

**ASSEMBLY BILL**

**No. 1585**

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**Introduced by Assembly Members John A. Pérez, Atkins, Dickinson,  
Hill, Mitchell, Perea, and Torres**

February 2, 2012

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An act to amend Sections 34171, 34176, 34177, 34179, 34180, 34181, and 34183 of the Health and Safety Code, relating to redevelopment, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1585, as introduced, John A. Pérez. Redevelopment.

Existing law dissolves redevelopment agencies and community development agencies, as of February 1, 2012, and designates successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, repay enforceable obligations, as defined, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

This bill would modify the scope of the term “enforceable obligation” and modify provisions relating to the transfer of housing funds and responsibilities associated with dissolved redevelopment agencies. The bill would provide that any amounts on deposit in the Low and Moderate Income Housing Fund of a dissolved redevelopment agency be

transferred to specified entities. The bill would make conforming changes.

Existing law provides that, upon a specified date, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid. Notwithstanding this provision, an agreement that provided loans or other startup funds for the agency that was entered into within 2 years of the formation of the agency is valid and binds the successor agency.

The bill would expand this exception to include an agreement involving a loan specific to a project area and other specified obligations. The bill would provide that other loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it are deemed to be enforceable obligations, except as specified. The bill would further expand upon, and clarify, the scope of the successor agency’s and the oversight board’s responsibilities.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

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

1 SECTION 1. Section 34171 of the Health and Safety Code is  
 2 amended to read:  
 3 34171. The following terms shall have the following meanings:  
 4 (a) “Administrative budget” means the budget for administrative  
 5 costs of the successor agencies as provided in Section 34177.  
 6 (b) “Administrative cost allowance” means an amount that,  
 7 subject to the approval of the oversight board, is payable from  
 8 property tax revenues of up to 5 percent of the property tax  
 9 allocated to the successor agency for the 2011–12 fiscal year and  
 10 up to 3 percent of the property tax allocated to the Redevelopment  
 11 Obligation Retirement Fund money that is allocated to the  
 12 successor agency for each fiscal year thereafter, *except as provided*  
 13 *by subdivision (l) of Section 34180*; provided, however, that the  
 14 amount shall not be less than two hundred fifty thousand dollars  
 15 (\$250,000) for any fiscal year or such lesser amount as agreed to  
 16 by the successor agency. However, the allowance amount shall  
 17 exclude any administrative costs that can be paid from bond

1 proceeds or from sources other than property tax. *Employee costs*  
2 *associated with work on specific project implementation activities,*  
3 *including, but not limited to, construction inspection, project*  
4 *management, or actual construction, shall be considered*  
5 *project-specific costs and are not administrative costs.*

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

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

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

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

19 (C) Payments required by the federal government, preexisting  
20 obligations to the state or obligations imposed by state law, other  
21 than passthrough payments that are made by the county  
22 auditor-controller pursuant to Section 34183, or legally enforceable  
23 payments required in connection with the agencies’ employees,  
24 including, but not limited to, pension payments, pension obligation  
25 debt service, unemployment payments, or other obligations  
26 conferred through a collective bargaining agreement. *Costs*  
27 *incurred to fulfill collective bargaining agreements for layoffs or*  
28 *terminations of city employees who performed work directly on*  
29 *behalf of the former redevelopment agency shall be considered*  
30 *enforceable obligations payable from property tax funds.*

31 (D) Judgments or settlements entered by a competent court of  
32 law or binding arbitration decisions against the former  
33 redevelopment agency, other than passthrough payments that are  
34 made by the county auditor-controller pursuant to Section 34183.  
35 Along with the successor agency, the oversight board shall have  
36 the authority and standing to appeal any judgment or to set aside  
37 any settlement or arbitration decision.

38 (E) Any legally binding and enforceable agreement or contract  
39 that is not otherwise void as violating the debt limit or public  
40 policy. However, nothing in this act shall prohibit either the

1 successor agency, with the approval or at the direction of the  
 2 oversight board, or the oversight board itself from terminating any  
 3 existing agreements or contracts and providing any necessary and  
 4 required compensation or remediation for such termination.

