

AMENDED IN SENATE JUNE 14, 2011

CALIFORNIA LEGISLATURE—2011–12 FIRST EXTRAORDINARY SESSION

**ASSEMBLY BILL**

**No. 26**

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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 33500, 33501, 33607.5, and 33607.7 of, and to add Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of, the Health and Safety Code, and to add Sections 97.401 and 98.2 to the Revenue and Taxation Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

AB 26, as amended, Blumenfield. ~~Budget Act of 2011.~~ *Community redevelopment.*

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

*(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law provides that an action may be brought to review the validity of the adoption or amendment of a redevelopment plan by an agency, to review the validity of agency findings or determinations, and other agency actions.*

*This bill would revise the provisions of law authorizing an action to be brought against the agency to determine or review the validity of specified agency actions.*

(2) Existing law also requires that if an agency ceases to function, any surplus funds existing after payment of all obligations and indebtedness vest in the community.

The bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective October 1, 2011, the bill would dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies, as defined, as successor entities. The bill would impose various requirements on the successor agencies and subject successor agency actions to the review of oversight boards, which the bill would establish.

The bill would require county auditor-controllers to conduct an agreed-upon procedures audit of each former redevelopment agency by March 1, 2012. The bill would require the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved and deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Revenues in the trust fund would be allocated to various taxing entities in the county and to cover specified expenses of the former agency. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

(3) The bill would prohibit a redevelopment agency from issuing new bonds, notes, interim certificates, debentures, or other obligations if any legal challenge to invalidate a provision of this act is successful.

(4) The bill would appropriate \$500,000 to the Department of Finance from the General Fund for administrative costs associated with the bill.

(5) The bill would provide that its provisions take effect only if specified legislation is enacted in the 2011–12 Regular Session of the Legislature.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The

(7) 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.

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

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

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

1     *SECTION 1. The Legislature finds and declares all of the*  
2 *following:*

3     *(a) The economy and the residents of this state are slowly*  
4 *recovering from the worst recession since the Great Depression.*

5     *(b) State and local governments are still facing incredibly*  
6 *significant declines in revenues and increased need for core*  
7 *governmental services.*

8     *(c) Local governments across this state continue to confront*  
9 *difficult choices and have had to reduce fire and police protection*  
10 *among other services.*

11     *(d) Schools have faced reductions in funding that have caused*  
12 *school districts to increase class size and layoff teachers, as well*  
13 *as make other hurtful cuts.*

14     *(e) Redevelopment agencies have expanded over the years in*  
15 *this state. The expansion of redevelopment agencies has*  
16 *increasingly shifted property taxes away from services provided*  
17 *to schools, counties, special districts, and cities.*

18     *(f) Redevelopment agencies take in approximately 12 percent*  
19 *of all of the property taxes collected across this state.*

20     *(g) It is estimated that under current law, redevelopment*  
21 *agencies will divert \$5 billion in property tax revenue from other*  
22 *taxing agencies in the 2011–12 fiscal year.*

23     *(h) The Legislature has all legislative power not explicitly*  
24 *restricted to it. The California Constitution does not require that*  
25 *redevelopment agencies must exist and, unlike other entities such*

1 as counties, does not limit the Legislature's control over that  
2 existence. Redevelopment agencies were created by statute and  
3 can therefore be dissolved by statute.

4 (i) Upon their dissolution, any property taxes that would have  
5 been allocated to redevelopment agencies will no longer be deemed  
6 tax increment. Instead, those taxes will be deemed property tax  
7 revenues and will be allocated first to successor agencies to make  
8 payments on the indebtedness incurred by the dissolved  
9 redevelopment agencies, with remaining balances allocated in  
10 accordance with applicable constitutional and statutory provisions.

11 (j) It is the intent of the Legislature to do all of the following in  
12 this act:

13 (1) Bar existing redevelopment agencies from incurring new  
14 obligations, prior to their dissolution.

15 (2) Allocate property tax revenues to successor agencies for  
16 making payments on indebtedness incurred by the redevelopment  
17 agency prior to its dissolution and allocate remaining balances  
18 in accordance with applicable constitutional and statutory  
19 provisions.

20 (3) Beginning October 1, 2011, allocate these funds according  
21 to the existing property tax allocation within each county to make  
22 the funds available for cities, counties, special districts, and school  
23 and community college districts.

24 (4) Require successor agencies to expeditiously wind down the  
25 affairs of the dissolved redevelopment agencies and to provide the  
26 successor agencies with limited authority that extends only to the  
27 extent needed to implement a winddown of redevelopment agency  
28 affairs.

29 SEC. 2. Section 33500 of the Health and Safety Code is  
30 amended to read:

31 33500. (a) Notwithstanding any other provision of law,  
32 including Section 33501, an action may be brought to review the  
33 validity of the adoption or amendment of a redevelopment plan at  
34 any time within 90 days after the date of the adoption of the  
35 ordinance adopting or amending the ~~plan~~. plan, if the adoption of  
36 the ordinance occurred prior to January 1, 2011.

37 (b) Notwithstanding any other provision of law, including  
38 Section 33501, an action may be brought to review the validity of  
39 any findings or determinations by the agency or the legislative  
40 body at any time within 90 days after the date on which the agency

1 or the legislative body made those findings or ~~determinations.~~  
2 *determinations, if the findings or determinations occurred prior*  
3 *to January 1, 2011.*

4 (c) *Notwithstanding any other law, including Section 33501,*  
5 *an action may be brought to review the validity of the adoption or*  
6 *amendment of a redevelopment plan at any time within two years*  
7 *after the date of the adoption of the ordinance adopting or*  
8 *amending the plan, if the adoption of the ordinance occurred after*  
9 *January 1, 2011.*

10 (d) *Notwithstanding any other law, including Section 33501,*  
11 *an action may be brought to review the validity of any findings or*  
12 *determinations by the agency or the legislative body at any time*  
13 *within two years after the date on which the agency or the*  
14 *legislative body made those findings or determinations, if the*  
15 *findings or determinations occurred after January 1, 2011.*

16 SEC. 3. *Section 33501 of the Health and Safety Code is*  
17 *amended to read:*

18 33501. (a) An action may be brought pursuant to Chapter 9  
19 (commencing with Section 860) of Title 10 of Part 2 of the Code  
20 of Civil Procedure to determine the validity of bonds and the  
21 redevelopment plan to be financed or refinanced, in whole or in  
22 part, by the bonds, or to determine the validity of a redevelopment  
23 plan not financed by bonds, including without limiting the  
24 generality of the foregoing, the legality and validity of all  
25 proceedings theretofore taken for or in any way connected with  
26 the establishment of the agency, its authority to transact business  
27 and exercise its powers, the designation of the survey area, the  
28 selection of the project area, the formulation of the preliminary  
29 plan, the validity of the finding and determination that the project  
30 area is predominantly urbanized, and the validity of the adoption  
31 of the redevelopment plan, and also including the legality and  
32 validity of all proceedings theretofore taken and (as provided in  
33 the bond resolution) proposed to be taken for the authorization,  
34 issuance, sale, and delivery of the bonds, and for the payment of  
35 the principal thereof and interest thereon.

36 (b) *Notwithstanding subdivision (a), an action to determine the*  
37 *validity of a redevelopment plan, or amendment to a redevelopment*  
38 *plan, plan that was adopted prior to January 1, 2011, may be*  
39 *brought within 90 days after the date of the adoption of the*  
40 *ordinance adopting or amending the plan.*

1 (c) Any action that is commenced on or after January 1, 2011,  
 2 which is brought pursuant to Chapter 9 (commencing with Section  
 3 860) of Title 10 of Part 2 of the Code of Civil Procedure to  
 4 determine the validity or legality of any issue, document, or action  
 5 described in subdivision (a), may be brought within two years after  
 6 any triggering event that occurred after January 1, 2011.

7 (e)

8 (d) For the purposes of protecting the interests of the state, the  
 9 Attorney General and the Department of Finance are interested  
 10 persons pursuant to Section 863 of the Code of Civil Procedure in  
 11 any action brought with respect to the validity of an ordinance  
 12 adopting or amending a redevelopment plan pursuant to this  
 13 section.

14 (d)

15 (e) For purposes of contesting the inclusion in a project area of  
 16 lands that are enforceably restricted, as that term is defined in  
 17 Sections 422 and 422.5 of the Revenue and Taxation Code, or  
 18 lands that are in agricultural use, as defined in subdivision (b) of  
 19 Section 51201 of the Government Code, the Department of  
 20 Conservation, the county agricultural commissioner, the county  
 21 farm bureau, the California Farm Bureau Federation, and  
 22 agricultural entities and general farm organizations that provide a  
 23 written request for notice, are interested persons pursuant to Section  
 24 863 of the Code of Civil Procedure, in any action brought with  
 25 respect to the validity of an ordinance adopting or amending a  
 26 redevelopment plan pursuant to this section.

27 *SEC. 4. Section 33607.5 of the Health and Safety Code is*  
 28 *amended to read:*

29 33607.5. (a) (1) This section shall apply to each  
 30 redevelopment project area that, pursuant to a redevelopment plan  
 31 which contains the provisions required by Section 33670, is either:  
 32 (A) adopted on or after January 1, 1994, including later  
 33 amendments to these redevelopment plans; or (B) adopted prior  
 34 to January 1, 1994, but amended, after January 1, 1994, to include  
 35 new territory. For plans amended after January 1, 1994, only the  
 36 tax increments from territory added by the amendment shall be  
 37 subject to this section. All the amounts calculated pursuant to this  
 38 section shall be calculated after the amount required to be deposited  
 39 in the Low and Moderate Income Housing Fund pursuant to  
 40 Sections 33334.2, 33334.3, and 33334.6 has been deducted from

1 the total amount of tax increment funds received by the agency in  
2 the applicable fiscal year.

