Part 1.7 (commencing  
 32 with Section 34100), or any other law, commencing on the effective  
 33 date of this part, an agency shall lack the authority to, and shall  
 34 not, do any of the following:

35 (a)  
 36 (1) Enter into new partnerships, become a member in a joint  
 37 powers authority, form a joint powers authority, create new entities,  
 38 or become a member of any entity of which it is not currently a  
 39 member, nor take on nor agree to any new duties or obligations as

1 a member or otherwise of any entity to which the agency belongs  
2 or with which it is in any way associated.

3 ~~(b)~~

4 (2) Impose new assessments pursuant to Section 7280.5 of the  
5 Revenue and Taxation Code.

6 ~~(c)~~

7 (3) Increase the pay, benefits, or contributions of any sort for  
8 any officer, employee, consultant, contractor, or any other goods  
9 or service provider that had not previously been contracted.

10 ~~(d)~~

11 (4) Provide optional or discretionary bonuses to any officers,  
12 employees, consultants, contractors, or any other service or goods  
13 providers.

14 ~~(e)~~

15 (5) Increase numbers of staff employed by the agency beyond  
16 the number employed as of January 1, 2011.

17 ~~(f)~~

18 (6) Bring an action pursuant to Chapter 9 (commencing with  
19 Section 860) of Title 10 of Part 2 of the Code of Civil Procedure  
20 to determine the validity of any issuance or proposed issuance of  
21 revenue bonds under this chapter and the legality and validity of  
22 all proceedings previously taken or proposed in a resolution of an  
23 agency to be taken for the authorization, issuance, sale, and delivery  
24 of the revenue bonds and for the payment of the principal thereof  
25 and interest thereon.

26 ~~(g)~~

27 (7) Begin any condemnation proceeding or begin the process  
28 to acquire real property by eminent domain.

29 ~~(h)~~

30 (8) Prepare or have prepared a draft environmental impact report.  
31 This subdivision shall not alter or eliminate any requirements of  
32 the California Environmental Quality Act (Division 13  
33 (commencing with Section 21000) of the Public Resources Code).

34 *(b) This section, including, but not limited to paragraphs (3) to*  
35 *(5), inclusive, of subdivision (a), shall not be construed to prohibit*  
36 *an agency from complying with, or from fulfilling, its obligations*  
37 *under a memorandum of understanding with an employee*  
38 *organization representing employees of a redevelopment agency*  
39 *adopted pursuant to the Meyers-Milias-Brown Act or from*

1 *providing the appropriate established compensation to an employee*  
2 *that has been reassigned or promoted to fill an existing vacancy.*

3 *SEC. 7. Section 34167 of the Health and Safety Code is*  
4 *amended to read:*

5 34167. (a) This part is intended to preserve, to the maximum  
6 extent possible, the revenues and assets of redevelopment agencies  
7 so that those assets and revenues that are not needed to pay for  
8 enforceable obligations may be used by local governments to fund  
9 core governmental services including police and fire protection  
10 services and schools. It is the intent of the Legislature that  
11 redevelopment agencies take no actions that would further deplete  
12 the corpus of the agencies' funds regardless of their original source.  
13 All provisions of this part shall be construed as broadly as possible  
14 to support this intent and to restrict the expenditure of funds to the  
15 fullest extent possible.

16 (b) For purposes of this part, "agency" or "redevelopment  
17 agency" means a redevelopment agency created or formed pursuant  
18 to Part 1 (commencing with Section 33000) or its predecessor or  
19 a community development commission created or formed pursuant  
20 to Part 1.7 (commencing with Section 34100) or its predecessor.

21 (c) Nothing in this part in any way impairs the authority of a  
22 community development commission, other than in its authority  
23 to act as a redevelopment agency, to take any actions in its capacity  
24 as a housing authority or for any other community development  
25 purpose of the jurisdiction in which it operates.

26 (d) For purposes of this part, "enforceable obligation" means  
27 any of the following:

28 (1) Bonds, as defined by Section 33602 and bonds issued  
29 pursuant to Section 5850 of the Government Code, including the  
30 required debt service, reserve set-asides and any other payments  
31 required under the indenture or similar documents governing the  
32 issuance of the outstanding bonds of the redevelopment agency.

33 (2) Loans of moneys borrowed by the redevelopment agency  
34 for a lawful purpose, including, but not limited to, moneys  
35 borrowed from the Low and Moderate Income Housing Fund, to  
36 the extent they are legally required to be repaid pursuant to a  
37 required repayment schedule or other mandatory loan terms.

38 (3) Payments required by the federal government, preexisting  
39 obligations to the state or obligations imposed by state law, other  
40 than passthrough payments that are made by the county

1 auditor-controller pursuant to Section 34183, or legally enforceable  
2 payments required in connection with the agencies' employees,  
3 including, but not limited to, pension payments, pension obligation  
4 debt service, and unemployment payments.

5 (4) Judgments or settlements entered by a competent court of  
6 law or binding arbitration decisions against the former  
7 redevelopment agency, other than passthrough payments that are  
8 made by the county auditor-controller pursuant to Section 34183.  
9 Along with the successor agency, the oversight board shall have  
10 the authority and standing to appeal any judgment or to set aside  
11 any settlement or arbitration decision.

12 (5) Any legally binding and enforceable agreement or contract  
13 that is not otherwise void as violating the debt limit or public  
14 policy.

15 (6) Contracts or agreements necessary for the continued  
16 administration or operation of the redevelopment agency to the  
17 extent permitted by this part, including, but not limited to,  
18 agreements to purchase or rent office space, equipment and  
19 supplies, and pay-related expenses pursuant to Section 33127 and  
20 for carrying insurance pursuant to Section 33134.

21 (e) To the extent that any provision of Part 1 (commencing with  
22 Section 33000), Part 1.5 (commencing with Section 34000), Part  
23 1.6 (commencing with Section 34050), or Part 1.7 (commencing  
24 with Section 34100) conflicts with this part, the provisions of this  
25 part shall control. Further, if any provision in Part 1 (commencing  
26 with Section 33000), Part 1.5 (commencing with Section 34000),  
27 Part 1.6 (commencing with Section 34050), or Part 1.7  
28 (commencing with Section 34100) provides an authority that this  
29 part is restricting or eliminating, the restriction and elimination  
30 provisions of this part shall control.

31 (f) Nothing in this part shall be construed to interfere with a  
32 redevelopment agency's authority, pursuant to enforceable  
33 obligations as defined in this chapter, to (1) make payments due,  
34 (2) enforce existing covenants and obligations, or (3) perform its  
35 obligations.

36 (g) The existing terms of any memorandum of understanding  
37 with an employee organization representing employees of a  
38 redevelopment agency adopted pursuant to the  
39 Meyers-Milias-Brown Act that is in force on the effective date of  
40 this part shall continue in force until September 30, 2011, unless

1 a new agreement is reached with a recognized employee  
 2 organization prior to that date, *or if the provisions of Part 1.85*  
 3 *(commencing with Section 34170) are not operative on that date,*  
 4 *until the date that the provisions of Chapter 7 (commencing with*  
 5 *Section 34190) of Part 1.85 apply, or until the memorandum of*  
 6 *understanding would no longer remain in force pursuant to its*  
 7 *own terms, whichever date is earlier.*

8 (h) After the enforceable obligation payment schedule is adopted  
 9 pursuant to Section 34169, or after 60 days from the effective date  
 10 of this part, whichever is sooner, the agency shall not make a  
 11 payment unless it is listed in an adopted enforceable obligation  
 12 payment schedule, other than payments required to meet  
 13 obligations with respect to bonded indebtedness.

14 (i) The Department of Finance and the Controller shall each  
 15 have the authority to require any documents associated with the  
 16 enforceable obligations to be provided to them in a manner of their  
 17 choosing. Any taxing entity, the department, and the Controller  
 18 shall each have standing to file a judicial action to prevent a  
 19 violation under this part and to obtain injunctive or other  
 20 appropriate relief.

21 (j) For purposes of this part, “auditor-controller” means the  
 22 officer designated in subdivision (e) of Section 24000 of the  
 23 Government Code.