5 (F) Contracts or agreements necessary for the administration or  
 6 operation of the successor agency, in accordance with this part,  
 7 including, but not limited to, agreements to purchase or rent office  
 8 space, equipment and supplies, and pay-related expenses pursuant  
 9 to Section 33127 and for carrying insurance pursuant to Section  
 10 33134.

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

16 (2) ~~For purposes of (A) Except as specifically provided in this~~  
 17 part, “enforceable obligation” does not include any agreements,  
 18 contracts, or arrangements between the city, county, or city and  
 19 county that created the redevelopment agency and the former  
 20 redevelopment agency. However, written agreements entered into  
 21 (A) at the time of issuance, but in no event later than December  
 22 31, 2010, of indebtedness obligations, and (B) solely for the  
 23 purpose of securing or repaying those indebtedness obligations  
 24 may be deemed enforceable obligations for purposes of this part.  
 25 ~~Notwithstanding this paragraph, loan~~

26 (B) *Loan* agreements entered into between the redevelopment  
 27 agency and the city, county, or city and county that created it,  
 28 within two years of the date of creation of the redevelopment  
 29 agency, *or within two years of the date of the creation of a project*  
 30 *area if the loan is specific to that project area, and any obligations*  
 31 *imposed by paragraph (1) of subdivision (d) of Section 33691* may  
 32 be deemed to be enforceable obligations.

33 (C) *Other loan agreements entered into between the*  
 34 *redevelopment agency and the city, county, or city and county that*  
 35 *created it, may be deemed to be enforceable obligations, subject*  
 36 *to subdivision (k) of Section 34180.*

37 (3) Contracts or agreements between the former redevelopment  
 38 agency and other public agencies, to perform services or provide  
 39 funding for governmental or private services or capital projects  
 40 outside of redevelopment project areas that do not provide benefit

1 to the redevelopment project and thus were not properly authorized  
2 under Part 1 (commencing with Section 33000) shall be deemed  
3 void on the effective date of this part; provided, however, that such  
4 contracts or agreements for the provision of housing properly  
5 authorized under Part 1 (commencing with Section 33000) shall  
6 not be deemed void.

7 (e) “Indebtedness obligations” means bonds, notes, certificates  
8 of participation, or other evidence of indebtedness, issued or  
9 delivered by the redevelopment agency, or by a joint exercise of  
10 powers authority created by the redevelopment agency, to  
11 third-party investors or bondholders to finance or refinance  
12 redevelopment projects undertaken by the redevelopment agency  
13 in compliance with the Community Redevelopment Law (Part 1  
14 (commencing with Section 33000)).

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

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

19 (h) “Recognized Obligation Payment Schedule” means the  
20 document setting forth the minimum payment amounts and due  
21 dates of payments required by enforceable obligations for each  
22 six-month fiscal period as provided in subdivision (m) of Section  
23 34177.

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

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

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

34 SEC. 2. Section 34176 of the Health and Safety Code is  
35 amended to read:

36 34176. (a) The city, county, or city and county that authorized  
37 the creation of a redevelopment agency may elect to retain the  
38 housing assets and functions previously performed by the  
39 redevelopment agency. If a city, county, or city and county elects  
40 to retain the responsibility for performing housing functions

1 previously performed by a redevelopment agency, all rights,  
 2 powers, duties, and obligations, ~~excluding obligations associated~~  
 3 *with the housing activities of the agency, including any amounts*  
 4 *on deposit in the Low and Moderate Income Housing Fund, shall*  
 5 *be transferred to the city, county, or city and county. Any funds*  
 6 *transferred to the city, county, or city and county pursuant to this*  
 7 *subdivision shall be maintained in a separate Low and Moderate*  
 8 *Income Housing Fund and expended pursuant to the provisions*  
 9 *of the Community Redevelopment Law relating to the Low and*  
 10 *Moderate Income Housing Fund.*

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

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

21 ~~(2)~~

22 (1) Where there is one local housing authority in the territorial  
 23 jurisdiction of the former redevelopment agency, to that local  
 24 housing authority.