3 (2) The payments made pursuant to this section shall be in  
4 addition to any amounts the affected taxing entities receive  
5 pursuant to subdivision (a) of Section 33670. The payments made  
6 pursuant to this section to the affected taxing entities, including  
7 the community, shall be allocated among the affected taxing  
8 entities, including the community if the community elects to receive  
9 payments, in proportion to the percentage share of property taxes  
10 each affected taxing entity, including the community, receives  
11 during the fiscal year the funds are allocated, which percentage  
12 share shall be determined without regard to any amounts allocated  
13 to a city, a city and county, or a county pursuant to Sections 97.68  
14 and 97.70 of the Revenue and Taxation Code, and without regard  
15 to any allocation reductions to a city, a city and county, a county,  
16 a special district, or a redevelopment agency pursuant to Sections  
17 97.71, 97.72, and 97.73 of the Revenue and Taxation Code and  
18 Section 33681.12. The agency shall reduce its payments pursuant  
19 to this section to an affected taxing entity by any amount the agency  
20 has paid, directly or indirectly, pursuant to Section 33445, 33445.5,  
21 33445.6, 33446, or any other provision of law other than this  
22 section for, or in connection with, a public facility owned or leased  
23 by that affected taxing agency, except: (A) any amounts the  
24 agency has paid directly or indirectly pursuant to an agreement  
25 with a taxing entity adopted prior to January 1, 1994; or (B) any  
26 amounts that are unrelated to the specific project area or  
27 amendment governed by this section. The reduction in a payment  
28 by an agency to a school district, community college district, or  
29 county office of education, or for special education, shall be  
30 subtracted only from the amount that otherwise would be available  
31 for use by those entities for educational facilities pursuant to  
32 paragraph (4). If the amount of the reduction exceeds the amount  
33 that otherwise would have been available for use for educational  
34 facilities in any one year, the agency shall reduce its payment in  
35 more than one year.

36 (3) If an agency reduces its payment to a school district,  
37 community college district, or county office of education, or for  
38 special education, the agency shall do all of the following:

39 (A) Determine the amount of the total payment that would have  
40 been made without the reduction.

1 (B) Determine the amount of the total payment without the  
 2 reduction which: (i) would have been considered property taxes;  
 3 and (ii) would have been available to be used for educational  
 4 facilities pursuant to paragraph (4).

5 (C) Reduce the amount available to be used for educational  
 6 facilities.

7 (D) Send the payment to the school district, community college  
 8 district, or county office of education, or for special education,  
 9 with a statement that the payment is being reduced and including  
 10 the calculation required by this subdivision showing the amount  
 11 to be considered property taxes and the amount, if any, available  
 12 for educational facilities.

13 (4) (A) Except as specified in subparagraph (E), of the total  
 14 amount paid each year pursuant to this section to school districts,  
 15 43.3 percent shall be considered to be property taxes for the  
 16 purposes of paragraph (1) of subdivision (h) of Section 42238 of  
 17 the Education Code, and 56.7 percent shall not be considered to  
 18 be property taxes for the purposes of that section and shall be  
 19 available to be used for educational ~~facilities~~; *facilities, including,*  
 20 *in the case of amounts paid during the 2011–12 fiscal year through*  
 21 *the 2015–16 fiscal year, inclusive, land acquisition, facility*  
 22 *construction, reconstruction, remodeling, maintenance, or deferred*  
 23 *maintenance.*

24 (B) Except as specified in subparagraph (E), of the total amount  
 25 paid each year pursuant to this section to community college  
 26 districts, 47.5 percent shall be considered to be property taxes for  
 27 the purposes of Section 84751 of the Education Code, and 52.5  
 28 percent shall not be considered to be property taxes for the purposes  
 29 of that section and shall be available to be used for educational  
 30 ~~facilities~~; *facilities, including, in the case of amounts paid during*  
 31 *the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive,*  
 32 *land acquisition, facility construction, reconstruction, remodeling,*  
 33 *maintenance, or deferred maintenance.*

34 (C) Except as specified in subparagraph (E), of the total amount  
 35 paid each year pursuant to this section to county offices of  
 36 education, 19 percent shall be considered to be property taxes for  
 37 the purposes of Section 2558 of the Education Code, and 81 percent  
 38 shall not be considered to be property taxes for the purposes of  
 39 that section and shall be available to be used for educational  
 40 ~~facilities~~; *facilities, including, in the case of amounts paid during*



1 *the 2011–12 fiscal year through the 2015–16 fiscal year, inclusive,*  
2 *land acquisition, facility construction, reconstruction, remodeling,*  
3 *maintenance, or deferred maintenance.*

4 (D) Except as specified in subparagraph (E), of the total amount  
5 paid each year pursuant to this section for special education, 19  
6 percent shall be considered to be property taxes for the purposes  
7 of Section 56712 of the Education Code, and 81 percent shall not  
8 be considered to be property taxes for the purposes of that section  
9 and shall be available to be used for education ~~facilities.~~ *facilities,*  
10 *including, in the case of amounts paid during the 2011–12 fiscal*  
11 *year through the 2015–16 fiscal year, inclusive, land acquisition,*  
12 *facility construction, reconstruction, remodeling, maintenance, or*  
13 *deferred maintenance.*

14 (E) If, pursuant to paragraphs (2) and (3), an agency reduces its  
15 payments to an educational entity, the calculation made by the  
16 agency pursuant to paragraph (3) shall determine the amount  
17 considered to be property taxes and the amount available to be  
18 used for educational facilities in the year the reduction was made.

19 (5) Local education agencies that use funds received pursuant  
20 to this section for school facilities shall spend these funds at schools  
21 that are: (A) within the project area, (B) attended by students from  
22 the project area, (C) attended by students generated by projects  
23 that are assisted directly by the redevelopment agency, or (D)  
24 determined by the governing board of a local education agency to  
25 be of benefit to the project area.

26 (b) Commencing with the first fiscal year in which the agency  
27 receives tax increments and continuing through the last fiscal year  
28 in which the agency receives tax increments, a redevelopment  
29 agency shall pay to the affected taxing entities, including the  
30 community if the community elects to receive a payment, an  
31 amount equal to 25 percent of the tax increments received by the  
32 agency after the amount required to be deposited in the Low and  
33 Moderate Income Housing Fund has been deducted. In any fiscal  
34 year in which the agency receives tax increments, the community  
35 that has adopted the redevelopment project area may elect to  
36 receive the amount authorized by this paragraph.

37 (c) Commencing with the 11th fiscal year in which the agency  
38 receives tax increments and continuing through the last fiscal year  
39 in which the agency receives tax increments, a redevelopment  
40 agency shall pay to the affected taxing entities, other than the

1 community which has adopted the project, in addition to the  
2 amounts paid pursuant to subdivision (b) and after deducting the  
3 amount allocated to the Low and Moderate Income Housing Fund,  
4 an amount equal to 21 percent of the portion of tax increments  
5 received by the agency, which shall be calculated by applying the  
6 tax rate against the amount of assessed value by which the current  
7 year assessed value exceeds the first adjusted base year assessed  
8 value. The first adjusted base year assessed value is the assessed  
9 value of the project area in the 10th fiscal year in which the agency  
10 receives tax increment revenues.

11 (d) Commencing with the 31st fiscal year in which the agency  
12 receives tax increments and continuing through the last fiscal year  
13 in which the agency receives tax increments, a redevelopment  
14 agency shall pay to the affected taxing entities, other than the  
15 community which has adopted the project, in addition to the  
16 amounts paid pursuant to subdivisions (b) and (c) and after  
17 deducting the amount allocated to the Low and Moderate Income  
18 Housing Fund, an amount equal to 14 percent of the portion of tax  
19 increments received by the agency, which shall be calculated by  
20 applying the tax rate against the amount of assessed value by which  
21 the current year assessed value exceeds the second adjusted base  
22 year assessed value. The second adjusted base year assessed value  
23 is the assessed value of the project area in the 30th fiscal year in  
24 which the agency receives tax increments.

25 (e) (1) Prior to incurring any loans, bonds, or other  
26 indebtedness, except loans or advances from the community, the  
27 agency may subordinate to the loans, bonds, or other indebtedness  
28 the amount required to be paid to an affected taxing entity by this  
29 section, provided that the affected taxing entity has approved these  
30 subordinations pursuant to this subdivision.

31 (2) At the time the agency requests an affected taxing entity to  
32 subordinate the amount to be paid to it, the agency shall provide  
33 the affected taxing entity with substantial evidence that sufficient  
34 funds will be available to pay both the debt service and the  
35 payments required by this section, when due.

36 (3) Within 45 days after receipt of the agency's request, the  
37 affected taxing entity shall approve or disapprove the request for  
38 subordination. An affected taxing entity may disapprove a request  
39 for subordination only if it finds, based upon substantial evidence,  
40 that the agency will not be able to pay the debt payments and the

1 amount required to be paid to the affected taxing entity. If the  
2 affected taxing entity does not act within 45 days after receipt of  
3 the agency's request, the request to subordinate shall be deemed  
4 approved and shall be final and conclusive.

5 (f) (1) The Legislature finds and declares both of the following:

6 (A) The payments made pursuant to this section are necessary  
7 in order to alleviate the financial burden and detriment that affected  
8 taxing entities may incur as a result of the adoption of a  
9 redevelopment plan, and payments made pursuant to this section  
10 will benefit redevelopment project areas.

11 (B) The payments made pursuant to this section are the exclusive  
12 payments that are required to be made by a redevelopment agency  
13 to affected taxing entities during the term of a redevelopment plan.

14 (2) Notwithstanding any other provision of law, a redevelopment  
15 agency shall not be required, either directly or indirectly, as a  
16 measure to mitigate a significant environmental effect or as part  
17 of any settlement agreement or judgment brought in any action to  
18 contest the validity of a redevelopment plan pursuant to Section  
19 33501, to make any other payments to affected taxing entities, or  
20 to pay for public facilities that will be owned or leased to an  
21 affected taxing entity.

22 (g) As used in this section, a "local education agency" is a school  
23 district, a community college district, or a county office of  
24 education.

25 *SEC. 5. Section 33607.7 of the Health and Safety Code is*  
26 *amended to read:*

27 33607.7. (a) This section shall apply to a redevelopment plan  
28 amendment for any redevelopment plans adopted prior to January  
29 1, 1994, that increases the limitation on the number of dollars to  
30 be allocated to the redevelopment agency or that increases, or  
31 eliminates pursuant to paragraph (1) of subdivision (e) of Section  
32 33333.6, the time limit on the establishing of loans, advances, and  
33 indebtedness established pursuant to paragraphs (1) and (2) of  
34 subdivision (a) of Section 33333.6, as those paragraphs read on  
35 December 31, 2001, or that lengthens the period during which the  
36 redevelopment plan is effective if the redevelopment plan being  
37 amended contains the provisions required by subdivision (b) of  
38 Section 33670. However, this section shall not apply to those  
39 redevelopment plans that add new territory.

1 (b) If a redevelopment agency adopts an amendment that is  
2 governed by the provisions of this section, it shall pay to each  
3 affected taxing entity either of the following:

4 (1) If an agreement exists that requires payments to the taxing  
5 entity, the amount required to be paid by an agreement between  
6 the agency and an affected taxing entity entered into prior to  
7 January 1, 1994.