24 *SEC. 8. Section 34171 of the Health and Safety Code is*  
 25 *amended to read:*

26 34171. The following terms shall have the following meanings:

27 (a) “Administrative budget” means the budget for administrative  
 28 costs of the successor agencies as provided in *subdivision (j) of*  
 29 *Section 34177.*

30 (b) “Administrative cost allowance” means an amount that,  
 31 subject to the approval of the oversight board, is payable from  
 32 property tax revenues of up to 5 percent of the property tax  
 33 allocated to the successor agency for the 2011–12 fiscal year and  
 34 up to 3 percent of the property tax allocated to the Redevelopment  
 35 Obligation Retirement Fund money that is allocated to the  
 36 successor agency for each fiscal year thereafter; provided, however,  
 37 that the amount shall not be less than two hundred fifty thousand  
 38 dollars (\$250,000) for any fiscal year or such lesser amount as  
 39 agreed to by the successor agency. However, the allowance amount

1 shall exclude any administrative costs that can be paid from bond  
2 proceeds or from sources other than property tax.

3 (c) “Designated local authority” shall mean a public entity  
4 formed pursuant to subdivision (d) of Section 34173.

5 (d) (1) “Enforceable obligation” means any of the following:

6 (A) Bonds, as defined by Section 33602 and bonds issued  
7 pursuant to Section 58383 of the Government Code, including the  
8 required debt service, reserve set-asides, and any other payments  
9 required under the indenture or similar documents governing the  
10 issuance of the outstanding bonds of the former redevelopment  
11 agency.

12 (B) Loans of moneys borrowed by the redevelopment agency  
13 for a lawful purpose, to the extent they are legally required to be  
14 repaid pursuant to a required repayment schedule or other  
15 mandatory loan terms.

16 (C) Payments required by the federal government, preexisting  
17 obligations to the state or obligations imposed by state law, other  
18 than passthrough payments that are made by the county  
19 auditor-controller pursuant to Section 34183, or legally enforceable  
20 payments required in connection with the agencies’ employees,  
21 including, but not limited to, pension payments, pension obligation  
22 debt service, unemployment payments, or other obligations  
23 conferred through a collective bargaining agreement.

24 (D) Judgments or settlements entered by a competent court of  
25 law or binding arbitration decisions against the former  
26 redevelopment agency, other than passthrough payments that are  
27 made by the county auditor-controller pursuant to Section 34183.  
28 Along with the successor agency, the oversight board shall have  
29 the authority and standing to appeal any judgment or to set aside  
30 any settlement or arbitration decision.

31 (E) Any legally binding and enforceable agreement or contract  
32 that is not otherwise void as violating the debt limit or public  
33 policy. However, nothing in this act shall prohibit either the  
34 successor agency, with the approval or at the direction of the  
35 oversight board, or the oversight board itself from terminating any  
36 existing agreements or contracts and providing any necessary and  
37 required compensation or remediation for such termination.

38 (F) Contracts or agreements necessary for the administration or  
39 operation of the successor agency, in accordance with this part,  
40 including, but not limited to, agreements to purchase or rent office

1 space, equipment and supplies, and pay-related expenses pursuant  
2 to Section 33127 and for carrying insurance pursuant to Section  
3 33134.

4 (G) Amounts borrowed from or payments owing to the Low  
5 and Moderate Income Housing Fund of a redevelopment agency,  
6 which had been deferred as of the effective date of the act adding  
7 this part; provided, however, that the repayment schedule is  
8 approved by the oversight board.

9 (2) For purposes of this part, “enforceable obligation” does not  
10 include any agreements, contracts, or arrangements between the  
11 city, county, or city and county that created the redevelopment  
12 agency and the former redevelopment agency. However, written  
13 agreements entered into (A) at the time of issuance, but in no event  
14 later than December 31, 2010, of indebtedness obligations, and  
15 (B) solely for the purpose of securing or repaying those  
16 indebtedness obligations may be deemed enforceable obligations  
17 for purposes of this part. Notwithstanding this paragraph, loan  
18 agreements entered into between the redevelopment agency and  
19 the city, county, or city and county that created it, within two years  
20 of the date of creation of the redevelopment agency, *or within two*  
21 *years of the date of the creation of a project area if the loan is*  
22 *specific to that project area, and any obligations imposed by*  
23 *paragraph (1) of subdivision (d) of Section 33691* may be deemed  
24 to be enforceable obligations.

25 (3) Contracts or agreements between the former redevelopment  
26 agency and other public agencies, to perform services or provide  
27 funding for governmental or private services or capital projects  
28 outside of redevelopment project areas that do not provide benefit  
29 to the redevelopment project and thus were not properly authorized  
30 under Part 1 (commencing with Section 33000) shall be deemed  
31 void on the effective date of this part; provided, however, that such  
32 contracts or agreements for the provision of housing properly  
33 authorized under Part 1 (commencing with Section 33000) shall  
34 not be deemed void.

35 (e) “Indebtedness obligations” means bonds, notes, certificates  
36 of participation, or other evidence of indebtedness, issued or  
37 delivered by the redevelopment agency, or by a joint exercise of  
38 powers authority created by the redevelopment agency, to  
39 third-party investors or bondholders to finance or refinance  
40 redevelopment projects undertaken by the redevelopment agency

1 in compliance with the Community Redevelopment Law (Part 1  
2 (commencing with Section 33000)).

3 (f) “Oversight board” shall mean each entity established pursuant  
4 to Section 34179.

5 (g) “Recognized obligation” means an obligation listed in the  
6 Recognized Obligation Payment Schedule.

7 (h) “Recognized Obligation Payment Schedule” means the  
8 document setting forth the minimum payment amounts and due  
9 dates of payments required by enforceable obligations for each  
10 six-month fiscal period as provided in subdivision (m) of Section  
11 34177.

12 (i) “School entity” means any entity defined as such in  
13 subdivision (f) of Section 95 of the Revenue and Taxation Code.

14 (j) “Successor agency” means the county, city, or city and county  
15 that authorized the creation of each redevelopment agency or  
16 another entity as provided in Section 34173.

17 (k) “Taxing entities” means cities, counties, a city and county,  
18 special districts, and school entities, as defined in subdivision (f)  
19 of Section 95 of the Revenue and Taxation Code, that receive  
20 passthrough payments and distributions of property taxes pursuant  
21 to the provisions of this part.

22 *SEC. 9. Section 34176 of the Health and Safety Code is*  
23 *amended to read:*

24 34176. (a) The city, county, or city and county that authorized  
25 the creation of a redevelopment agency may elect to retain the  
26 housing assets and functions previously performed by the  
27 redevelopment agency. If a city, county, or city and county elects  
28 to retain the responsibility for performing housing functions  
29 previously performed by a redevelopment agency, all rights,  
30 powers, duties, and obligations, ~~excluding~~ *associated with the*  
31 *housing activities of the agency, including any amounts on deposit*  
32 *in the Low and Moderate Income Housing Fund, shall be*  
33 *transferred to the city, county, or city and county. Any funds*  
34 *transferred to the city, county, or city and county pursuant to this*  
35 *subdivision shall be maintained in a separate Low and Moderate*  
36 *Income Housing Fund and expended pursuant to the provisions*  
37 *of the Community Redevelopment Law relating to the Low and*  
38 *Moderate Income Housing Fund.*

39 (b) If a city, county, or city and county does not elect to retain  
40 the responsibility for performing housing functions previously

1 performed by a redevelopment agency, all rights, powers, assets,  
2 liabilities, duties, and obligations associated with the housing  
3 activities of the agency, ~~excluding~~ including any amounts in the  
4 Low and Moderate Income Housing Fund, shall be transferred as  
5 follows:

6 ~~(1) Where there is no local housing authority in the territorial~~  
7 ~~jurisdiction of the former redevelopment agency, to the Department~~  
8 ~~of Housing and Community Development.~~

9 (2)  
10 (1) Where there is one local housing authority in the territorial  
11 jurisdiction of the former redevelopment agency, to that local  
12 housing authority.

13 (3)  
14 (2) Where there is more than one local housing authority in the  
15 territorial jurisdiction of the former redevelopment agency, to the  
16 local housing authority selected by the city, county, or city and  
17 county that authorized the creation of the redevelopment agency.