25 ~~(3)~~

26 (2) Where there is more than one local housing authority in the  
 27 territorial jurisdiction of the former redevelopment agency, to the  
 28 local housing authority selected by the city, county, or city and  
 29 county that authorized the creation of the redevelopment agency.

30 (3) *Where there is no local housing authority in the territorial*  
 31 *jurisdiction of the former redevelopment agency or where the local*  
 32 *housing authority selected does not accept the responsibility for*  
 33 *performing housing functions previously performed by the former*  
 34 *redevelopment agency, to the Department of Housing and*  
 35 *Community Development.*

36 (c) Commencing on the operative date of this part, the entity  
 37 assuming the housing functions formerly performed by the  
 38 redevelopment agency ~~may~~ *shall* enforce affordability covenants  
 39 and perform related activities pursuant to applicable provisions of

1 the Community Redevelopment Law (Part 1 (commencing with  
2 Section 33000), including, but not limited to, Section 33418.

3 *(d) If the city, county, or city and county, or other public entity*  
4 *that performs housing functions pursuant to this section has not*  
5 *expended or encumbered at least 80 percent of the moneys in the*  
6 *Low and Moderate Income Housing Fund within three years of*  
7 *the date of receipt of those moneys by the entity assuming housing*  
8 *responsibilities pursuant to this part, then the excess amount,*  
9 *minus the amount necessarily reserved for the ongoing monitoring*  
10 *and maintenance of affordable housing projects, shall be allocated*  
11 *to the auditor-controller for housing purposes pursuant to existing*  
12 *law.*

13 SEC. 3. Section 34177 of the Health and Safety Code is  
14 amended to read:

15 34177. Successor agencies are required to do all of the  
16 following:

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

18 (1) On and after February 1, 2012, and until a Recognized  
19 Obligation Payment Schedule becomes operative, only payments  
20 required pursuant to an enforceable obligations payment schedule  
21 shall be made. The initial enforceable obligation payment schedule  
22 shall be the last schedule adopted by the redevelopment agency  
23 under Section 34169. However, payments associated with  
24 obligations excluded from the definition of enforceable obligations  
25 by paragraph (2) of subdivision (e) of Section 34171 shall be  
26 excluded from the enforceable obligations payment schedule and  
27 be removed from the last schedule adopted by the redevelopment  
28 agency under Section 34169 prior to the successor agency adopting  
29 it as its enforceable obligations payment schedule pursuant to this  
30 subdivision. The enforceable obligation payment schedule may  
31 be amended by the successor agency at any public meeting and  
32 shall be subject to the approval of the oversight board as soon as  
33 the board has sufficient members to form a quorum.

34 (2) The Department of Finance and the Controller shall each  
35 have the authority to require any documents associated with the  
36 enforceable obligations to be provided to them in a manner of their  
37 choosing. Any taxing entity, the department, and the Controller  
38 shall each have standing to file a judicial action to prevent a  
39 violation under this part and to obtain injunctive or other  
40 appropriate relief.

1 (3) Commencing on May 1, 2012, only those payments listed  
2 in the Recognized Obligation Payment Schedule may be made by  
3 the successor agency from the funds specified in the Recognized  
4 Obligation Payment Schedule. In addition, commencing May 1,  
5 2012, the Recognized Obligation Payment Schedule shall supersede  
6 the Statement of Indebtedness, which shall no longer be prepared  
7 nor have any effect under the Community Redevelopment Law.

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

13 (5) From February 1, 2012, to July 1, 2012, a successor agency  
14 shall have no authority and is hereby prohibited from accelerating  
15 payment or making any lump-sum payments that are intended to  
16 prepay loans unless such accelerated repayments were required  
17 prior to the effective date of this part.

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

21 (c) Perform obligations required pursuant to any enforceable  
22 obligation.