8 (2) If an agreement does not exist, the amounts required pursuant  
9 to subdivisions (b), (c), (d), and (e) of Section 33607.5, until  
10 termination of the redevelopment plan, calculated against the  
11 amount of assessed value by which the current year assessed value  
12 exceeds an adjusted base year assessed value. The amounts shall  
13 be allocated between property taxes and educational ~~facilities~~  
14 *facilities, including, in the case of amounts paid during the*  
15 *2011–12 fiscal year through the 2015–16 fiscal year, inclusive,*  
16 *land acquisition, facility construction, reconstruction, remodeling,*  
17 *maintenance, or deferred maintenance, according to the appropriate*  
18 *formula in paragraph (3) of subdivision (a) of Section 33607.5. In*  
19 *determining the applicable amount under Section 33607.5, the first*  
20 *fiscal year shall be the first fiscal year following the fiscal year in*  
21 *which the adjusted base year value is determined.*

22 (c) The adjusted base year assessed value shall be the assessed  
23 value of the project area in the year in which the limitation being  
24 amended would have taken effect without the amendment or, if  
25 more than one limitation is being amended, the first year in which  
26 one or more of the limitations would have taken effect without the  
27 amendment. The agency shall commence making these payments  
28 pursuant to the terms of the agreement, if applicable, or, if an  
29 agreement does not exist, in the first fiscal year following the fiscal  
30 year in which the adjusted base year value is determined.

31 *SEC. 6. Part 1.8 (commencing with Section 34161) is added*  
32 *to Division 24 of the Health and Safety Code, to read:*

1 PART 1.8. RESTRICTIONS ON REDEVELOPMENT AGENCY  
2 OPERATIONS

3  
4 CHAPTER 1. SUSPENSION OF AGENCY ACTIVITIES AND  
5 PROHIBITION ON CREATION OF NEW DEBTS  
6

7 34161. Notwithstanding Part 1 (commencing with Section  
8 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
9 (commencing with Section 34050), and Part 1.7 (commencing with  
10 Section 34100), or any other law, commencing on the effective  
11 date of this part, no agency shall incur new or expand existing  
12 monetary or legal obligations except as provided in this part. All  
13 of the provisions of this part shall take effect and be operative on  
14 the effective date of the act adding this part.

15 34162. (a) Notwithstanding Part 1 (commencing with Section  
16 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
17 (commencing with Section 34050), and Part 1.7 (commencing with  
18 Section 34100), or any other law, commencing on the effective  
19 date of this act, an agency shall be unauthorized and shall not take  
20 any action to incur indebtedness, including, but not limited to, any  
21 of the following:

22 (1) Issue or sell bonds, for any purpose, regardless of the source  
23 of repayment of the bonds. As used in this section, the term  
24 "bonds," includes, but is not limited to, any bonds, notes, bond  
25 anticipation notes, interim certificates, debentures, certificates of  
26 participation, refunding bonds, or other obligations issued by an  
27 agency pursuant to Part 1 (commencing with Section 33000), and  
28 Section 53583 of the Government Code, pursuant to any charter  
29 city authority or any revenue bond law.

30 (2) Incur indebtedness payable from prohibited sources of  
31 repayment, which include, but are not limited to, income and  
32 revenues of an agency's redevelopment projects, taxes allocated  
33 to the agency, taxes imposed by the agency pursuant to Section  
34 7280.5 of the Revenue and Taxation Code, assessments imposed  
35 by the agency, loan repayments made to the agency pursuant to  
36 Section 33746, fees or charges imposed by the agency, other  
37 revenues of the agency, and any contributions or other financial  
38 assistance from the state or federal government.

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

4 (A) Refund bonds previously issued by the agency or by another  
 5 political subdivision of the state, including, but not limited to, those  
 6 issued by a city, a housing authority, or a nonprofit corporation  
 7 acting on behalf of a city or a housing authority.

8 (B) Exercise the right of optional redemption of any of its  
 9 outstanding bonds or elect to purchase any of its own outstanding  
 10 bonds.

11 (C) Modify or amend the terms and conditions, payment  
 12 schedules, amortization or maturity dates of any of the agency’s  
 13 bonds or other obligations that are outstanding or exist as of  
 14 January 1, 2011.

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

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

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

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

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

7 (1) The issuance of Emergency Refunding Bonds is the only  
8 means available to the agency to avoid a default on outstanding  
9 agency bonds.

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

12 (3) Emergency Refunding Bonds are issued only to provide  
13 funds for any single debt service payment that is due prior to  
14 October 1, 2011, and that is more than 20 percent larger than a  
15 level debt service payment would be for that bond.

16 (4) The principal amount of outstanding agency bonds is not  
17 increased.

18 34163. Notwithstanding Part 1 (commencing with Section  
19 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
20 (commencing with Section 34050), and Part 1.7 (commencing with  
21 Section 34100), or any other law, commencing on the effective  
22 date of this part, an agency shall not have the authority to, and  
23 shall not, do any of the following:

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

28 (1) Loans of moneys or any other thing of value or commitments  
29 to provide financing to nonprofit organizations to provide those  
30 organizations with financing for the acquisition, construction,  
31 rehabilitation, refinancing, or development of multifamily rental  
32 housing or the acquisition of commercial property for lease, each  
33 pursuant to Chapter 7.5 (commencing with Section 33741) of Part  
34 1.

35 (2) Loans of moneys or any other thing of value for residential  
36 construction, improvement, or rehabilitation pursuant to Chapter  
37 8 (commencing with Section 33750) of Part 1. These include, but  
38 are not limited to, construction loans to purchasers of residential  
39 housing, mortgage loans to purchasers of residential housing, and

1 loans to mortgage lenders, or any other entity, to aid in financing  
2 pursuant to Chapter 8 (commencing with Section 33750).

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

5 (b) Enter into contracts with, incur obligations, or make  
6 commitments to, any entity, whether governmental, tribal, or  
7 private, or any individual or groups of individuals for any purpose,  
8 including, but not limited to, loan agreements, passthrough  
9 agreements, regulatory agreements, services contracts, leases,  
10 disposition and development agreements, joint exercise of powers  
11 agreements, contracts for the purchase of capital equipment,  
12 agreements for redevelopment activities, including, but not limited  
13 to, agreements for planning, design, redesign, development,  
14 demolition, alteration, construction, reconstruction, rehabilitation,  
15 site remediation, site development or improvement, removal of  
16 graffiti, land clearance, and seismic retrofits.

17 (c) Amend or modify existing agreements, obligations, or  
18 commitments with any entity, for any purpose, including, but not  
19 limited to, any of the following:

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

25 (2) Modifying terms and conditions of existing agreements,  
26 obligations, or commitments.

27 (3) Forgiving all or any part of the balance owed to the agency  
28 on existing loans or extend the term or change the terms and  
29 conditions of existing loans.

30 (4) Increasing its deposits to the Low and Moderate Income  
31 Housing Fund created pursuant to Section 33334.3 beyond the  
32 minimum level that applied to it as of January 1, 2011.

33 (5) Transferring funds out of the Low and Moderate Income  
34 Housing Fund, except to meet the minimum housing-related  
35 obligations that existed as of January 1, 2011, to make required  
36 payments under Sections 33690 and 33690.5, and to borrow funds  
37 pursuant to Section 34168.5.

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



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

6 (2) Real property, including, but not limited to, land, land under  
7 water and waterfront property, buildings, structures, fixtures, and  
8 improvements on the land, any property appurtenant to, or used  
9 in connection with, the land, every estate, interest, privilege,  
10 easement, franchise, and right in land, including rights-of-way,  
11 terms for years, and liens, charges, or encumbrances by way of  
12 judgment, mortgage, or otherwise, and the indebtedness secured  
13 by the liens.

14 (e) Acquire real property by any means for any purpose,  
15 including, but not limited to, the purchase, lease, or exercising of  
16 an option to purchase or lease, exchange, subdivide, transfer,  
17 assume, obtain option upon, acquire by gift, grant, bequest, devise,  
18 or otherwise acquire any real property, any interest in real  
19 property, and any improvements on it, including the repurchase  
20 of developed property previously owned by the agency and the  
21 acquisition of real property by eminent domain; provided, however,  
22 that nothing in this subdivision is intended to prohibit the  
23 acceptance or transfer of title for real property acquired prior to  
24 the effective date of this part.

25 (f) Transfer, assign, vest, or delegate any of its assets, funds,  
26 rights, powers, ownership interests, or obligations for any purpose  
27 to any entity, including, but not limited to, the community, the  
28 legislative body, another member of a joint powers authority, a  
29 trustee, a receiver, a partner entity, another agency, a nonprofit  
30 corporation, a contractual counterparty, a public body, a  
31 limited-equity housing cooperative, the state, a political subdivision  
32 of the state, the federal government, any private entity, or an  
33 individual or group of individuals.

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

38 34164. Notwithstanding Part 1 (commencing with Section  
39 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
40 (commencing with Section 34050), and Part 1.7 (commencing with

- 1 Section 34100), or any other law, commencing on the effective  
 2 date of this part, an agency shall lack the authority to, and shall  
 3 not, engage in any of the following redevelopment activities:
- 4 (a) Prepare, approve, adopt, amend, or merge a redevelopment  
 5 plan, including, but not limited to, modifying, extending, or  
 6 otherwise changing the time limits on the effectiveness of a  
 7 redevelopment plan.
  - 8 (b) Create, designate, merge, expand, or otherwise change the  
 9 boundaries of a project area.
  - 10 (c) Designate a new survey area or modify, extend, or otherwise  
 11 change the boundaries of an existing survey area.
  - 12 (d) Approve or direct or cause the approval of any program,  
 13 project, or expenditure where approval is not required by law.
  - 14 (e) Prepare, formulate, amend, or otherwise modify a  
 15 preliminary plan or cause the preparation, formulation,  
 16 modification, or amendment of a preliminary plan.
  - 17 (f) Prepare, formulate, amend, or otherwise modify an  
 18 implementation plan or cause the preparation, formulation,  
 19 modification, or amendment of an implementation plan.
  - 20 (g) Prepare, formulate, amend, or otherwise modify a relocation  
 21 plan or cause the preparation, formulation, modification, or  
 22 amendment of a relocation plan where approval is not required  
 23 by law.
  - 24 (h) Prepare, formulate, amend, or otherwise modify a  
 25 redevelopment housing plan or cause the preparation, formulation,  
 26 modification, or amendment of a redevelopment housing plan.
  - 27 (i) Direct or cause the development, rehabilitation, or  
 28 construction of housing units within the community, unless required  
 29 to do so by an enforceable obligation.
  - 30 (j) Make or modify a declaration or finding of blight, blighted  
 31 areas, or slum and blighted residential areas.
  - 32 (k) Make any new findings or declarations that any areas of  
 33 blight cannot be remedied or redeveloped by private enterprise  
 34 alone.
  - 35 (l) Provide or commit to provide relocation assistance, except  
 36 where the provision of relocation assistance is required by law.
  - 37 (m) Provide or commit to provide financial assistance.
- 38 34165. Notwithstanding Part 1 (commencing with Section  
 39 33000), Part 1.5 (commencing with Section 34000), Part 1.6  
 40 (commencing with Section 34050), and Part 1.7 (commencing with

1 Section 34100), or any other law, commencing on the effective  
2 date of this part, an agency shall lack the authority to, and shall  
3 not, do any of the following:

4 (a) Enter into new partnerships, become a member in a joint  
5 powers authority, form a joint powers authority, create new  
6 entities, or become a member of any entity of which it is not  
7 currently a member, nor take on nor agree to any new duties or  
8 obligations as a member or otherwise of any entity to which the  
9 agency belongs or with which it is in any way associated.