18 (3) *Where there is no local housing authority in the territorial*  
19 *jurisdiction of the former redevelopment agency or where the local*  
20 *housing authority selected does not accept the responsibility for*  
21 *performing housing functions previously performed by the former*  
22 *redevelopment agency, to the Department of Housing and*  
23 *Community Development.*

24 (c) Commencing on the operative date of this part, the entity  
25 assuming the housing functions formerly performed by the  
26 redevelopment agency ~~may~~ shall enforce affordability covenants  
27 and perform related activities pursuant to applicable provisions of  
28 the Community Redevelopment Law (Part 1 (commencing with  
29 Section 33000), including, but not limited to, Section 33418.

30 *SEC. 10. Section 34177 of the Health and Safety Code is*  
31 *amended to read:*

32 34177. Successor agencies are required to do all of the  
33 following:

34 (a) Continue to make payments due for enforceable obligations.  
35 (1) On and after October 1, 2011, and until a Recognized  
36 Obligation Payment Schedule becomes operative, only payments  
37 required pursuant to an enforceable obligations payment schedule  
38 shall be made. The initial enforceable obligation payment schedule  
39 shall be the last schedule adopted by the redevelopment agency  
40 under Section 34169. However, payments associated with

1 obligations excluded from the definition of enforceable obligations  
2 by paragraph (2) of subdivision ~~(e)~~ (d) of Section 34171 shall be  
3 excluded from the enforceable obligations payment schedule and  
4 be removed from the last schedule adopted by the redevelopment  
5 agency under Section 34169 prior to the successor agency adopting  
6 it as its enforceable obligations payment schedule pursuant to this  
7 subdivision. The enforceable obligation payment schedule may  
8 be amended by the successor agency at any public meeting and  
9 shall be subject to the approval of the oversight board as soon as  
10 the board has sufficient members to form a quorum.

11 (2) The Department of Finance and the Controller shall each  
12 have the authority to require any documents associated with the  
13 enforceable obligations to be provided to them in a manner of their  
14 choosing. Any taxing entity, the department, and the Controller  
15 shall each have standing to file a judicial action to prevent a  
16 violation under this part and to obtain injunctive or other  
17 appropriate relief.

18 (3) Commencing on January 1, 2012, only those payments listed  
19 in the Recognized Obligation Payment Schedule may be made by  
20 the successor agency from the funds specified in the Recognized  
21 Obligation Payment Schedule. In addition, commencing January  
22 1, 2012, the Recognized Obligation Payment Schedule shall  
23 supersede the Statement of Indebtedness, which shall no longer  
24 be prepared nor have any effect under the Community  
25 Redevelopment Law.

26 (4) Nothing in the act adding this part is to be construed as  
27 preventing a successor agency, with the prior approval of the  
28 oversight board, as described in Section 34179, from making  
29 payments for enforceable obligations from sources other than those  
30 listed in the Recognized Obligation Payment Schedule.

31 (5) From October 1, 2011, to July 1, 2012, a successor agency  
32 shall have no authority and is hereby prohibited from accelerating  
33 payment or making any lump-sum payments that are intended to  
34 prepay loans unless such accelerated repayments were required  
35 prior to the effective date of this part.

36 (b) Maintain reserves in the amount required by indentures,  
37 trust indentures, or similar documents governing the issuance of  
38 outstanding redevelopment agency bonds.

39 (c) Perform obligations required pursuant to any enforceable  
40 obligation.

1 (d) Remit unencumbered balances of redevelopment agency  
2 funds to the county auditor-controller for distribution to the taxing  
3 entities, ~~including, but not limited to, the unencumbered balance~~  
4 ~~of the Low and Moderate Income Housing Fund of a former~~  
5 ~~redevelopment agency.~~ In making the distribution, the county  
6 auditor-controller shall utilize the same methodology for allocation  
7 and distribution of property tax revenues provided in Section  
8 34188.

9 (e) Dispose of assets and properties of the former redevelopment  
10 agency as directed by the oversight board; provided, however, that  
11 the oversight board may instead direct the successor agency to  
12 transfer ownership of certain assets pursuant to subdivision (a) of  
13 Section 34181. The disposal is to be done expeditiously and in a  
14 manner aimed at maximizing value. Proceeds from asset sales and  
15 related funds that are no longer needed for approved development  
16 projects or to otherwise wind down the affairs of the agency, each  
17 as determined by the oversight board, shall be transferred to the  
18 county auditor-controller for distribution as property tax proceeds  
19 under Section 34188.

20 (f) Enforce all former redevelopment agency rights for the  
21 benefit of the taxing entities, including, but not limited to,  
22 continuing to collect loans, rents, and other revenues that were due  
23 to the redevelopment agency.

24 (g) Effectuate transfer of housing functions and assets to the  
25 appropriate entity designated pursuant to Section 34176.

26 (h) Expeditiously wind down the affairs of the redevelopment  
27 agency pursuant to the provisions of this part and in accordance  
28 with the direction of the oversight board.

29 (i) Continue to oversee development of properties until the  
30 contracted work has been completed or the contractual obligations  
31 of the former redevelopment agency can be transferred to other  
32 parties. Bond proceeds shall be used for the purposes for which  
33 bonds were sold unless the purposes can no longer be achieved,  
34 in which case, the proceeds may be used to defease the bonds.

35 (j) Prepare a proposed administrative budget and submit it to  
36 the oversight board for its approval. The proposed administrative  
37 budget shall include all of the following:

38 (1) Estimated amounts for successor agency administrative costs  
39 for the upcoming six-month fiscal period.

1 (2) Proposed sources of payment for the costs identified in  
2 paragraph (1).

3 (3) Proposals for arrangements for administrative and operations  
4 services provided by a city, county, city and county, or other entity.

5 (k) Provide administrative cost estimates, from its approved  
6 administrative budget that are to be paid from property tax revenues  
7 deposited in the Redevelopment Property Tax Trust Fund, to the  
8 county auditor-controller for each six-month fiscal period.

9 (l) (1) Before each six-month fiscal period, prepare a  
10 Recognized Obligation Payment Schedule in accordance with the  
11 requirements of this paragraph. For each recognized obligation,  
12 the Recognized Obligation Payment Schedule shall identify one  
13 or more of the following sources of payment:

14 (A) Low and Moderate Income Housing Fund.

15 (B) Bond proceeds.

16 (C) Reserve balances.

17 (D) Administrative cost allowance.

18 (E) The Redevelopment Property Tax Trust Fund, but only to  
19 the extent no other funding source is available or when payment  
20 from property tax revenues is required by an enforceable obligation  
21 or by the provisions of this part.

22 (F) Other revenue sources, including rents, concessions, asset  
23 sale proceeds, interest earnings, and any other revenues derived  
24 from the former redevelopment agency, as approved by the  
25 oversight board in accordance with this part.

26 (2) A Recognized Obligation Payment Schedule shall not be  
27 deemed valid unless all of the following conditions have been met:

28 (A) A draft Recognized Obligation Payment Schedule is  
29 prepared by the successor agency for the enforceable obligations  
30 of the former redevelopment agency by November 1, 2011. From  
31 October 1, 2011, to July 1, 2012, the initial draft of that schedule  
32 shall project the dates and amounts of scheduled payments for  
33 each enforceable obligation for the remainder of the time period  
34 during which the redevelopment agency would have been  
35 authorized to obligate property tax increment had such a  
36 redevelopment agency not been dissolved, and shall be reviewed  
37 and certified, as to its accuracy, by an external auditor designated  
38 pursuant to Section 34182.

39 (B) The certified Recognized Obligation Payment Schedule is  
40 submitted to and duly approved by the oversight board.

1 (C) A copy of the approved Recognized Obligation Payment  
2 Schedule is submitted to the county auditor-controller and both  
3 the Controller's office and the Department of Finance and be posted  
4 on the successor agency's Internet Web site.