23 (d) Remit unencumbered balances of redevelopment agency  
24 funds to the county auditor-controller for distribution to the taxing  
25 entities, ~~including, but not limited to, the unencumbered balance~~  
26 ~~of the Low and Moderate Income Housing Fund of a former~~  
27 ~~redemption agency.~~ In making the distribution, the county  
28 auditor-controller shall utilize the same methodology for allocation  
29 and distribution of property tax revenues provided in Section  
30 34188.

31 (e) Dispose of assets and properties of the former redevelopment  
32 agency as directed by the oversight board; provided, however, that  
33 the oversight board may instead direct the successor agency to  
34 transfer ownership of certain assets pursuant to subdivision (a) of  
35 Section 34181. The disposal is to be done expeditiously and in a  
36 manner aimed at maximizing value. Proceeds from asset sales and  
37 related funds that are no longer needed for approved development  
38 projects or to otherwise wind down the affairs of the agency, each  
39 as determined by the oversight board, shall be transferred to the

1 county auditor-controller for distribution as property tax proceeds  
2 under Section 34188.

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

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

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

12 (i) Continue to oversee development of properties until the  
13 contracted work has been completed or the contractual obligations  
14 of the former redevelopment agency can be transferred to other  
15 parties. Bond proceeds shall be used for the purposes for which  
16 bonds were sold unless the purposes can no longer be achieved,  
17 in which case, the proceeds may be used to defease the bonds.

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

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

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

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

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

31 (l) (1) Before each six-month fiscal period, prepare a  
32 Recognized Obligation Payment Schedule in accordance with the  
33 requirements of this paragraph. For each recognized obligation,  
34 the Recognized Obligation Payment Schedule shall identify one  
35 or more of the following sources of payment:

36 (A) Low and Moderate Income Housing Fund.

37 (B) Bond proceeds.

38 (C) Reserve balances.

39 (D) Administrative cost allowance.

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

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

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

11 (A) A draft Recognized Obligation Payment Schedule is  
12 prepared by the successor agency for the enforceable obligations  
13 of the former redevelopment agency by March 1, 2012. From  
14 February 1, 2012, to July 1, 2012, the initial draft of that schedule  
15 shall project the dates and amounts of scheduled payments for  
16 each enforceable obligation for the remainder of the time period  
17 during which the redevelopment agency would have been  
18 authorized to obligate property tax increment had such a  
19 redevelopment agency not been dissolved, and shall be reviewed  
20 and certified, as to its accuracy, by an external auditor designated  
21 pursuant to Section 34182.

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

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

28 (3) The Recognized Obligation Payment Schedule shall be  
29 forward looking to the next six months. The first Recognized  
30 Obligation Payment Schedule shall be submitted to the Controller's  
31 office and the Department of Finance by April 15, 2012, for the  
32 period of May 1, 2012, to June 30, 2012, inclusive. Former  
33 redevelopment agency enforceable obligation payments due, and  
34 reasonable or necessary administrative costs due or incurred, prior  
35 to January 1, 2012, shall be made from property tax revenues  
36 received in the spring of 2011 property tax distribution, and from  
37 other revenues and balances transferred to the successor agency.

38 SEC. 4. Section 34179 of the Health and Safety Code is  
39 amended to read:

1 34179. (a) Each successor agency shall have an oversight  
2 board composed of seven members. The members shall elect one  
3 of their members as the chairperson and shall report the name of  
4 the chairperson and other members to the Department of Finance  
5 on or before May 1, 2012. Members shall be selected as follows:

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

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

9 (3) One member appointed by the largest special district, by  
10 property tax share, with territory in the territorial jurisdiction of  
11 the former redevelopment agency, which is of the type of special  
12 district that is eligible to receive property tax revenues pursuant  
13 to Section 34188.

14 (4) One member appointed by the county superintendent of  
15 education to represent schools if the superintendent is elected. If  
16 the county superintendent of education is appointed, then the  
17 appointment made pursuant to this paragraph shall be made by the  
18 county board of education.

19 (5) One member appointed by the Chancellor of the California  
20 Community Colleges to represent community college districts in  
21 the county.

22 (6) One member of the public appointed by the county board  
23 of supervisors.