10 (b) Impose new assessments pursuant to Section 7280.5 of the  
11 Revenue and Taxation Code.

12 (c) Increase the pay, benefits, or contributions of any sort for  
13 any officer, employee, consultant, contractor, or any other goods  
14 or service provider that had not previously been contracted.

15 (d) Provide optional or discretionary bonuses to any officers,  
16 employees, consultants, contractors, or any other service or goods  
17 providers.

18 (e) Increase numbers of staff employed by the agency beyond  
19 the number employed as of January 1, 2011.

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

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

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

35 34166. No legislative body or local governmental entity shall  
36 have any statutory authority to create or otherwise establish a new  
37 redevelopment agency or community development commission.  
38 No chartered city or chartered county shall exercise the powers  
39 granted in Part 1 (commencing with Section 33000) to create or  
40 otherwise establish a redevelopment agency.

1     34167. (a) *This part is intended to preserve, to the maximum*  
2 *extent possible, the revenues and assets of redevelopment agencies*  
3 *so that those assets and revenues that are not needed to pay for*  
4 *enforceable obligations may be used by local governments to fund*  
5 *core governmental services including police and fire protection*  
6 *services and schools. It is the intent of the Legislature that*  
7 *redevelopment agencies take no actions that would further deplete*  
8 *the corpus of the agencies' funds regardless of their original*  
9 *source. All provisions of this part shall be construed as broadly*  
10 *as possible to support this intent and to restrict the expenditure of*  
11 *funds to the fullest extent possible.*

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

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

23     (d) *For purposes of this part, "enforceable obligation" means*  
24 *any of the following:*

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

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

35     (3) *Payments required by the federal government, preexisting*  
36 *obligations to the state or obligations imposed by state law, other*  
37 *than passthrough payments that are made by the county*  
38 *auditor-controller pursuant to Section 34183, or legally*  
39 *enforceable payments required in connection with the agencies'*

1 *employees, including, but not limited to, pension payments, pension*  
2 *obligation debt service, and unemployment payments.*

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

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

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

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

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

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

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

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

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

17 34167.5. Commencing on the effective date of the act adding  
18 this part, the Controller shall review the activities of redevelopment  
19 agencies in the state to determine whether an asset transfer has  
20 occurred after January 1, 2011, between the city or county, or city  
21 and county that created a redevelopment agency or any other  
22 public agency, and the redevelopment agency. If such an asset  
23 transfer did occur during that period and the government agency  
24 that received the assets is not contractually committed to a third  
25 party for the expenditure or encumbrance of those assets, to the  
26 extent not prohibited by state and federal law, the Controller shall  
27 order the available assets to be returned to the redevelopment  
28 agency or, on or after October 1, 2011, to the successor agency,  
29 if a successor agency is established pursuant to Part 1.85  
30 (commencing with Section 34170). Upon receiving such an order  
31 from the Controller, an affected local agency shall, as soon as  
32 practicable, reverse the transfer and return the applicable assets  
33 to the redevelopment agency or, on or after October 1, 2011, to  
34 the successor agency, if a successor agency is established pursuant  
35 to Part 1.85 (commencing with Section 34170). The Legislature  
36 hereby finds that a transfer of assets by a redevelopment agency  
37 during the period covered in this section is deemed not to be in  
38 the furtherance of the Community Redevelopment Law and is  
39 thereby unauthorized.

1 34168. (a) Notwithstanding any other law, any action  
2 contesting the validity of this part or Part 1.85 (commencing with  
3 Section 34170) or challenging acts taken pursuant to these parts  
4 shall be brought in the Superior Court of the County of  
5 Sacramento.

6 (b) If any provision of this part or the application thereof to any  
7 person or circumstance is held invalid, the invalidity does not  
8 affect other provisions or applications of this part which can be  
9 given effect without the invalid provision or application, and to  
10 this end, the provisions of this part are severable.

11  
12 *CHAPTER 2. REDEVELOPMENT AGENCY RESPONSIBILITIES*  
13

14 34169. Until successor agencies are authorized pursuant to  
15 Part 1.85 (commencing with Section 34170), redevelopment  
16 agencies shall do all of the following:

17 (a) Continue to make all scheduled payments for enforceable  
18 obligations, as defined in subdivision (d) of Section 34167.

19 (b) Perform obligations required pursuant to any enforceable  
20 obligations, including, but not limited to, observing covenants for  
21 continuing disclosure obligations and those aimed at preserving  
22 the tax-exempt status of interest payable on any outstanding agency  
23 bonds.

24 (c) Set aside or maintain reserves in the amount required by  
25 indentures, trust indentures, or similar documents governing the  
26 issuance of outstanding redevelopment agency bonds.

27 (d) Consistent with the intent declared in subdivision (a) of  
28 Section 34167, preserve all assets, minimize all liabilities, and  
29 preserve all records of the redevelopment agency.

30 (e) Cooperate with the successor agencies, if established  
31 pursuant to Part 1.85 (commencing with Section 34170), and  
32 provide all records and information necessary or desirable for  
33 audits, making of payments required by enforceable obligations,  
34 and performance of enforceable obligations by the successor  
35 agencies.

36 (f) Take all reasonable measures to avoid triggering an event  
37 of default under any enforceable obligations as defined in  
38 subdivision (d) of Section 34167.

39 (g) (1) Within 60 days of the effective date of this part, adopt  
40 an Enforceable Obligation Payment Schedule that lists all of the

1 obligations that are enforceable within the meaning of subdivision  
 2 (d) of Section 34167 which includes the following information  
 3 about each obligation:

- 4 (A) The project name associated with the obligation.
- 5 (B) The payee.
- 6 (C) A short description of the nature of the work, product,  
 7 service, facility, or other thing of value for which payment is to be  
 8 made.
- 9 (D) The amount of payments obligated to be made, by month,  
 10 through December 2011.

11 (2) Payment schedules for issued bonds may be aggregated,  
 12 and payment schedules for payments to employees may be  
 13 aggregated. This schedule shall be adopted at a public meeting  
 14 and shall be posted on the agency's Internet Web site or, if no  
 15 Internet Web site exists, on the Internet Web site of the legislative  
 16 body, if that body has an Internet Web site. The schedule may be  
 17 amended at any public meeting of the agency. Amendments shall  
 18 be posted to the Internet Web site for at least three business days  
 19 before a payment may be made pursuant to an amendment. The  
 20 Enforceable Obligation Payment Schedule shall be transmitted by  
 21 mail or electronic means to the county auditor-controller, the  
 22 Controller, and the Department of Finance. A notification  
 23 providing the Internet Web site location of the posted schedule  
 24 and notifications of any amendments shall suffice to meet this  
 25 requirement.

26 (h) Prepare a preliminary draft of the initial recognized  
 27 obligation payment schedule, no later than September 30, 2011,  
 28 and provide it to the successor agency, if a successor agency is  
 29 established pursuant to Part 1.85 (commencing with Section  
 30 34170).

31 (i) The Department of Finance may review a redevelopment  
 32 agency action taken pursuant to subdivision (g) or (h). As such,  
 33 all agency actions shall not be effective for three business days,  
 34 pending a request for review by the department. Each agency shall  
 35 designate an official to whom the department may make these  
 36 requests and who shall provide the department with the telephone  
 37 number and e-mail contact information for the purpose of  
 38 communicating with the department pursuant to this subdivision.  
 39 In the event that the department requests a review of a given agency  
 40 action, the department shall have 10 days from the date of its



1 request to approve the agency action or return it to the agency for  
 2 reconsideration and this action shall not be effective until approved  
 3 by the department. In the event that the department returns the  
 4 agency action to the agency for reconsideration, the agency must  
 5 resubmit the modified action for department approval and the  
 6 modified action shall not become effective until approved by the  
 7 department. This subdivision shall apply to a successor agency,  
 8 if a successor agency is established pursuant to Part 1.85  
 9 (commencing with Section 34170), as a successor entity to a  
 10 dissolved redevelopment agency, with respect to the preliminary  
 11 draft of the initial recognized obligation payment schedule.

12  
 13 *CHAPTER 3. APPLICATION OF PART TO FORMER PARTICIPANTS*  
 14 *OF THE ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM*

15  
 16 34169.5. (a) It is the intent of the Legislature that a  
 17 redevelopment agency, that formerly operated pursuant to the  
 18 Alternative Voluntary Redevelopment Program (Part 1.9  
 19 (commencing with Section 34192)), but that becomes subject to  
 20 this part pursuant to Section 34195, shall be subject to all of the  
 21 requirements of this part, except that dates and deadlines shall be  
 22 appropriately modified, as provided in this section, to reflect the  
 23 date that the agency becomes subject to this part.

24 (b) For purposes of a redevelopment agency that becomes  
 25 subject to this part pursuant to Section 34195, the following shall  
 26 apply:

27 (1) Any reference to “January 1, 2011,” shall be construed to  
 28 mean January 1 of the year preceding the year that the  
 29 redevelopment agency became subject to this part, but no earlier  
 30 than January 1, 2011.

31 (2) Any reference to a date “60 days from the effective date of  
 32 this part” shall be construed to mean 60 days from the date that  
 33 the redevelopment agency becomes subject to this part.

34 (3) Except as provided in paragraphs (1) and (2), any reference  
 35 to a date certain shall be construed to be the date, measured from  
 36 the date that the redevelopment agency became subject to this  
 37 part, that is equivalent to the duration of time between the effective  
 38 date of this part and the date certain identified in statute.