5 (3) The Recognized Obligation Payment Schedule shall be  
6 forward looking to the next six months. The first Recognized  
7 Obligation Payment Schedule shall be submitted to the Controller's  
8 office and the Department of Finance by December 15, 2011, for  
9 the period of January 1, 2012, to June 30, 2012, inclusive. Former  
10 redevelopment agency enforceable obligation payments due, and  
11 reasonable or necessary administrative costs due or incurred, prior  
12 to January 1, 2012, shall be made from property tax revenues  
13 received in the spring of 2011 property tax distribution, and from  
14 other revenues and balances transferred to the successor agency.

15 *SEC. 11. Section 34179 of the Health and Safety Code is*  
16 *amended to read:*

17 34179. (a) Each successor agency shall have an oversight  
18 board composed of seven members. The members shall elect one  
19 of their members as the chairperson and shall report the name of  
20 the chairperson and other members to the Department of Finance  
21 on or before January 1, 2012. Members shall be selected as follows:

22 (1) One member appointed by the county board of supervisors.

23 (2) One member appointed by the mayor for the city that formed  
24 the redevelopment agency.

25 (3) One member appointed by the largest special district, by  
26 property tax share, with territory in the territorial jurisdiction of  
27 the former redevelopment agency, which is of the type of special  
28 district that is eligible to receive property tax revenues pursuant  
29 to Section 34188.

30 (4) One member appointed by the county superintendent of  
31 education to represent schools if the superintendent is elected. If  
32 the county superintendent of education is appointed, then the  
33 appointment made pursuant to this paragraph shall be made by the  
34 county board of education.

35 (5) One member appointed by the Chancellor of the California  
36 Community Colleges to represent community college districts in  
37 the county.

38 (6) One member of the public appointed by the county board  
39 of supervisors.

1 (7) One member representing the employees of the former  
2 redevelopment agency appointed by the mayor or chair of the  
3 board of supervisors, as the case may be, from the recognized  
4 employee organization representing the largest number of former  
5 redevelopment agency employees employed by the successor  
6 agency at that time. *In voting to approve a contract as an*  
7 *enforceable obligation, a member appointed pursuant to this*  
8 *paragraph shall not be deemed to be interested in the contract by*  
9 *virtue of being an employee of the successor agency or community*  
10 *for purposes of Section 1090 of the Government Code.*

11 (8) If the county or a joint powers agency formed the  
12 redevelopment agency, then the largest city by acreage in the  
13 territorial jurisdiction of the former redevelopment agency may  
14 select one member. If there are no cities with territory in a project  
15 area of the redevelopment agency, the county superintendent of  
16 education may appoint an additional member to represent the  
17 public.

18 (9) If there are no special districts of the type that are eligible  
19 to receive property tax pursuant to Section 34188, within the  
20 territorial jurisdiction of the former redevelopment agency, then  
21 the county may appoint one member to represent the public.

22 (10) Where a redevelopment agency was formed by an entity  
23 that is both a charter city and a county, the oversight board shall  
24 be composed of seven members selected as follows: three members  
25 appointed by the mayor of the city, where such appointment is  
26 subject to confirmation by the county board of supervisors, one  
27 member appointed by the largest special district, by property tax  
28 share, with territory in the territorial jurisdiction of the former  
29 redevelopment agency, which is the type of special district that is  
30 eligible to receive property tax revenues pursuant to Section 34188,  
31 one member appointed by the county superintendent of education  
32 to represent schools, one member appointed by the Chancellor of  
33 the California Community Colleges to represent community college  
34 districts, and one member representing employees of the former  
35 redevelopment agency appointed by the mayor of the city where  
36 such an appointment is subject to confirmation by the county board  
37 of supervisors, to represent the largest number of former  
38 redevelopment agency employees employed by the successor  
39 agency at that time.

1 (b) The Governor may appoint individuals to fill any oversight  
2 board member position described in subdivision (a) that has not  
3 been filled by January 15, 2012, or any member position that  
4 remains vacant for more than 60 days.

5 (c) The oversight board may direct the staff of the successor  
6 agency to perform work in furtherance of the oversight board's  
7 duties and responsibilities under this part. The successor agency  
8 shall pay for all of the costs of meetings of the oversight board  
9 and may include such costs in its administrative budget. Oversight  
10 board members shall serve without compensation or reimbursement  
11 for expenses.

12 (d) Oversight board members shall have personal immunity  
13 from suit for their actions taken within the scope of their  
14 responsibilities as oversight board members.

15 (e) A majority of the total membership of the oversight board  
16 shall constitute a quorum for the transaction of business. A majority  
17 vote of the total membership of the oversight board is required for  
18 the oversight board to take action. The oversight board shall be  
19 deemed to be a local entity for purposes of the Ralph M. Brown  
20 Act, the California Public Records Act, and the Political Reform  
21 Act of 1974.

22 (f) All notices required by law for proposed oversight board  
23 actions shall also be posted on the successor agency's Internet  
24 Web site or the oversight board's Internet Web site.

25 (g) Each member of an oversight board shall serve at the  
26 pleasure of the entity that appointed such member.

27 (h) The Department of Finance may review an oversight board  
28 action taken pursuant to the act adding this part. As such, all  
29 oversight board actions shall not be effective for three business  
30 days, pending a request for review by the department. Each  
31 oversight board shall designate an official to whom the department  
32 may make such requests and who shall provide the department  
33 with the telephone number and e-mail contact information for the  
34 purpose of communicating with the department pursuant to this  
35 subdivision. In the event that the department requests a review of  
36 a given oversight board action, it shall have 10 days from the date  
37 of its request to approve the oversight board action or return it to  
38 the oversight board for reconsideration and such oversight board  
39 action shall not be effective until approved by the department. In  
40 the event that the department returns the oversight board action to

1 the oversight board for reconsideration, the oversight board shall  
2 resubmit the modified action for department approval and the  
3 modified oversight board action shall not become effective until  
4 approved by the department.

5 (i) Oversight boards shall have fiduciary responsibilities to  
6 holders of enforceable obligations and the taxing entities that  
7 benefit from distributions of property tax and other revenues  
8 pursuant to Section 34188. Further, the provisions of Division 4  
9 (commencing with Section 1000) of the Government Code shall  
10 apply to oversight boards. Notwithstanding Section 1099 of the  
11 Government Code, or any other law, any individual may  
12 simultaneously be appointed to up to five oversight boards and  
13 may hold an office in a city, county, city and county, special  
14 district, school district, or community college district.

15 (j) Commencing on and after July 1, 2016, in each county where  
16 more than one oversight board was created by operation of the act  
17 adding this part, there shall be only one oversight board appointed  
18 as follows:

19 (1) One member may be appointed by the county board of  
20 supervisors.

21 (2) One member may be appointed by the city selection  
22 committee established pursuant to Section 50270 of the  
23 Government Code. In a city and county, the mayor may appoint  
24 one member.

25 (3) One member may be appointed by the independent special  
26 district selection committee established pursuant to Section 56332  
27 of the Government Code, for the types of special districts that are  
28 eligible to receive property tax revenues pursuant to Section 34188.

29 (4) One member may be appointed by the county superintendent  
30 of education to represent schools if the superintendent is elected.  
31 If the county superintendent of education is appointed, then the  
32 appointment made pursuant to this paragraph shall be made by the  
33 county board of education.

34 (5) One member may be appointed by the Chancellor of the  
35 California Community Colleges to represent community college  
36 districts in the county.

37 (6) One member of the public may be appointed by the county  
38 board of supervisors.

1 (7) One member may be appointed by the recognized employee  
2 organization representing the largest number of successor agency  
3 employees in the county.

4 (k) The Governor may appoint individuals to fill any oversight  
5 board member position described in subdivision (j) that has not  
6 been filled by July 15, 2016, or any member position that remains  
7 vacant for more than 60 days.

8 (l) Commencing on and after July 1, 2016, in each county where  
9 only one oversight board was created by operation of the act adding  
10 this part, then there will be no change to the composition of that  
11 oversight board as a result of the operation of subdivision (b).

12 (m) Any oversight board for a given successor agency shall  
13 cease to exist when all of the indebtedness of the dissolved  
14 redevelopment agency has been repaid.