24 (7) One member representing the employees of the former  
25 redevelopment agency appointed by the mayor or chair of the  
26 board of supervisors, as the case may be, from the recognized  
27 employee organization representing the largest number of former  
28 redevelopment agency employees employed by the successor  
29 agency at that time. *In the case where city employees performed*  
30 *administrative duties of the former redevelopment agency, the*  
31 *appointment shall be made from the recognized employee*  
32 *organization representing those employees. In voting to approve*  
33 *a contract as an enforceable obligation, a member appointed*  
34 *pursuant to this paragraph shall not be deemed to be interested*  
35 *in the contract by virtue of being an employee of the successor*  
36 *agency or community for purposes of Section 1090 of the*  
37 *Government Code.*

38 (8) If the county or a joint powers agency formed the  
39 redevelopment agency, then the largest city by acreage in the  
40 territorial jurisdiction of the former redevelopment agency may

1 select one member. If there are no cities with territory in a project  
2 area of the redevelopment agency, the county superintendent of  
3 education may appoint an additional member to represent the  
4 public.

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

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

27 (b) The Governor may appoint individuals to fill any oversight  
28 board member position described in subdivision (a) that has not  
29 been filled by May 15, 2012, or any member position that remains  
30 vacant for more than 60 days.

31 (c) The oversight board may direct the staff of the successor  
32 agency to perform work in furtherance of the oversight board's  
33 duties and responsibilities under this part. The successor agency  
34 shall pay for all of the costs of meetings of the oversight board  
35 and may include such costs in its administrative budget. Oversight  
36 board members shall serve without compensation or reimbursement  
37 for expenses.

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

1 (e) A majority of the total membership of the oversight board  
2 shall constitute a quorum for the transaction of business. A majority  
3 vote of the total membership of the oversight board is required for  
4 the oversight board to take action. The oversight board shall be  
5 deemed to be a local entity for purposes of the Ralph M. Brown  
6 Act, the California Public Records Act, and the Political Reform  
7 Act of 1974.

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

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

13 (h) The Department of Finance may review an oversight board  
14 action taken pursuant to ~~the act adding~~ this part. As such, all  
15 oversight board actions shall not be effective for three business  
16 days, pending a request for review by the department. Each  
17 oversight board shall designate an official to whom the department  
18 may make such requests and who shall provide the department  
19 with the telephone number and e-mail contact information for the  
20 purpose of communicating with the department pursuant to this  
21 subdivision. In the event that the department requests a review of  
22 a given oversight board action, it shall have 10 days from the date  
23 of its request to approve the oversight board action or return it to  
24 the oversight board for reconsideration and such oversight board  
25 action shall not be effective until approved by the department. In  
26 the event that the department returns the oversight board action to  
27 the oversight board for reconsideration, the oversight board shall  
28 resubmit the modified action for department approval and the  
29 modified oversight board action shall not become effective until  
30 approved by the department.

31 (i) Oversight boards shall have fiduciary responsibilities to  
32 holders of enforceable obligations and the taxing entities that  
33 benefit from distributions of property tax and other revenues  
34 pursuant to Section 34188. Further, the provisions of Division 4  
35 (commencing with Section 1000) of the Government Code shall  
36 apply to oversight boards. Notwithstanding Section 1099 of the  
37 Government Code, or any other law, any individual may  
38 simultaneously be appointed to up to five oversight boards and  
39 may hold an office in a city, county, city and county, special  
40 district, school district, or community college district.

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

5 (1) One member may be appointed by the county board of  
6 supervisors.

7 (2) One member may be appointed by the city selection  
8 committee established pursuant to Section 50270 of the  
9 Government Code. In a city and county, the mayor may appoint  
10 one member.

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

15 (4) One member may be appointed by the county superintendent  
16 of education to represent schools if the superintendent is elected.  
17 If the county superintendent of education is appointed, then the  
18 appointment made pursuant to this paragraph shall be made by the  
19 county board of education.

20 (5) One member may be appointed by the Chancellor of the  
21 California Community Colleges to represent community college  
22 districts in the county.