39 SEC. 7. Part 1.85 (commencing with Section 34170) is added  
 40 to Division 24 of the Health and Safety Code, to read:

1 PART 1.85. DISSOLUTION OF REDEVELOPMENT AGENCIES  
 2 AND DESIGNATION OF SUCCESSOR AGENCIES

3  
 4 CHAPTER 1. EFFECTIVE DATE, CREATION OF FUNDS, AND  
 5 DEFINITION OF TERMS  
 6

7 34170. (a) Unless otherwise specified, all provisions of this  
 8 part shall become operative on October 1, 2011.

9 (b) If any provision of this part or the application thereof to any  
 10 person or circumstance is held invalid, the invalidity shall not  
 11 affect other provisions or applications of this part which can be  
 12 given effect without the invalid provision or application, and to  
 13 this end, the provisions of this part are severable.

14 34170.5. (a) The successor agency shall create within its  
 15 treasury a Redevelopment Obligation Retirement Fund to be  
 16 administered by the successor agency.

17 (b) The county auditor-controller shall create within the county  
 18 treasury a Redevelopment Property Tax Trust Fund for the  
 19 property tax revenues related to each former redevelopment  
 20 agency, for administration by the county auditor-controller.

21 34171. The following terms shall have the following meanings:

22 (a) “Administrative budget” means the budget for administrative  
 23 costs of the successor agencies as provided in Section 34177.

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

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

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

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

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

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

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

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

33 (F) Contracts or agreements necessary for the administration  
34 or operation of the successor agency, in accordance with this part,  
35 including, but not limited to, agreements to purchase or rent office  
36 space, equipment and supplies, and pay related expenses pursuant  
37 to Section 33127 and for carrying insurance pursuant to Section  
38 33134.

39 (G) Amounts borrowed from or payments owing to the Low and  
40 Moderate Income Housing Fund of a redevelopment agency, which

1 had been deferred as of the effective date of the act adding this  
2 part; provided, however, that the repayment schedule is approved  
3 by the oversight board.

4 (2) For purposes of this part, “enforceable obligation” does  
5 not include any agreements, contracts, or arrangements between  
6 the city, county, or city and county that created the redevelopment  
7 agency and the former redevelopment agency. However, written  
8 agreements entered into (A) at the time of issuance, but in no event  
9 later than December 31, 2010, of indebtedness obligations, and  
10 (B) solely for the purpose of securing or repaying those  
11 indebtedness obligations may be deemed enforceable obligations  
12 for purposes of this part. Notwithstanding this paragraph, loan  
13 agreements entered into between the redevelopment agency and  
14 the city, county, or city and county that created it, within two years  
15 of the date of creation of the redevelopment agency, may be deemed  
16 to be enforceable obligations.

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

27 (e) “Indebtedness obligations” means bonds, notes, certificates  
28 of participation, or other evidence of indebtedness, issued or  
29 delivered by the redevelopment agency, or by a joint exercise of  
30 powers authority created by the redevelopment agency, to  
31 third-party investors or bondholders to finance or refinance  
32 redevelopment projects undertaken by the redevelopment agency  
33 in compliance with the Community Redevelopment Law (Part 1  
34 (commencing with Section 33000)).

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

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

39 (h) “Recognized Obligation Payment Schedule” means the  
40 document setting forth the minimum payment amounts and due

1 *dates of payments required by enforceable obligations for each*  
2 *six-month fiscal period as provided in subdivision (m) of Section*  
3 *34177.*

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

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

9 (k) *“Taxing entities” means cities, counties, a city and county,*  
10 *special districts, and school entities, as defined in subdivision (f)*  
11 *of Section 95 of the Revenue and Taxation Code, that receive*  
12 *passthrough payments and distributions of property taxes pursuant*  
13 *to the provisions of this part.*

14  
15 *CHAPTER 2. EFFECT OF REDEVELOPMENT AGENCY DISSOLUTION*

16  
17 *34172. (a) (1) All redevelopment agencies and redevelopment*  
18 *agency components of community development agencies created*  
19 *under Part 1 (commencing with Section 33000), Part 1.5*  
20 *(commencing with Section 34000), Part 1.6 (commencing with*  
21 *Section 34050), and Part 1.7 (commencing with Section 34100)*  
22 *that were in existence on the effective date of this part are hereby*  
23 *dissolved and shall no longer exist as a public body, corporate or*  
24 *politic. Nothing in this part dissolves or otherwise affects the*  
25 *authority of a community redevelopment commission, other than*  
26 *in its authority to act as a redevelopment agency, in its capacity*  
27 *as a housing authority or for any other community development*  
28 *purpose of the jurisdiction in which it operates. For those other*  
29 *nonredevelopment purposes, the community development*  
30 *commission derives its authority solely from federal or local laws,*  
31 *or from state laws other than the Community Redevelopment Law*  
32 *(Part 1 (commencing with Section 33000)).*

33 (2) *A community in which an agency has been dissolved under*  
34 *this section may not create a new agency pursuant to Part 1*  
35 *(commencing with Section 33000), Part 1.5 (commencing with*  
36 *Section 34000), Part 1.6 (commencing with Section 34050), or*  
37 *Part 1.7 (commencing with Section 34100). However, a community*  
38 *in which the agency has been dissolved and the successor entity*  
39 *has paid off all of the former agency’s enforceable obligations*  
40 *may create a new agency pursuant to Part 1 (commencing with*

1 Section 33000), Part 1.5 (commencing with Section 34000), Part  
2 1.6 (commencing with Section 34050), or Part 1.7 (commencing  
3 with Section 34100), subject to the tax increment provisions  
4 contained in Chapter 3.5 (commencing with Section 34194.5) of  
5 Part 1.9 (commencing with Section 34192).

6 (b) All authority to transact business or exercise powers  
7 previously granted under the Community Redevelopment Law  
8 (Part 1 (commencing with Section 33000) is hereby withdrawn  
9 from the former redevelopment agencies.

10 (c) Solely for purposes of Section 16 of Article XVI of the  
11 California Constitution, the Redevelopment Property Tax Trust  
12 Fund shall be deemed to be a special fund of the dissolved  
13 redevelopment agency to pay the principal of and interest on loans,  
14 moneys advanced to, or indebtedness, whether funded, refunded,  
15 assumed, or otherwise incurred by the redevelopment agency to  
16 finance or refinance, in whole or in part, the redevelopment  
17 projects of each redevelopment agency dissolved pursuant to this  
18 part.

19 (d) Revenues equivalent to those that would have been allocated  
20 pursuant to subdivision (b) of Section 16 of Article XVI of the  
21 California Constitution shall be allocated to the Redevelopment  
22 Property Tax Trust Fund of each successor agency for making  
23 payments on the principal of and interest on loans, and moneys  
24 advanced to or indebtedness incurred by the dissolved  
25 redevelopment agencies. Amounts in excess of those necessary to  
26 pay obligations of the former redevelopment agency shall be  
27 deemed to be property tax revenues within the meaning of  
28 subdivision (a) of Section 1 of Article XIII A of the California  
29 Constitution.

30 34173. (a) Successor agencies, as defined in this part, are  
31 hereby designated as successor entities to the former  
32 redevelopment agencies.

33 (b) Except for those provisions of the Community Redevelopment  
34 Law that are repealed, restricted, or revised pursuant to the act  
35 adding this part, all authority, rights, powers, duties, and  
36 obligations previously vested with the former redevelopment  
37 agencies, under the Community Redevelopment Law, are hereby  
38 vested in the successor agencies.

39 (c) (1) Where the redevelopment agency was in the form of a  
40 joint powers authority, and where the joint powers agreement

1 governing the formation of the joint powers authority addresses  
2 the allocation of assets and liabilities upon dissolution of the joint  
3 powers authority, then each of the entities that created the former  
4 redevelopment agency may be a successor agency within the  
5 meaning of this part and each shall have a share of assets and  
6 liabilities based on the provisions of the joint powers agreement.

7 (2) Where the redevelopment agency was in the form of a joint  
8 powers authority, and where the joint powers agreement governing  
9 the formation of the joint powers authority does not address the  
10 allocation of assets and liabilities upon dissolution of the joint  
11 powers authority, then each of the entities that created the former  
12 redevelopment agency may be a successor agency within the  
13 meaning of this part, a proportionate share of the assets and  
14 liabilities shall be based on the assessed value in the project areas  
15 within each entity's jurisdiction, as determined by the county  
16 assessor, in its jurisdiction as compared to the assessed value of  
17 land within the boundaries of the project areas of the former  
18 redevelopment agency.

19 (d) (1) A city, county, city and county, or the entities forming  
20 the joint powers authority that authorized the creation of each  
21 redevelopment agency may elect not to serve as a successor agency  
22 under this part. A city, county, city and county, or any member of  
23 a joint powers authority that elects not to serve as a successor  
24 agency under this part must file a copy of a duly authorized  
25 resolution of its governing board to that effect with the county  
26 auditor-controller no later than one month prior to the effective  
27 date of this part.

28 (2) The determination of the first local agency that elects to  
29 become the successor agency shall be made by the county  
30 auditor-controller based on the earliest receipt by the county  
31 auditor-controller of a copy of a duly adopted resolution of the  
32 local agency's governing board authorizing such an election. As  
33 used in this section, "local agency" means any city, county, city  
34 and county, or special district in the county of the former  
35 redevelopment agency.

36 (3) If no local agency elects to serve as a successor agency for  
37 a dissolved redevelopment agency, a public body, referred to herein  
38 as a "designated local authority" shall be immediately formed,  
39 pursuant to this part, in the county and shall be vested with all the  
40 powers and duties of a successor agency as described in this part.