15 *SEC. 12. Section 34181 of the Health and Safety Code is*  
16 *amended to read:*

17 34181. The oversight board shall direct the successor agency  
18 to do all of the following:

19 (a) Dispose of all assets and properties of the former  
20 redevelopment agency that were funded by tax increment revenues  
21 of the dissolved redevelopment agency; provided, however, that  
22 the oversight board may instead direct the successor agency to  
23 transfer ownership of those assets that were constructed and used  
24 for a governmental purpose, such as roads, school buildings, parks,  
25 and fire stations, to the appropriate public jurisdiction pursuant to  
26 any existing agreements relating to the construction or use of such  
27 an asset. Any compensation to be provided to the successor agency  
28 for the transfer of the asset shall be governed by the agreements  
29 relating to the construction or use of that asset. Disposal shall be  
30 done expeditiously and in a manner aimed at maximizing value.

31 (b) Cease performance in connection with and terminate all  
32 existing agreements that do not qualify as enforceable obligations.

33 (c) Transfer housing responsibilities and all rights, powers,  
34 duties, and obligations ~~along with~~, *including* any amounts on  
35 deposit in the Low and Moderate Income Housing Fund, to the  
36 appropriate entity pursuant to Section 34176.

37 (d) Terminate any agreement, between the dissolved  
38 redevelopment agency and any public entity located in the same  
39 county, obligating the redevelopment agency to provide funding  
40 for any debt service obligations of the public entity or for the

1 construction, or operation of facilities owned or operated by such  
2 public entity, in any instance where the oversight board has found  
3 that early termination would be in the best interests of the taxing  
4 entities.

5 (e) Determine whether any contracts, agreements, or other  
6 arrangements between the dissolved redevelopment agency and  
7 any private parties should be terminated or renegotiated to reduce  
8 liabilities and increase net revenues to the taxing entities, and  
9 present proposed termination or amendment agreements to the  
10 oversight board for its approval. The board may approve any  
11 amendments to or early termination of such agreements where it  
12 finds that amendments or early termination would be in the best  
13 interests of the taxing entities.

14 *SEC. 13. Section 34182 of the Health and Safety Code is*  
15 *amended to read:*

16 34182. (a) (1) The county auditor-controller shall conduct or  
17 cause to be conducted an agreed-upon procedures audit of each  
18 redevelopment agency in the county that is subject to this part, to  
19 be completed by March 1, 2012.

20 (2) The purpose of the audits shall be to establish each  
21 redevelopment agency's assets and liabilities, to document and  
22 determine each redevelopment agency's passthrough payment  
23 obligations to other taxing agencies, and to document and  
24 determine both the amount and the terms of any indebtedness  
25 incurred by the redevelopment agency and certify the initial  
26 Recognized Obligation Payment Schedule.

27 (3) The county auditor-controller may charge the Redevelopment  
28 Property Tax Trust Fund for any costs incurred by the county  
29 auditor-controller pursuant to this part.

30 (b) By March 15, 2012, the county auditor-controller shall  
31 provide the Controller's office a copy of all audits performed  
32 pursuant to this section. The county auditor-controller shall  
33 maintain a copy of all documentation and working papers for use  
34 by the Controller.

35 (c) (1) The county auditor-controller shall determine the amount  
36 of property taxes that would have been allocated to each  
37 redevelopment agency in the county had the redevelopment agency  
38 not been dissolved pursuant to the operation of the act adding this  
39 part. These amounts are deemed property tax revenues within the  
40 meaning of subdivision (a) of Section 1 of Article XIII A of the

1 California Constitution and are available for allocation and  
 2 distribution in accordance with the provisions of the act adding  
 3 this part. The county auditor-controller shall calculate the property  
 4 tax revenues using current assessed values on the last equalized  
 5 roll on August 20, pursuant to Section 2052 of the Revenue and  
 6 Taxation Code, and pursuant to statutory formulas or contractual  
 7 agreements with other taxing agencies, as of the effective date of  
 8 this section, and shall deposit that amount *along with unitary and*  
 9 *supplemental tax increment due to the former redevelopment*  
 10 *agency* in the Redevelopment Property Tax Trust Fund.

11 (2) Each county auditor-controller shall administer the  
 12 Redevelopment Property Tax Trust Fund for the benefit of the  
 13 holders of former redevelopment agency enforceable obligations  
 14 and the taxing entities that receive passthrough payments and  
 15 distributions of property taxes pursuant to this part.

16 (3) In connection with the allocation and distribution by the  
 17 county auditor-controller of property tax revenues deposited in the  
 18 Redevelopment Property Tax Trust Fund, in compliance with this  
 19 part, the county auditor-controller shall prepare estimates of  
 20 amounts to be allocated and distributed, and provide those estimates  
 21 to both the entities receiving the distributions and the Department  
 22 of Finance, no later than November 1 and May 1 of each year.

23 (4) Each county auditor-controller shall disburse proceeds of  
 24 asset sales or reserve balances, which have been received from the  
 25 successor-entities *agencies* pursuant to Sections 34177 and 34187,  
 26 to the taxing entities. In making such a distribution, the county  
 27 auditor-controller shall utilize the same methodology for allocation  
 28 and distribution of property tax revenues provided in Section  
 29 34188.

30 (d) By October 1, 2012, the county auditor-controller shall report  
 31 the following information to the Controller’s office and the Director  
 32 of Finance:

33 (1) The sums of property tax revenues remitted to the  
 34 Redevelopment Property Tax Trust Fund related to each former  
 35 redevelopment agency.

36 (2) The sums of property tax revenues remitted to each agency  
 37 under paragraph (1) of subdivision (a) of Section 34183.

38 (3) The sums of property tax revenues remitted to each successor  
 39 agency pursuant to paragraph (2) of subdivision (a) of Section  
 40 34183.

1 (4) The sums of property tax revenues paid to each successor  
2 agency pursuant to paragraph (3) of subdivision (a) of Section  
3 34183.

4 (5) The sums paid to each city, county, and special district, and  
5 the total amount allocated for schools pursuant to paragraph (4)  
6 of subdivision (a) of Section 34183.

7 (6) Any amounts deducted from other distributions pursuant to  
8 subdivision (b) of Section 34183.

9 (e) A county auditor-controller may charge the Redevelopment  
10 Property Tax Trust Fund for the costs of administering the  
11 provisions of this part.

12 (f) The Controller may audit and review any county  
13 auditor-controller action taken pursuant to the act adding this part.  
14 As such, all county auditor-controller actions shall not be effective  
15 for three business days, pending a request for review by the  
16 Controller. In the event that the Controller requests a review of a  
17 given county auditor-controller action, he or she shall have 10 days  
18 from the date of his or her request to approve the county  
19 auditor-controller's action or return it to the county  
20 auditor-controller for reconsideration and such county  
21 auditor-controller action shall not be effective until approved by  
22 the Controller. In the event that the Controller returns the county  
23 auditor-controller's action to the county auditor-controller for  
24 reconsideration, the county auditor-controller must resubmit the  
25 modified action for Controller approval and such modified county  
26 auditor-controller action shall not become effective until approved  
27 by the Controller.

28 *SEC. 14. Section 34183 of the Health and Safety Code is*  
29 *amended to read:*

30 34183. (a) Notwithstanding any other law, from October 1,  
31 2011, to July 1, 2012, and for each fiscal year thereafter, the county  
32 auditor-controller shall, after deducting administrative costs  
33 allowed under Section 34182 and Section 95.3 of the Revenue and  
34 Taxation Code, allocate moneys in each Redevelopment Property  
35 Tax Trust Fund as follows:

36 (1) Subject to any prior deductions required by subdivision (b),  
37 first, the county auditor-controller shall remit from the  
38 Redevelopment Property Tax Trust Fund to each local agency and  
39 school entity an amount of property tax revenues in an amount  
40 equal to that which would have been received under Section 33401,

1 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections  
 2 read on January 1, 2011, or pursuant to any passthrough agreement  
 3 between a redevelopment agency and a taxing jurisdiction that  
 4 was entered into prior to January 1, 1994, that would be in force  
 5 during that fiscal year, had the redevelopment agency existed at  
 6 that time. The amount of the payments made pursuant to this  
 7 paragraph shall be calculated solely on the basis of passthrough  
 8 payment obligations, existing prior to the effective date of this part  
 9 and continuing as obligations of successor-entities *agencies*, shall  
 10 occur no later than January 16, 2012, and no later than June 1,  
 11 2012, and each January 16 and June 1 thereafter. Notwithstanding  
 12 subdivision (e) of Section 33670, that portion of the taxes in excess  
 13 of the amount identified in subdivision (a) of Section 33670, which  
 14 are attributable to a tax rate levied by a taxing agency for the  
 15 purpose of producing revenues in an amount sufficient to make  
 16 annual repayments of the principal of, and the interest on, any  
 17 bonded indebtedness for the acquisition or improvement of real  
 18 property shall be allocated to, and when collected shall be paid  
 19 into, the fund of that taxing agency.