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

25 (7) One member may be appointed by the recognized employee  
26 organization representing the largest number of successor agency  
27 employees in the county.

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

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

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

39 SEC. 5. Section 34180 of the Health and Safety Code is  
40 amended to read:

1 34180. All of the following successor agency actions shall first  
2 be approved by the oversight board:

3 (a) The establishment of new repayment terms for outstanding  
4 loans where the terms have not been specified prior to the date of  
5 this part.

6 (b) Refunding of outstanding bonds or other debt of the former  
7 redevelopment agency by successor agencies in order to provide  
8 for savings or to finance debt service spikes; provided, however,  
9 that no additional debt is created and debt service is not accelerated.

10 (c) *Entering into a financing arrangement, including, the*  
11 *issuance of bonds, to fund required payments under an enforceable*  
12 *obligation that exceed the amount of property tax revenue available*  
13 *to the agency during the payment period. This subdivision shall*  
14 *not be deemed to authorize a successor agency to create an*  
15 *additional enforceable obligation, as defined by this part, other*  
16 *than for necessary financing costs.*

17 ~~(e)~~

18 (d) Setting aside of amounts in reserves as required by  
19 indentures, trust indentures, or similar documents governing the  
20 issuance of outstanding redevelopment agency bonds.

21 ~~(d)~~

22 (e) Merging of project areas.

23 ~~(e)~~

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

29 ~~(f)~~

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

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

40 ~~(g)~~

1 (h) Establishment of the Recognized Obligation Payment  
2 Schedule.

3 ~~(h)~~

4 (i) A request by the successor agency to enter into an agreement  
5 with the city, county, or city and county that formed the  
6 redevelopment agency that it is succeeding.

7 ~~(i)~~

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

11 (k) *The establishment of a loan between a city, county, or city  
12 and county and a redevelopment agency as an enforceable  
13 obligation pursuant to subparagraph (C) of paragraph (2) of  
14 subdivision (d) of Section 34171, provided that the oversight board  
15 makes a finding that the loan was for legitimate redevelopment  
16 purposes, had economic substance, and was based on reasonable  
17 repayment terms.*

18 (l) *The approval of temporary increases in the administrative  
19 cost allowance to carry out the requirements of an enforceable  
20 obligation, to cover litigation costs, or to maintain and preserve  
21 the value of assets while in the possession of the successor agency.*

22 SEC. 6. Section 34181 of the Health and Safety Code is  
23 amended to read:

24 34181. The oversight board shall direct the successor agency  
25 to do all of the following:

26 (a) *Compile a complete inventory of existing real property assets  
27 of the former redevelopment agency, by project area. The inventory  
28 shall include general categories of real property assets, the purpose  
29 for which they were originally acquired, the original purchase  
30 price of each asset and the estimated current market value. Prior  
31 to the disposal of any nonfinancial real property asset, the  
32 oversight board shall receive and review the inventory compiled  
33 by the successor agency, and adopt a policy or strategy for the  
34 disposal or transfer of such assets consistent with the requirements  
35 of subdivision (b).*

36 ~~(a)~~

37 (b) Dispose of all assets and properties of the former  
38 redevelopment agency that were funded by tax increment revenues  
39 of the dissolved redevelopment agency; provided, however, that  
40 the oversight board may instead direct the successor agency to

1 transfer ownership of those assets that were constructed and used  
2 for a governmental purpose, such as roads, school buildings, parks,  
3 and fire stations, *or are integral to the operation of a governmental*  
4 *purpose asset, such as a parking facility*, to the appropriate public  
5 jurisdiction pursuant to any existing agreements relating to the  
6 construction or use of such an asset. Any compensation to be  
7 provided to the successor agency for the transfer of the asset shall  
8 be governed by ~~the~~ agreements, *if any*, relating to the construction  
9 or use of that asset. Disposal shall be done ~~expeditiously and in a~~  
10 ~~manner aimed at maximizing value in an expeditious but orderly~~  
11 ~~manner that preserves the value of the asset.~~

12 ~~(b)~~

13 (c) Cease performance in connection with and terminate all  
14 existing agreements that do not qualify as enforceable obligations.