1 *The Governor shall appoint three residents of the county to serve*  
2 *as the governing board of the authority. The designated local*  
3 *authority shall serve as successor agency until a local agency*  
4 *elects to become the successor agency in accordance with this*  
5 *section.*

6 *(e) The liability of any successor agency, acting pursuant to the*  
7 *powers granted under the act adding this part, shall be limited to*  
8 *the extent of the total sum of property tax revenues it receives*  
9 *pursuant to this part and the value of assets transferred to it as a*  
10 *successor agency for a dissolved redevelopment agency.*

11 *34174. (a) Solely for the purposes of Section 16 of Article XVI*  
12 *of the California Constitution, commencing on the effective date*  
13 *of this part, all agency loans, advances, or indebtedness, and*  
14 *interest thereon, shall be deemed extinguished and paid; provided,*  
15 *however, that nothing herein is intended to absolve the successor*  
16 *agency of payment or other obligations due or imposed pursuant*  
17 *to the enforceable obligations; and provided further, that nothing*  
18 *in the act adding this part is intended to be construed as an action*  
19 *or circumstance that may give rise to an event of default under*  
20 *any of the documents governing the enforceable obligations.*

21 *(b) Nothing in this part, including, but not limited to, the*  
22 *dissolution of the redevelopment agencies, the designation of*  
23 *successor agencies, and the transfer of redevelopment agency*  
24 *assets and properties, shall be construed as a voluntary or*  
25 *involuntary insolvency of any redevelopment agency for purposes*  
26 *of the indenture, trust indenture, or similar document governing*  
27 *its outstanding bonds.*

28 *34175. (a) It is the intent of this part that pledges of revenues*  
29 *associated with enforceable obligations of the former*  
30 *redevelopment agencies are to be honored. It is intended that the*  
31 *cessation of any redevelopment agency shall not affect either the*  
32 *pledge, the legal existence of that pledge, or the stream of revenues*  
33 *available to meet the requirements of the pledge.*

34 *(b) All assets, properties, contracts, leases, books and records,*  
35 *buildings, and equipment of the former redevelopment agency are*  
36 *transferred on October 1, 2011, to the control of the successor*  
37 *agency, for administration pursuant to the provisions of this part.*  
38 *This includes all cash or cash equivalents and amounts owed to*  
39 *the redevelopment agency as of October 1, 2011.*



1 34176. (a) *The city, county, or city and county that authorized*  
 2 *the creation of a redevelopment agency may elect to retain the*  
 3 *housing assets and functions previously performed by the*  
 4 *redevelopment agency. If a city, county, or city and county elects*  
 5 *to retain the responsibility for performing housing functions*  
 6 *previously performed by a redevelopment agency, all rights,*  
 7 *powers, duties, and obligations, excluding any amounts on deposit*  
 8 *in the Low and Moderate Income Housing Fund, shall be*  
 9 *transferred to the city, county, or city and county.*

10 (b) *If a city, county, or city and county does not elect to retain*  
 11 *the responsibility for performing housing functions previously*  
 12 *performed by a redevelopment agency, all rights, powers, assets,*  
 13 *liabilities, duties, and obligations associated with the housing*  
 14 *activities of the agency, excluding any amounts in the Low and*  
 15 *Moderate Income Housing Fund, shall be transferred as follows:*

16 (1) *Where there is no local housing authority in the territorial*  
 17 *jurisdiction of the former redevelopment agency, to the Department*  
 18 *of Housing and Community Development.*

19 (2) *Where there is one local housing authority in the territorial*  
 20 *jurisdiction of the former redevelopment agency, to that local*  
 21 *housing authority.*

22 (3) *Where there is more than one local housing authority in the*  
 23 *territorial jurisdiction of the former redevelopment agency, to the*  
 24 *local housing authority selected by the city, county, or city and*  
 25 *county that authorized the creation of the redevelopment agency.*

26 (c) *Commencing on the operative date of this part, the entity*  
 27 *assuming the housing functions formerly performed by the*  
 28 *redevelopment agency may enforce affordability covenants and*  
 29 *perform related activities pursuant to applicable provisions of the*  
 30 *Community Redevelopment Law (Part 1 (commencing with Section*  
 31 *33000), including, but not limited to, Section 33418.*

32  
 33 *CHAPTER 3. SUCCESSOR AGENCIES*  
 34

35 34177. *Successor agencies are required to do all of the*  
 36 *following:*

37 (a) *Continue to make payments due for enforceable obligations.*

38 (1) *On and after October 1, 2011, and until a Recognized*  
 39 *Obligation Payment Schedule becomes operative, only payments*  
 40 *required pursuant to an enforceable obligations payment schedule*

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

14 (2) 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  
17 their choosing. Any taxing entity, the department, and the  
18 Controller shall each have standing to file a judicial action to  
19 prevent a violation under this part and to obtain injunctive or other  
20 appropriate relief.

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

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

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

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

4 (c) Perform obligations required pursuant to any enforceable  
5 obligation.

6 (d) Remit unencumbered balances of redevelopment agency  
7 funds to the county auditor-controller for distribution to the taxing  
8 entities, including, but not limited to, the unencumbered balance  
9 of the Low and Moderate Income Housing Fund of a former  
10 redevelopment agency. In making the distribution, the county  
11 auditor-controller shall utilize the same methodology for allocation  
12 and distribution of property tax revenues provided in Section  
13 34188.

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

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

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

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

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

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

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

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

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

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

15 (l) (1) Before each six-month fiscal period, prepare a  
16 Recognized Obligation Payment Schedule in accordance with the  
17 requirements of this paragraph. For each recognized obligation,  
18 the Recognized Obligation Payment Schedule shall identify one  
19 or more of the following sources of payment:

20 (A) Low and Moderate Income Housing Fund.

21 (B) Bond proceeds.

22 (C) Reserve balances.

23 (D) Administrative cost allowance.

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

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

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

34 (A) A draft Recognized Obligation Payment Schedule is  
35 prepared by the successor agency for the enforceable obligations  
36 of the former redevelopment agency by November 1, 2011. From  
37 October 1, 2011, to July 1, 2012, the initial draft of that schedule  
38 shall project the dates and amounts of scheduled payments for  
39 each enforceable obligation for the remainder of the time period  
40 during which the redevelopment agency would have been

1 *authorized to obligate property tax increment had such a*  
2 *redevelopment agency not been dissolved, and shall be reviewed*  
3 *and certified, as to its accuracy, by an external auditor designated*  
4 *pursuant to Section 34182.*

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

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

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

21 *34178. (a) Commencing on the operative date of this part,*  
22 *agreements, contracts, or arrangements between the city or county,*  
23 *or city and county that created the redevelopment agency and the*  
24 *redevelopment agency are invalid and shall not be binding on the*  
25 *successor agency; provided, however, that a successor entity*  
26 *wishing to enter or reenter into agreements with the city, county,*  
27 *or city and county that formed the redevelopment agency that it*  
28 *is succeeding may do so upon obtaining the approval of its*  
29 *oversight board.*

30 *(b) Notwithstanding subdivision (a), any of the following*  
31 *agreements are not invalid and may bind the successor agency:*

32 *(1) A duly authorized written agreement entered into at the time*  
33 *of issuance, but in no event later than December 31, 2010, of*  
34 *indebtedness obligations, and solely for the purpose of securing*  
35 *or repaying those indebtedness obligations.*

36 *(2) A written agreement between a redevelopment agency and*  
37 *the city, county, or city and county that created it that provided*  
38 *loans or other startup funds for the redevelopment agency that*  
39 *were entered into within two years of the formation of the*  
40 *redevelopment agency.*

1 (3) A joint exercise of powers agreement in which the  
 2 redevelopment agency is a member of the joint powers authority.  
 3 However, upon assignment to the successor agency by operation  
 4 of the act adding this part, the successor agency's rights, duties,  
 5 and performance obligations under that joint exercise of powers  
 6 agreement shall be limited by the constraints imposed on successor  
 7 agencies by the act adding this part.

8 34178.7. For purposes of this chapter with regard to a  
 9 redevelopment agency that becomes subject to this part pursuant  
 10 to Section 34195, only references to "October 1, 2011," and to  
 11 the "operative date of this part" shall be modified in the manner  
 12 described in Section 34191. All other dates shall be modified only  
 13 as necessary to reflect the appropriate fiscal year or portion of a  
 14 fiscal year.

15  
 16 *CHAPTER 4. OVERSIGHT BOARDS*

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

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

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

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

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

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

1 (6) One member of the public appointed by the county board of  
2 supervisors.

3 (7) One member representing the employees of the former  
4 redevelopment agency appointed by the mayor or chair of the  
5 board of supervisors, as the case may be, from the recognized  
6 employee organization representing the largest number of former  
7 redevelopment agency employees employed by the successor  
8 agency at that time.

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

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

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

38 (b) The Governor may appoint individuals to fill any oversight  
39 board member position described in subdivision (a) that has not

1 *been filled by January 15, 2012, or any member position that*  
2 *remains vacant for more than 60 days.*

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

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

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

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

23 *(g) Each member of an oversight board shall serve at the*  
24 *pleasure of the entity that appointed such member.*

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



1 *the modified oversight board action shall not become effective*  
2 *until approved by the department.*

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

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

17 *(1) One member may be appointed by the county board of*  
18 *supervisors.*

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

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

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

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

35 *(6) One member of the public may be appointed by the county*  
36 *board of supervisors.*

37 *(7) One member may be appointed by the recognized employee*  
38 *organization representing the largest number of successor agency*  
39 *employees in the county.*

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

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

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

13     34180. *All of the following successor agency actions shall first*  
14 *be approved by the oversight board:*

15     (a) *The establishment of new repayment terms for outstanding*  
16 *loans where the terms have not been specified prior to the date of*  
17 *this part.*

18     (b) *Refunding of outstanding bonds or other debt of the former*  
19 *redevelopment agency by successor agencies in order to provide*  
20 *for savings or to finance debt service spikes; provided, however,*  
21 *that no additional debt is created and debt service is not*  
22 *accelerated.*

23     (c) *Setting aside of amounts in reserves as required by*  
24 *indentures, trust indentures, or similar documents governing the*  
25 *issuance of outstanding redevelopment agency bonds.*

26     (d) *Merging of project areas.*

27     (e) *Continuing the acceptance of federal or state grants, or*  
28 *other forms of financial assistance from either public or private*  
29 *sources, where assistance is conditioned upon the provision of*  
30 *matching funds, by the successor entity as successor to the former*  
31 *redevelopment agency, in an amount greater than 5 percent.*

32     (f) (1) *If a city, county, or city and county wishes to retain any*  
33 *properties or other assets for future redevelopment activities,*  
34 *funded from its own funds and under its own auspices, it must*  
35 *reach a compensation agreement with the other taxing entities to*  
36 *provide payments to them in proportion to their shares of the base*  
37 *property tax, as determined pursuant to Section 34188, for the*  
38 *value of the property retained.*

1 (2) *If no other agreement is reached on valuation of the retained*  
2 *assets, the value will be the fair market value as of the 2011*  
3 *property tax lien date as determined by the county assessor.*

4 (g) *Establishment of the Recognized Obligation Payment*  
5 *Schedule.*

6 (h) *A request by the successor agency to enter into an agreement*  
7 *with the city, county, or city and county that formed the*  
8 *redevelopment agency that it is succeeding.*

9 (i) *A request by a successor agency or taxing entity to pledge,*  
10 *or to enter into an agreement for the pledge of, property tax*  
11 *revenues pursuant to subdivision (b) of Section 34178.*

12 34181. *The oversight board shall direct the successor agency*  
13 *to do all of the following:*

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

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

29 (c) *Transfer housing responsibilities and all rights, powers,*  
30 *duties, and obligations along with any amounts on deposit in the*  
31 *Low and Moderate Income Housing Fund to the appropriate entity*  
32 *pursuant to Section 34176.*

33 (d) *Terminate any agreement, between the dissolved*  
34 *redevelopment agency and any public entity located in the same*  
35 *county, obligating the redevelopment agency to provide funding*  
36 *for any debt service obligations of the public entity or for the*  
37 *construction, or operation of facilities owned or operated by such*  
38 *public entity, in any instance where the oversight board has found*  
39 *that early termination would be in the best interests of the taxing*  
40 *entities.*

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

10  
 11 CHAPTER 5. DUTIES OF THE AUDITOR-CONTROLLER  
 12

13 34182. (a) (1) The county auditor-controller shall conduct  
 14 or cause to be conducted an agreed-upon procedures audit of each  
 15 redevelopment agency in the county that is subject to this part, to  
 16 be completed by March 1, 2012.