20 (2) Second, on January 16, 2012, and June 1, 2012, and each  
 21 January 16 and June 1 thereafter, to each successor agency for  
 22 payments listed in its Recognized Obligation Payment Schedule  
 23 for the six-month fiscal period beginning January 1, 2012, or July  
 24 1, 2012, and each January 16 and June 1 thereafter, in the following  
 25 order of priority:

26 (A) Debt service payments scheduled to be made for tax  
 27 allocation bonds.

28 (B) Payments scheduled to be made on revenue bonds, but only  
 29 to the extent the revenues pledged for them are insufficient to make  
 30 the payments and only where the agency’s tax increment revenues  
 31 were also pledged for the repayment of the bonds.

32 (C) Payments scheduled for other debts and obligations listed  
 33 in the Recognized Obligation Payment Schedule that are required  
 34 to be paid from former tax increment revenue.

35 (3) Third, on January 16, 2012, and June 1, 2012, and each  
 36 January 16 and June 1 thereafter, to each successor agency for the  
 37 administrative cost allowance, as defined in Section 34171, for  
 38 administrative costs set forth in an approved administrative budget  
 39 for those payments required to be paid from former tax increment  
 40 revenues.

1 (4) Fourth, on January 16, 2012, and June 1, 2012, and each  
2 January 16 and June 1 thereafter, any moneys remaining in the  
3 Redevelopment Property Tax Trust Fund after the payments and  
4 transfers authorized by paragraphs (1) to (3), inclusive, shall be  
5 distributed to local agencies and school entities in accordance with  
6 Section 34188.

7 (b) If the successor agency reports, no later than December 1,  
8 2011, and May 1, 2012, and each December 1 and May 1 thereafter,  
9 to the county auditor-controller that the total amount available to  
10 the successor agency from the Redevelopment Property Tax Trust  
11 Fund allocation to that successor agency's Redevelopment  
12 Obligation Retirement Fund, from other funds transferred from  
13 each redevelopment agency, and from funds that have or will  
14 become available through asset sales and all redevelopment  
15 operations, are insufficient to fund the payments required by  
16 paragraphs (1) to (3), inclusive, of subdivision (a) in the next  
17 six-month fiscal period, the county auditor-controller shall notify  
18 the Controller and the Department of Finance no later than 10 days  
19 from the date of that notification. The county auditor-controller  
20 shall verify whether the successor agency will have sufficient funds  
21 from which to service debts according to the Recognized  
22 Obligation Payment Schedule and shall report the findings to the  
23 Controller. If the Controller concurs that there are insufficient  
24 funds to pay required debt service, the amount of the deficiency  
25 shall be deducted first from the amount remaining to be distributed  
26 to taxing entities pursuant to paragraph (4), and if that amount is  
27 exhausted, from amounts available for distribution for  
28 administrative costs in paragraph (3). If an agency, pursuant to the  
29 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,  
30 33681.15, or 33688, made passthrough payment obligations  
31 subordinate to debt service payments required for enforceable  
32 obligations, funds for servicing bond debt may be deducted from  
33 the amounts for passthrough payments under paragraph (1), as  
34 provided in those sections, but only to the extent that the amounts  
35 remaining to be distributed to taxing entities pursuant to paragraph  
36 (4) and the amounts available for distribution for administrative  
37 costs in paragraph (3) have all been exhausted.

38 (c) The county treasurer may loan any funds from the county  
39 treasury that are necessary to ensure prompt payments of  
40 redevelopment agency debts.

1 (d) The Controller may recover the costs of audit and oversight  
 2 required under this part from the Redevelopment Property Tax  
 3 Trust Fund by presenting an invoice therefor to the county  
 4 auditor-controller who shall set aside sufficient funds for and  
 5 disburse the claimed amounts prior to making the next distributions  
 6 to the taxing jurisdictions pursuant to Section 34188. Subject to  
 7 the approval of the Director of Finance, the budget of the Controller  
 8 may be augmented to reflect the reimbursement, pursuant to  
 9 Section 28.00 of the Budget Act.

10 *SEC. 15. Section 34185 of the Health and Safety Code is*  
 11 *amended to read:*

12 34185. Commencing on January 16, 2012, and on each January  
 13 16 and June 1 thereafter, the county auditor-controller shall transfer,  
 14 from the Redevelopment Property Tax Trust Fund of each  
 15 successor agency into the Redevelopment Obligation Retirement  
 16 Fund of that agency, an amount of property tax revenues equal to  
 17 that specified in the Recognized Obligation Payment Schedule for  
 18 that successor agency as payable from the Redevelopment Property  
 19 Tax Trust Fund subject to the limitations of ~~Sections 34173 and~~  
 20 *subdivision (l) of Section 34177 and Section 34183.*

21 *SEC. 16. Section 34187 of the Health and Safety Code is*  
 22 *amended to read:*

23 34187. Commencing January 1, 2012, whenever a recognized  
 24 obligation that had been identified in the Recognized Payment  
 25 Obligation Schedule is paid off or retired, either through early  
 26 payment or payment at maturity, the county auditor-controller  
 27 shall distribute to the taxing entities, in accordance with the  
 28 provisions of the Revenue and Taxation Code, all property tax  
 29 revenues that were associated with the payment of the recognized  
 30 obligation *to the extent not currently required for the payment of*  
 31 *other recognized obligations.*

32 *SEC. 17. Section 34194 of the Health and Safety Code is*  
 33 *amended to read:*

34 34194. (a) A city or county that includes a redevelopment  
 35 agency that has complied with this part shall make the remittances  
 36 required by this section to the county auditor-controller. The county  
 37 auditor-controller shall deposit an amount as determined by Section  
 38 34194.4 into the Special District Allocation Fund, and remaining  
 39 funds shall be remitted to the county Educational Revenue  
 40 Augmentation Fund, created pursuant to Article 3 (commencing

1 with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the  
2 Revenue and Taxation Code.

3 (b) (1) For the 2011–12 fiscal year, a city or county shall remit  
4 an amount equal to the amount determined for the redevelopment  
5 agencies in that city or county pursuant to subparagraph (I) of  
6 paragraph (2).

7 (2) Utilizing the Controller’s redevelopment agency 2008–09  
8 annual report, the Director of Finance shall do all of the following  
9 for the 2011–12 fiscal year:

10 (A) Determine the net tax increment apportioned to each  
11 redevelopment agency pursuant to Section 33670, calculated as a  
12 redevelopment agency’s tax increment revenue, excluding any  
13 amounts apportioned to affected taxing agencies pursuant to  
14 Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676,  
15 and excluding all amounts used to pay for tax allocation bonds  
16 and interest payments specified in the Controller’s report, in the  
17 2008–09 fiscal year.

18 (B) Determine the net tax increment apportioned to all  
19 redevelopment agencies pursuant to Section 33670, calculated as  
20 all redevelopment agencies’ tax increment revenue, excluding any  
21 amounts apportioned to affected taxing agencies pursuant to  
22 Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676,  
23 and excluding all amounts used to pay for tax allocation bonds  
24 and interest payments specified in the Controller’s report, in the  
25 2008–09 fiscal year.

26 (C) Determine each redevelopment agency’s proportionate share  
27 of statewide net tax increment by dividing the amount determined  
28 pursuant to subparagraph (A) by the amount determined pursuant  
29 to subparagraph (B).

30 (D) Determine a proportionate amount of net tax increment for  
31 each redevelopment agency by multiplying one billion seven  
32 hundred million dollars (\$1,700,000,000) by the proportionate  
33 share determined pursuant to subparagraph (C).