15 ~~(e)~~

16 (d) Transfer housing responsibilities and all rights, powers,  
17 duties, and ~~obligations along with~~ obligations, including any  
18 amounts on deposit in the Low and Moderate Income Housing  
19 Fund to the appropriate entity pursuant to Section 34176.

20 ~~(d)~~

21 (e) Terminate any agreement, between the dissolved  
22 redevelopment agency and any public entity located in the same  
23 county, obligating the redevelopment agency to provide funding  
24 for any debt service obligations of the public entity or for the  
25 construction, or operation of facilities owned or operated by such  
26 public entity, in any instance where the oversight board has found  
27 that early termination would be in the best interests of the taxing  
28 entities.

29 ~~(e)~~

30 (f) Determine whether any contracts, agreements, or other  
31 arrangements between the dissolved redevelopment agency and  
32 any private parties should be terminated or renegotiated to reduce  
33 liabilities and increase net revenues to the taxing entities, and  
34 present proposed termination or amendment agreements to the  
35 oversight board for its approval. The board may approve any  
36 amendments to or early termination of such agreements where it  
37 finds that amendments or early termination would be in the best  
38 interests of the taxing entities.

39 SEC. 7. Section 34183 of the Health and Safety Code is  
40 amended to read:

1 34183. (a) Notwithstanding any other law, from February 1,  
2 2012, to July 1, 2012, and for each fiscal year thereafter, the county  
3 auditor-controller shall, after deducting administrative costs  
4 allowed under Section 34182 and Section 95.3 of the Revenue and  
5 Taxation Code, allocate moneys in each Redevelopment Property  
6 Tax Trust Fund as follows:

7 (1) Subject to any prior deductions required by subdivision (b),  
8 first, the county auditor-controller shall remit from the  
9 Redevelopment Property Tax Trust Fund to each local agency and  
10 school entity an amount of property tax revenues in an amount  
11 equal to that which would have been received under Section 33401,  
12 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections  
13 read on January 1, 2011, or pursuant to any passthrough agreement  
14 between a redevelopment agency and a taxing jurisdiction that  
15 was entered into prior to January 1, 1994, that would be in force  
16 during that fiscal year, had the redevelopment agency existed at  
17 that time. The amount of the payments made pursuant to this  
18 paragraph shall be calculated solely on the basis of passthrough  
19 payment obligations, existing prior to the effective date of this part  
20 and continuing as obligations of successor entities, shall occur no  
21 later than May 16, 2012, and no later than June 1, 2012, and each  
22 January 16 and June 1 thereafter. Notwithstanding subdivision (e)  
23 of Section 33670, that portion of the taxes in excess of the amount  
24 identified in subdivision (a) of Section 33670, which are  
25 attributable to a tax rate levied by a taxing agency for the purpose  
26 of producing revenues in an amount sufficient to make annual  
27 repayments of the principal of, and the interest on, any bonded  
28 indebtedness for the acquisition or improvement of real property  
29 shall be allocated to, and when collected shall be paid into, the  
30 fund of that taxing agency.

31 (2) (A) Second, on May 16, 2012, and June 1, 2012, and each  
32 January 16 and June 1 thereafter, to each successor agency for  
33 payments listed in its Recognized Obligation Payment Schedule  
34 for the fiscal period beginning May 1, 2012, or the six-month fiscal  
35 period beginning July 1, 2012, and each January 16 and June 1  
36 thereafter, in the following order of priority:

37 ~~(A)~~

38 (i) Debt service payments scheduled to be made for tax  
39 allocation bonds.

40 ~~(B)~~

1 (ii) Payments scheduled to be made on revenue bonds, but only  
2 to the extent the revenues pledged for them are insufficient to make  
3 the payments and only where the agency's tax increment revenues  
4 were also pledged for the repayment of the bonds.

5 (C)

6 (iii) Payments scheduled for other debts and obligations listed  
7 in the Recognized Obligation Payment Schedule that are required  
8 to be paid from former tax increment revenue.