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

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

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

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

1 tax revenues using current assessed values on the last equalized  
2 roll on August 20, pursuant to Section 2052 of the Revenue and  
3 Taxation Code, and pursuant to statutory formulas or contractual  
4 agreements with other taxing agencies, as of the effective date of  
5 this section, and shall deposit that amount in the Redevelopment  
6 Property Tax Trust Fund.

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

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

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

27 (d) By October 1, 2012, the county auditor-controller shall  
28 report the following information to the Controller's office and the  
29 Director of Finance:

30 (1) The sums of property tax revenues remitted to the  
31 Redevelopment Property Tax Trust Fund related to each former  
32 redevelopment agency.

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

35 (3) The sums of property tax revenues remitted to each successor  
36 agency pursuant to paragraph (2) of subdivision (a) of Section  
37 34183.

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

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

4 (6) *Any amounts deducted from other distributions pursuant to*  
5 *subdivision (b) of Section 34183.*

6 (e) *A county auditor-controller may charge the Redevelopment*  
7 *Property Tax Trust Fund for the costs of administering the*  
8 *provisions of this part.*

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

25 34183. (a) *Notwithstanding any other law, from October 1,*  
26 *2011, to July 1, 2012, and for each fiscal year thereafter, the county*  
27 *auditor-controller shall, after deducting administrative costs*  
28 *allowed under Section 34182 and Section 95.3 of the Revenue and*  
29 *Taxation Code, allocate moneys in each Redevelopment Property*  
30 *Tax Trust Fund as follows:*

31 (1) *Subject to any prior deductions required by subdivision (b),*  
32 *first, the county auditor-controller shall remit from the*  
33 *Redevelopment Property Tax Trust Fund to each local agency and*  
34 *school entity an amount of property tax revenues in an amount*  
35 *equal to that which would have been received under Section 33401,*  
36 *33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections*  
37 *read on January 1, 2011, or pursuant to any passthrough*  
38 *agreement between a redevelopment agency and a taxing*  
39 *jurisdiction that was entered into prior to January 1, 1994, that*  
40 *would be in force during that fiscal year, had the redevelopment*

1 agency existed at that time. The amount of the payments made  
2 pursuant to this paragraph shall be calculated solely on the basis  
3 of passthrough payment obligations, existing prior to the effective  
4 date of this part and continuing as obligations of successor entities,  
5 shall occur no later than January 16, 2012, and no later than June  
6 1, 2012, and each January 16 and June 1 thereafter.  
7 Notwithstanding subdivision (e) of Section 33670, that portion of  
8 the taxes in excess of the amount identified in subdivision (a) of  
9 Section 33670, which are attributable to a tax rate levied by a  
10 taxing agency for the purpose of producing revenues in an amount  
11 sufficient to make annual repayments of the principal of, and the  
12 interest on, any bonded indebtedness for the acquisition or  
13 improvement of real property shall be allocated to, and when  
14 collected shall be paid into, the fund of that taxing agency.

15 (2) Second, on January 16, 2012, and June 1, 2012, and each  
16 January 16 and June 1 thereafter, to each successor agency for  
17 payments listed in its Recognized Obligation Payment Schedule  
18 for the six-month fiscal period beginning January 1, 2012, or July  
19 1, 2012, and each January 16 and June 1 thereafter, in the  
20 following order of priority:

21 (A) Debt service payments scheduled to be made for tax  
22 allocation bonds.

23 (B) Payments scheduled to be made on revenue bonds, but only  
24 to the extent the revenues pledged for them are insufficient to make  
25 the payments and only where the agency's tax increment revenues  
26 were also pledged for the repayment of the bonds.

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

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

36 (4) Fourth, on January 16, 2012, and June 1, 2012, and each  
37 January 16 and June 1 thereafter, any moneys remaining in the  
38 Redevelopment Property Tax Trust Fund after the payments and  
39 transfers authorized by paragraphs (1) to (3), inclusive, shall be

1 distributed to local agencies and school entities in accordance  
2 with Section 34188.

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

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

37 (d) The Controller may recover the costs of audit and oversight  
38 required under this part from the Redevelopment Property Tax  
39 Trust Fund by presenting an invoice therefor to the county  
40 auditor-controller who shall set aside sufficient funds for and



1 *disburse the claimed amounts prior to making the next distributions*  
2 *to the taxing jurisdictions pursuant to Section 34188. Subject to*  
3 *the approval of the Director of Finance, the budget of the*  
4 *Controller may be augmented to reflect the reimbursement,*  
5 *pursuant to Section 28.00 of the Budget Act.*

6 *34185. Commencing on January 16, 2012, and on each January*  
7 *16 and June 1 thereafter, the county auditor-controller shall*  
8 *transfer, from the Redevelopment Property Tax Trust Fund of each*  
9 *successor agency into the Redevelopment Obligation Retirement*  
10 *Fund of that agency, an amount of property tax revenues equal to*  
11 *that specified in the Recognized Obligation Payment Schedule for*  
12 *that successor agency as payable from the Redevelopment Property*  
13 *Tax Trust Fund subject to the limitations of Sections 34173 and*  
14 *34183.*

15 *34186. Differences between actual payments and past estimated*  
16 *obligations on recognized obligation payment schedules must be*  
17 *reported in subsequent recognized obligation payment schedules*  
18 *and shall adjust the amount to be transferred to the Redevelopment*  
19 *Obligation Retirement Fund pursuant to this part. These estimates*  
20 *and accounts shall be subject to audit by county auditor-controllers*  
21 *and the Controller.*

22 *34187. Commencing January 1, 2012, whenever a recognized*  
23 *obligation that had been identified in the Recognized Payment*  
24 *Obligation Schedule is paid off or retired, either through early*  
25 *payment or payment at maturity, the county auditor-controller*  
26 *shall distribute to the taxing entities, in accordance with the*  
27 *provisions of the Revenue and Taxation Code, all property tax*  
28 *revenues that were associated with the payment of the recognized*  
29 *obligation.*

30 *34188. For all distributions of property tax revenues and other*  
31 *moneys pursuant to this part, the distribution to each taxing entity*  
32 *shall be in an amount proportionate to its share of property tax*  
33 *revenues in the tax rate area in that fiscal year, as follows:*

34 *(a) (1) For distributions from the Redevelopment Property Tax*  
35 *Trust Fund, the share of each taxing entity shall be applied to the*  
36 *amount of property tax available in the Redevelopment Property*  
37 *Tax Trust Fund after deducting the amount of any distributions*  
38 *under paragraphs (2) and (3) of subdivision (a) of Section 34183.*

39 *(2) For each taxing entity that receives passthrough payments,*  
40 *that agency shall receive the amount of any passthrough payments*

1 identified under paragraph (1) of subdivision (a) of Section 34183,  
 2 in an amount not to exceed the amount that it would receive  
 3 pursuant to this section in the absence of the passthrough  
 4 agreement. However, to the extent that the passthrough payments  
 5 received by the taxing entity are less than the amount that the  
 6 taxing entity would receive pursuant to this section in the absence  
 7 of a passthrough agreement, the taxing entity shall receive an  
 8 additional payment that is equivalent to the difference between  
 9 those amounts.

10 (b) Property tax shares of local agencies shall be determined  
 11 based on property tax allocation laws in effect on the date of  
 12 distribution, without the revenue exchange amounts allocated  
 13 pursuant to Section 97.68 of the Revenue and Taxation Code, and  
 14 without the property taxes allocated pursuant to Section 97.70 of  
 15 the Revenue and Taxation Code.

16 (c) The total school share, including passthroughs, shall be the  
 17 share of the property taxes that would have been received by school  
 18 entities, as defined in subdivision (f) of Section 95 of the Revenue  
 19 and Taxation Code, in the jurisdictional territory of the former  
 20 redevelopment agency, including, but not limited to, the amounts  
 21 specified in Sections 97.68 and 97.70 of the Revenue and Taxation  
 22 Code.

23 34188.8. For purposes of a redevelopment agency that becomes  
 24 subject to this part pursuant to Section 34195, a date certain  
 25 identified in this chapter shall not be subject to Section 34191,  
 26 except for dates certain in Section 34182 and references to  
 27 “October 1, 2011,” or to the “operative date of this part.”  
 28 However, for purposes of those redevelopment agencies, a date  
 29 certain identified in this chapter shall be appropriately modified,  
 30 as necessary to reflect the appropriate fiscal year or portion of a  
 31 fiscal year.

32

33 *CHAPTER 6. EFFECT OF THE ACT ADDING THIS PART ON THE*  
 34 *COMMUNITY REDEVELOPMENT LAW*

35

36 34189. (a) Commencing on the effective date of this part, all  
 37 provisions of the Community Redevelopment Law that depend on  
 38 the allocation of tax increment to redevelopment agencies,  
 39 including, but not limited to, Sections 33445, 33640, 33641, 33645,  
 40 and subdivision (b) of Section 33670, shall be inoperative, except

1 as those sections apply to a redevelopment agency operating  
2 pursuant to Part 1.9 (commencing with Section 34192).

3 (b) The California Law Revision Commission shall draft a  
4 Community Redevelopment Law cleanup bill for consideration by  
5 the Legislature no later than January 1, 2013.