34 (E) Determine the total amount of property tax revenue  
35 apportioned to each redevelopment agency pursuant to Section  
36 33670, calculated as a redevelopment agency’s tax increment  
37 revenue, including any amounts apportioned to affected taxing  
38 agencies pursuant to Section 33401, 33492.140, 33607, 33607.5,  
39 33607.7, or 33676, and including all amounts used for payments

1 of tax allocation bonds and interest payments specified in the  
 2 Controller’s report, in the 2008–09 fiscal year.

3 (F) Determine the total amount of property tax revenue  
 4 apportioned to all redevelopment agencies pursuant to Section  
 5 33670, calculated as all redevelopment agencies’ tax increment  
 6 revenue, including any amounts apportioned to affected taxing  
 7 agencies pursuant to Section 33401, 33492.140, 33607, 33607.5,  
 8 33607.7, or 33676, and including all amounts used for payments  
 9 of tax allocation bonds and interest payments specified in the  
 10 Controller’s report, in the 2008–09 fiscal year.

11 (G) Determine each redevelopment agency’s proportionate share  
 12 of property tax revenue by dividing the amount determined  
 13 pursuant to subparagraph (E) by the amount determined pursuant  
 14 to subparagraph (F).

15 (H) Determine a proportionate amount of property tax revenue  
 16 for each redevelopment agency by multiplying one billion seven  
 17 hundred million dollars (\$1,700,000,000) by the proportionate  
 18 share determined pursuant to subparagraph (G).

19 (I) Average the amounts determined pursuant to subparagraphs  
 20 (D) and (H).

21 (J) On or before August 1, 2011, notify each city or county of  
 22 the amount determined pursuant to subparagraph (I) for a  
 23 redevelopment agency of that city or county.

24 (K) Notify each county auditor-controller of the amounts  
 25 determined pursuant to subparagraph (I) for each agency in his or  
 26 her county.

27 (L) (i) After receiving the notification from the Director of  
 28 Finance pursuant to subparagraph (J), a city or county may appeal  
 29 the amount of remittance to the director on or before August 15,  
 30 2011, on the basis that the information in the Controller’s report  
 31 was in error or that the percentage of tax increment necessary to  
 32 pay for tax allocation bonds and interest payments has increased  
 33 by 10 percent or more over the percentage calculated pursuant to  
 34 the Controller’s redevelopment agency 2008–09 annual report.  
 35 Any appeal shall include documentation that clearly and  
 36 convincingly establishes the basis of the appeal and the amount  
 37 of the claimed discrepancy.

38 (ii) The director may reject the appeal or approve it, in whole  
 39 or in part, at the director’s sole discretion. The director shall notify  
 40 the city or county and the county auditor-controller of the decision

1 on the appeal by September 15, 2011. However, the director may  
2 extend the decision deadline, at the director’s discretion and upon  
3 notification of the city or county and the county auditor-controller,  
4 until October 15, 2011, in which case the date by which the city  
5 or county must enact the ordinance required by this part shall be  
6 extended until December 1, 2011. If the director determines that  
7 the percentage of tax increment necessary to pay for tax allocation  
8 bonds or interest payments has increased by 10 percent or more,  
9 as described by this subparagraph, then the director shall recalculate  
10 the remittance amount for the city or county identified in  
11 subparagraph (I) by reducing the amount in subparagraph (D) to  
12 reflect any percentage increase that is in excess of 10 percent.

13 *(iii) An appeal to the director by a city or county of a community*  
14 *remittance amount pursuant to this subparagraph also may be*  
15 *based on the permanent termination, prior to the 2012–13 fiscal*  
16 *year, of the allocation of tax increment to an agency for a project*  
17 *area that received tax increment in the 2008–09 fiscal year. If the*  
18 *director approves an appeal on this basis, then the director may*  
19 *recalculate the remittance amount for that city or county by*  
20 *excluding any amounts pertaining to that project area from the*  
21 *calculations specified in subparagraphs (A) to (I), inclusive. A city*  
22 *or county may file an appeal on this basis with the director on or*  
23 *before September 30, 2011, in which case the extended decision*  
24 *and ordinance enactment deadlines specified in clause (ii) shall*  
25 *apply, except that the director’s deadline for a decision on the*  
26 *appeal shall be October 28, 2011.*

27 (c) For the 2012–13 fiscal year and each fiscal year thereafter  
28 a participating community shall remit an amount equal to the sum  
29 of the amounts specified in paragraphs (1) and (2):

30 (1) For a community subject to a remittance amount determined  
31 for the 2011–12 fiscal year pursuant to subdivision (b), a base  
32 payment equal to the base payment in the prior fiscal year,  
33 increased by the percentage growth or decreased by the percentage  
34 reduction, as appropriate, from the prior fiscal year in the total  
35 adjusted amount of property tax increment revenue allocated to  
36 the redevelopment agency of the community pursuant to Section  
37 33670 with respect to project areas that were in existence, and for  
38 which the agency received allocations of tax increment revenue,  
39 during the 2011–12 fiscal year. *For the purposes of this calculation,*

1 “base payment in the prior fiscal year” shall not be less than one  
2 dollar (\$1).

3 (A) For the 2012–13 fiscal year, the base payment in the prior  
4 fiscal year shall be the remittance amount determined pursuant to  
5 subdivision (b) for the 2011–12 fiscal year multiplied by the ratio  
6 of four hundred million dollars (\$400,000,000) to one billion seven  
7 hundred million dollars (\$1,700,000,000).

8 (B) The “adjusted amount of property tax increment revenue”  
9 described in this paragraph means an amount of property tax  
10 increment in any fiscal year for a project area that is calculated by  
11 subtracting the amount of any debt service or other payments for  
12 new debt issuances or obligations, as provided in paragraph (2),  
13 from the total amount of property tax increment revenue allocated  
14 in that year to the agency with respect to that project area.

15 (2) (A) An amount equivalent to 80 percent, or any lesser  
16 amount as may be authorized by law for qualifying projects, of  
17 the total net school share, as described in subparagraph (B), of  
18 debt service or other payments made in that fiscal year for new  
19 debt or obligations issued or incurred on or after November 1,  
20 2011, as shown on the agency’s statement of indebtedness,  
21 excluding any debts issued or incurred on behalf of the agency’s  
22 Low and Moderate Income Housing Fund, established pursuant  
23 to Section 33334.3. “New debt” means debt that is displayed on  
24 a statement of indebtedness filed after a statement of indebtedness  
25 filed on October 1, 2011, that was not displayed on the statement  
26 of indebtedness filed on October 1, 2011.

27 (B) For the purpose of subparagraph (A), the net school share  
28 shall be the school share of the property tax increment revenues,  
29 less any passthrough payments to school entities, that would have  
30 been received in the absence of redevelopment by school entities,  
31 as defined in subdivision (f) of Section 95 of the Revenue and  
32 Taxation Code, in the jurisdictional territory of the redevelopment  
33 agency, including, but not limited to, the amounts specified in  
34 Section 97.68 and 97.70 of the Revenue and Taxation Code.

35 (C) It is the intent of the Legislature to enact legislation in the  
36 2011–12 session to prescribe a schedule of reductions in the  
37 community remittance, described in subparagraph (A), that will  
38 authorize payments of less than 80 percent of the school share of  
39 property taxes to the Educational Revenue Augmentation Fund.  
40 The reductions shall apply for bonds issued for the purpose of

1 funding projects that advance the achievement of statewide goals  
2 with respect to transportation, housing, economic development  
3 and job creation, environmental protection and remediation, and  
4 climate change, including, but not limited to, projects that are  
5 consistent with the Sustainable Communities ~~Strategies~~ *Strategy*  
6 developed pursuant to Chapter 4.2 (commencing with Section  
7 21155) of Division 13 of the Public Resources Code.