9 (B) *For purposes of allocations made pursuant to this*  
10 *paragraph, the auditor-controller shall reserve additional funds*  
11 *in the Redevelopment Property Tax Trust Fund at the time of the*  
12 *January 16 allocation, if necessary, to cover payments made in*  
13 *the second half of the calendar year that are in excess of the*  
14 *amounts anticipated to be deposited in the Redevelopment Property*  
15 *Tax Trust Fund from the allocation that is received in May or*  
16 *June.*

17 (3) Third, on May 16, 2012, and June 1, 2012, and each January  
18 16 and June 1 thereafter, to each successor agency for the  
19 administrative cost allowance, as defined in Section 34171, for  
20 administrative costs set forth in an approved administrative budget  
21 for those payments required to be paid from former tax increment  
22 revenues.

23 (4) Fourth, on May 16, 2012, and June 1, 2012, and each January  
24 16 and June 1 thereafter, any moneys remaining in the  
25 Redevelopment Property Tax Trust Fund after the payments and  
26 transfers authorized by paragraphs (1) to (3), inclusive, shall be  
27 distributed to local agencies and school entities in accordance with  
28 Section 34188.

29 (b) If the successor agency reports, no later than April 1, 2012,  
30 and May 1, 2012, and each December 1 and May 1 thereafter, to  
31 the county auditor-controller that the total amount available to the  
32 successor agency from the Redevelopment Property Tax Trust  
33 Fund allocation to that successor agency's Redevelopment  
34 Obligation Retirement Fund, from other funds transferred from  
35 each redevelopment agency, and from funds that have or will  
36 become available through asset sales and all redevelopment  
37 operations, are insufficient to fund the payments required by  
38 paragraphs (1) to (3), inclusive, of subdivision (a) in the next  
39 six-month fiscal period, the county auditor-controller shall notify  
40 the Controller and the Department of Finance no later than 10 days

1 from the date of that notification. The county auditor-controller  
 2 shall verify whether the successor agency will have sufficient funds  
 3 from which to service debts according to the Recognized  
 4 Obligation Payment Schedule and shall report the findings to the  
 5 Controller. If the Controller concurs that there are insufficient  
 6 funds to pay required debt service, the amount of the deficiency  
 7 shall be deducted first from the amount remaining to be distributed  
 8 to taxing entities pursuant to paragraph (4), and if that amount is  
 9 exhausted, from amounts available for distribution for  
 10 administrative costs in paragraph (3). If an agency, pursuant to the  
 11 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,  
 12 33681.15, or 33688, made passthrough payment obligations  
 13 subordinate to debt service payments required for enforceable  
 14 obligations, funds for servicing bond debt may be deducted from  
 15 the amounts for passthrough payments under paragraph (1), as  
 16 provided in those sections, but only to the extent that the amounts  
 17 remaining to be distributed to taxing entities pursuant to paragraph  
 18 (4) and the amounts available for distribution for administrative  
 19 costs in paragraph (3) have all been exhausted.

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

23 (d) The Controller may recover the costs of audit and oversight  
 24 required under this part from the Redevelopment Property Tax  
 25 Trust Fund by presenting an invoice therefor to the county  
 26 auditor-controller who shall set aside sufficient funds for and  
 27 disburse the claimed amounts prior to making the next distributions  
 28 to the taxing jurisdictions pursuant to Section 34188. Subject to  
 29 the approval of the Director of Finance, the budget of the Controller  
 30 may be augmented to reflect the reimbursement, pursuant to  
 31 Section 28.00 of the Budget Act.

32 SEC. 8. This act is an urgency statute necessary for the  
 33 immediate preservation of the public peace, health, or safety within  
 34 the meaning of Article IV of the Constitution and shall go into  
 35 immediate effect. The facts constituting the necessity are:

36 In order to effectuate the orderly implementation of  
 37 responsibilities associated with dissolved redevelopment agencies,  
 38 it is necessary that this act take immediate effect.

O