6 (c) To the extent that a provision of Part 1 (commencing with  
7 Section 33000), Part 1.5 (commencing with Section 34000), Part  
8 1.6 (commencing with Section 34050), and Part 1.7 (commencing  
9 with Section 34100) conflicts with this part, the provisions of this  
10 part shall control. Further, if a provision of Part 1 (commencing  
11 with Section 33000), Part 1.5 (commencing with Section 34000),  
12 Part 1.6 (commencing with Section 34050), or Part 1.7  
13 (commencing with Section 34100) provides an authority that the  
14 act adding this part is restricting or eliminating, the restriction  
15 and elimination provisions of the act adding this part shall control.

16 (d) It is intended that the provisions of this part shall be read  
17 in a manner as to avoid duplication of payments.

18

19 CHAPTER 7. STABILIZATION OF LABOR AND EMPLOYMENT  
20 RELATIONS

21

22 34190. (a) It is the intent of the Legislature to stabilize the  
23 labor and employment relations of redevelopment agencies and  
24 successor agencies in furtherance of and connection with their  
25 responsibilities under the act adding this part.

26 (b) Nothing in the act adding this part is intended to relieve any  
27 redevelopment agency of its obligations under Chapter 10  
28 (commencing with Section 3500) of Division 4 of Title 1 of the  
29 Government Code. Subject to the limitations set forth in Section  
30 34165, prior to its dissolution, a redevelopment agency shall retain  
31 the authority to meet and confer over matters within the scope of  
32 representation.

33 (c) A successor agency, as defined in Sections 34171 and 34173,  
34 shall constitute a public agency within the meaning of subdivision  
35 (c) of Section 3501 of the Government Code.

36 (d) Subject to the limitations set forth in Section 34165,  
37 redevelopment agencies, prior to and during their winding down  
38 and dissolution, shall retain the authority to bargain over matters  
39 within the scope of representation.

1 (e) In recognition that a collective bargaining agreement  
2 represents an enforceable obligation, a successor agency shall  
3 become the employer of all employees of the redevelopment agency  
4 as of the date of the redevelopment agency's dissolution. If,  
5 pursuant to this provision, the successor agency becomes the  
6 employer of one or more employees who, as employees of the  
7 redevelopment agency, were represented by a recognized employee  
8 organization, the successor agency shall be deemed a successor  
9 employer and shall be obligated to recognize and to meet and  
10 confer with such employee organization. In addition, the successor  
11 agency shall retain the authority to bargain over matters within  
12 the scope of representation and shall be deemed to have assumed  
13 the obligations under any memorandum of understanding in effect  
14 between the redevelopment agency and recognized employee  
15 organization as of the date of the redevelopment agency's  
16 dissolution.

17 (f) The Legislature finds and declares that the duties and  
18 responsibilities of local agency employer representatives under  
19 this chapter are substantially similar to the duties and  
20 responsibilities required under existing collective bargaining  
21 enforcement procedures and therefore the costs incurred by the  
22 local agency employer representatives in performing those duties  
23 and responsibilities under the act adding this part are not  
24 reimbursable as state-mandated costs. Furthermore, the  
25 Legislature also finds and declares that to the extent the act adding  
26 this part provides the funding with which to accomplish the  
27 obligations provided herein, the costs incurred by the local agency  
28 employer representatives in performing those duties and  
29 responsibilities under the act adding this part are not reimbursable  
30 as state-mandated costs.

31 (g) The transferred memorandum of understanding and the right  
32 of any employee organization representing such employees to  
33 provide representation shall continue as long as the memorandum  
34 of understanding would have been in force, pursuant to its own  
35 terms. One or more separate bargaining units shall be created in  
36 the successor agency consistent with the bargaining units that had  
37 been established in the redevelopment agency. After the expiration  
38 of the transferred memorandum of understanding, the successor  
39 agency shall continue to be subject to the provisions of the  
40 Meyers-Milias-Brown Act.

1 (h) *Individuals formerly employed by redevelopment agencies*  
2 *that are subsequently employed by successor agencies shall, for*  
3 *a minimum of two years, transfer their status and classification in*  
4 *the civil service system of the redevelopment agency to the*  
5 *successor agency and shall not be required to requalify to perform*  
6 *the duties that they previously performed or duties substantially*  
7 *similar in nature and in required qualification to those that they*  
8 *previously performed. Any such individuals shall have the right*  
9 *to compete for employment under the civil service system of the*  
10 *successor agency.*

11  
12 *CHAPTER 8. APPLICATION OF PART TO FORMER PARTICIPANTS*  
13 *OF THE ALTERNATIVE VOLUNTARY REDEVELOPMENT PROGRAM*  
14

15 34191. (a) *It is the intent of the Legislature that a*  
16 *redevelopment agency that formerly operated pursuant to the*  
17 *Alternative Voluntary Redevelopment Program (Part 1.9*  
18 *(commencing with Section 34192)), that becomes subject to this*  
19 *part pursuant to Section 34195, shall be subject to all of the*  
20 *requirements of this part, except that dates and deadlines shall be*  
21 *appropriately modified, as provided in this section, to reflect the*  
22 *date that the agency becomes subject to this part.*

23 (b) *Except as otherwise provided by law, for purposes of a*  
24 *redevelopment agency that becomes subject to this part pursuant*  
25 *to Section 34195, the following shall apply:*

26 (1) *Any reference to “January 1, 2011,” shall be construed to*  
27 *mean January 1 of the year preceding the year that the*  
28 *redevelopment agency became subject to this part, but no earlier*  
29 *than January 1, 2011.*

30 (2) *Any reference to “October 1, 2011,” or to the “operative*  
31 *date of this part,” shall mean the date that is the equivalent to the*  
32 *“October 1, 2011,” identified in Section 34167.5 for that*  
33 *redevelopment agency as determined pursuant to Section 34169.5.*

34 (3) *Except as provided in paragraphs (1) and (2), any reference*  
35 *to a date certain shall be construed to be the date, measured from*  
36 *the date that the redevelopment agency became subject to this*  
37 *part, that is equivalent to the duration of time between the operative*  
38 *date of this part and the date certain identified in statute.*

39 SEC. 8. *Section 97.401 is added to the Revenue and Taxation*  
40 *Code, to read:*

1 97.401. Commencing October 1, 2011, the county auditor shall  
2 make the calculations required by Section 97.4 based on the  
3 amount deposited on behalf of each former redevelopment agency  
4 into the Redevelopment Property Tax Trust Fund pursuant to  
5 paragraph (1) of subdivision (c) of Section 34182 of the Health  
6 and Safety Code. The calculations required by Section 97.4 shall  
7 result in cities, counties, and special districts annually remitting  
8 to the Educational Revenue Augmentation Fund the same amounts  
9 they would have remitted but for the operation of Part 1.8  
10 (commencing with Section 34161) and Part 1.85 (commencing  
11 with Section 34170) of Division 24 of the Health and Safety Code.

12 SEC. 9. Section 98.2 is added to the Revenue and Taxation  
13 Code, to read:

14 98.2. For the 2011–12 fiscal year, and each fiscal year  
15 thereafter, the computations provided for in Sections 98 and 98.1  
16 shall be performed in a manner which recognizes that passthrough  
17 payments formerly required under the Community Redevelopment  
18 Law (Part 1 (commencing with Section 33000) of Division 24 of  
19 the Health and Safety Code) are continuing to be made under the  
20 authority of Part 1.85 (commencing with Section 34170) of Division  
21 24 of the Health and Safety Code and those payments shall be  
22 recognized in the TEA calculations as though they were made  
23 under the Community Redevelopment Law. Additionally, the  
24 computations provided for in Sections 98 and 98.1 shall be  
25 performed in a manner that recognizes payments to a  
26 Redevelopment Property Tax Trust Fund, established pursuant to  
27 Section 34170.5 of the Health and Safety Code as if they were  
28 payments to a redevelopment agency as provided in subdivision  
29 (b) of Section 33670 of the Health and Safety Code.

30 SEC. 10. If a legal challenge to invalidate any provision of this  
31 act is successful, a redevelopment agency shall be prohibited from  
32 issuing new bonds, notes, interim certificates, debentures, or other  
33 obligations, whether funded, refunded, assumed, or otherwise,  
34 pursuant to Article 5 (commencing with Section 33640) of Chapter  
35 6 of Part 1 of Division 24 of the Health and Safety Code.

36 SEC. 11. The sum of five hundred thousand dollars (\$500,000)  
37 is hereby appropriated to the Department of Finance from the  
38 General Fund for allocation to the Treasurer, Controller, and  
39 Department of Finance for administrative costs associated with  
40 this act. The department shall notify the Joint Legislative Budget

1 *Committee and the fiscal committees in each house of any*  
2 *allocations under this section no later than 10 days following that*  
3 *allocation.*

4 *SEC. 12. If any provision of this act or the application thereof*  
5 *to any person or circumstance is held invalid, the invalidity shall*  
6 *not affect other provisions or applications of this act which can*  
7 *be given effect without the invalid provision or application and to*  
8 *this end, the provisions of this act are severable. The Legislature*  
9 *expressly intends that the provisions of Part 1.85 (commencing*  
10 *with Section 34170) of Division 24 of the Health and Safety Code*  
11 *are severable from the provisions of Part 1.8 (commencing with*  
12 *Section 34161) of Division 24 of the Health and Safety Code, and*  
13 *if Part 1.85 is held invalid, then Part 1.8 shall continue in effect.*

14 *SEC. 13. No reimbursement is required by this act pursuant*  
15 *to Section 6 of Article XIII B of the California Constitution because*  
16 *a local agency or school district has the authority to levy service*  
17 *charges, fees, or assessments sufficient to pay for the program or*  
18 *level of service mandated by this act, within the meaning of Section*  
19 *17556 of the Government Code.*

20 *SEC. 14. This act shall take effect contingent on the enactment*  
21 *of Assembly Bill 27 of the 2011–12 First Extraordinary Session*  
22 *or Senate Bill 15 of in the 2011–12 First Extraordinary Session*  
23 *and only if the enacted bill adds Part 1.9 (commencing with Section*  
24 *34192) to Division 24 of the Health and Safety Code.*

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

27 ~~SEC. 2.~~

28 *SEC. 15. This act addresses the fiscal emergency declared and*  
29 *reaffirmed by the Governor by proclamation on January 20, 2011,*  
30 *pursuant to subdivision (f) of Section 10 of Article IV of the*  
31 *California Constitution.*

32 *SEC. 16. This act is a bill providing for appropriations related*  
33 *to the Budget Bill within the meaning of subdivision (e) of Section*  
34 *12 of Article IV of the California Constitution, has been identified*  
35 *as related to the budget in the Budget Bill, and shall take effect*  
36 *immediately.*

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