8 (3) On or before November 1 of each year, the city or county  
9 shall notify the Department of Finance, the Controller, and the  
10 county auditor-controller of the remittance amount required by the  
11 calculations described in this subdivision. The Director of Finance,  
12 the Controller, and the county auditor-controller shall each be  
13 authorized to audit and verify the remittance amount that is  
14 determined by the city or county. The county auditor-controller,  
15 based upon an audit conducted by that office, or upon notification  
16 by the Director of Finance or the Controller based on an audit  
17 conducted by those offices, that determines that the city or county  
18 has miscalculated its remittance payment amount, shall adjust the  
19 amount of the next remittance payment that shall be paid by the  
20 city or county to reflect the correct amount of payment previously  
21 owed by the city or county as identified in that audit, as required  
22 by this subdivision.

23 (d) (1) A city or county shall pay one-half of the total remittance  
24 amount, as calculated pursuant to subdivision (b) or (c), on or  
25 before January 15 of each year and shall pay the remaining one-half  
26 of the remittance amount on or before May 15 of each year.

27 (2) If a city or county fails to make its remittance payment as  
28 required by paragraph (1), the county auditor-controller shall notify  
29 the Director of Finance of the failure to make the payment within  
30 30 days. Upon receipt of the notification, the Director of Finance  
31 may determine that the redevelopment agency in the city or county  
32 shall be subject to the requirements of Part 1.8 (commencing with  
33 Section 34161) and Part 1.85 (commencing with Section 34170)  
34 as described in Section 34195.

35 *SEC. 18. Section 34194.25 is added to the Health and Safety*  
36 *Code, to read:*

37 *34194.25. For the 2012–13 and 2013–14 fiscal years only, the*  
38 *agreement between a city or a county and its redevelopment agency*  
39 *to transfer a portion of the agency’s tax increment to the city or*  
40 *county, authorized in Section 34194.2, may include an additional*

1 amount to reimburse the city or county for any shortfall between  
 2 the amount transferred from the redevelopment agency to the city  
 3 or county in the 2011–12 fiscal year pursuant to Section 34194.2  
 4 and the amount of the annual remittance of the city or county in  
 5 that fiscal year. The cumulative, additional amount transferred  
 6 pursuant to this section in the 2012–13 and 2013–14 fiscal years  
 7 shall not exceed the difference between the amount transferred in,  
 8 and the remittance amount of, the 2011–12 fiscal year.

9 SEC. 19. Section 34194.4 of the Health and Safety Code is  
 10 amended to read:

11 34194.4. (a) The county auditor-controller in each county in  
 12 which a redevelopment agency exists shall establish in the county  
 13 treasury a Special District Allocation Fund. The county  
 14 auditor-controller shall deposit the following amounts into the  
 15 fund out of each annual remittance by a city or county that includes  
 16 a special district under this section paid pursuant Section 34194  
 17 as follows:

18 (1) For the 2011–12 fiscal year, the amount shall be the city’s  
 19 or county’s remittance amount multiplied by the ratio of four  
 20 million three hundred thousand dollars (\$4,300,000) to one billion  
 21 seven hundred million dollars (\$1,700,000,000).

22 (2) For the 2012–13 fiscal year and each fiscal year thereafter,  
 23 the amount shall be the city’s or county’s remittance amount  
 24 multiplied by the ratio of sixty million dollars (\$60,000,000) to  
 25 four hundred million dollars (\$400,000,000).

26 (3) Amounts derived from the remittance payments of each city  
 27 or county shall be maintained in separate accounts in the fund.

28 (b) On or before May 15 each year, the county auditor-controller  
 29 shall make payments out of each account in the Special District  
 30 Allocation Fund to each special district whose boundaries include  
 31 all or any portion of a redevelopment project area of the city’s or  
 32 county’s redevelopment agency for special district services that  
 33 the district determines further redevelopment purposes. Each  
 34 special district shall receive a proportionate share of the total annual  
 35 deposit in the account, determined as follows:

36 (1) For each special district, the auditor-controller shall  
 37 determine the annual amount of tax increment revenue of the city’s  
 38 or county’s redevelopment agency that is attributable to the special  
 39 district. This amount shall be the amount of additional property  
 40 tax revenue that the special district would have received in that

1 year had property tax collected on incremental assessed value  
2 within the redevelopment project areas been allocated to the district  
3 under the property tax allocation laws then in effect. From this  
4 amount, the auditor-controller shall subtract any passthrough  
5 payments received in that year by the special district from the  
6 redevelopment agency.

7 (2) The county auditor-controller shall sum all of the annual  
8 amounts for individual special districts determined in paragraph  
9 (1).

10 (3) For each special district, the county auditor-controller shall  
11 calculate the ratio of the amount determined for that special district  
12 under paragraph (1) to the total amount determined in paragraph  
13 (2). This ratio shall be each special district's proportion of the total  
14 payment from the account.

15 (c) For the purposes of this section, "special district" means a  
16 district that provides fire protection services and ~~transit districts a~~  
17 *transit district*. A special district that has both excluded and  
18 nonexcluded functions and that serves nonexcluded functions  
19 within a redevelopment project area shall receive a prorated share  
20 proportionate to the special district's overall share of countywide  
21 property tax that is received for its nonexcluded functions.

22 (d) The auditor-controller shall report the payments made to  
23 special districts pursuant to this section to the Controller by June  
24 30 each year in a form and manner as specified by the Controller.

25 (e) The county auditor-controller may require special districts  
26 to provide, as a condition of receiving payments from the Special  
27 District Allocation Fund, any relevant information necessary to  
28 the determination of the payments made pursuant to this section.

29 *SEC. 20. Section 34195 of the Health and Safety Code is*  
30 *amended to read:*

31 34195. In the event that a city or county fails to make the  
32 remittance required pursuant to the agreement specified in Section  
33 34194 or 34194.5 and the Director of Finance makes the  
34 determination described in ~~those sections~~ *subdivision (d) of Section*  
35 *34194*, the following shall apply:

36 (a) The city or county shall no longer be authorized to engage  
37 in voluntary redevelopment pursuant to this part and the  
38 redevelopment agency shall become immediately subject to the  
39 provisions of Part 1.8 (commencing with Section 34161) and Part  
40 1.85 (commencing with 34170).

1 (b) The state shall be entitled to an assignment of any rights of  
 2 a city or county, as applicable, to any payments from the  
 3 redevelopment agency to which the city or county is entitled, as  
 4 described in subdivision (b) of Section 34193.2, for purposes of  
 5 mitigating the fiscal impact to the state related to the failure of the  
 6 city or county to make the required remittance payment.

7 *SEC. 21. Sections 8 to 16, inclusive, of this act shall become*  
 8 *operative only if Part 1.85 (commencing with Section 34170) of*  
 9 *Division 24 of the Health and Safety Code, as added by Chapter*  
 10 *5 of the First Extraordinary Session of the Statutes of 2011, is*  
 11 *operative. Sections 1 to 3, inclusive, and 18 to 20, inclusive, of*  
 12 *this act, and the changes made to subdivision (c) of Section 34194*  
 13 *of the Health and Safety Code by Section 17 of this act, shall*  
 14 *become operative only if Part 1.9 (commencing with Section 34192)*  
 15 *of Division 24 of the Health and Safety Code, as added by Chapter*  
 16 *6 of the First Extraordinary Session of the Statutes of 2011, is*  
 17 *operative.*

18 *SEC. 22. The sum of one thousand dollars (\$1,000) is hereby*  
 19 *appropriated to the Department of Finance from the General Fund*  
 20 *for costs to comply with this act.*

21 *SEC. 23. This act addresses the fiscal emergency declared by*  
 22 *the Governor by proclamation on January 20, 2011, pursuant to*  
 23 *subdivision (f) of Section 10 of Article IV of the California*  
 24 *Constitution.*

25 *SEC. 24. This act is a bill providing for appropriations related*  
 26 *to the Budget Bill within the meaning of subdivision (e) of Section*  
 27 *12 of Article IV of the California Constitution, has been identified*  
 28 *as related to the budget in the Budget Bill, and shall take effect*  
 29 *immediately.*

30 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
 31 ~~changes relating to the Budget Act of 2011.~~

32 ~~SEC. 2. This act addresses the fiscal emergency declared and~~  
 33 ~~reaffirmed by the Governor by proclamation on January 20, 2011,~~  
 34 ~~pursuant to subdivision (f) of Section 10 of Article IV of the~~  
 35 ~~California Constitution.~~

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