

AMENDED IN ASSEMBLY AUGUST 24, 2012

AMENDED IN ASSEMBLY MARCH 15, 2011

**SENATE BILL**

**No. 77**

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**Introduced by ~~Committee on Budget and Fiscal Review~~ Senator  
*Leno***

*(Coauthor: Assembly Member Ammiano)*

January 10, 2011

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An act to ~~amend Sections 33500, 33501, 33607.5, and 33607.7 of, to add Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) to Division 24 of, and to repeal Section 33604 of, the Health and Safety Code, and to add Sections 97.401 and 98.2 to, and to add Chapter 7 (commencing with Section 100.96) to Part 0.5 of Division 1 of, the Revenue and Taxation Code, relating to redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget~~ *add Section 50406.7 to the Health and Safety Code, relating to housing.*

LEGISLATIVE COUNSEL'S DIGEST

SB 77, as amended, ~~Committee on Budget and Fiscal Review~~ *Leno*. ~~Community redevelopment. Department of Housing and Community Development: loans.~~

*Existing law authorizes the Department of Housing and Community Development to make advance payments to eligible borrowers and grantees under certain loan or grant programs for housing, if the department makes specified determinations.*

*This bill would additionally authorize the department to reduce the interest rate on any loan issued by the department to a rental housing development to as low as 0% if the development meets specified requirements.*

~~(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 repeal this provision. The bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective July 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 October 1, 2011. 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. The sum of \$1,700,000,000 of these moneys would be allocated to the various counties for deposit in a Public Health and Safety Fund, which would be used to reimburse the state for health and trial court services in the county. The bill would authorize the county to elect not to administer this fund, in which case the Director of Finance would be required to designate a different entity to administer this fund. Under the bill, if the county elects not to administer the fund, it would not receive moneys remaining in the Redevelopment Property Tax Trust Fund, which would otherwise be distributed to taxing entities in the county. The bill would also require, for the 2012–13 fiscal year and each subsequent fiscal year in which funds are available, each county auditor-controller to allocate to various educational entities a specified~~

amount. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

~~(3) Under the California Constitution, the Legislature is prohibited, except by a  $\frac{2}{3}$  vote, from changing the pro rata shares in which ad valorem property tax revenues are allocated among local agencies in a county.~~

~~Because this measure would provide property tax revenues that would otherwise be received by enterprise special districts from former redevelopment tax increment allotments instead be received by the respective county, and may result in property tax moneys in the Redevelopment Property Tax Trust Fund not being allocated to the county if it declines to administer the Public Health and Safety Fund, the bill would constitute a change in the pro rata share of property tax allocations in that county and require the passage of the bill by a  $\frac{2}{3}$  vote.~~

~~(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 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.~~

~~(6) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.~~

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

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

- 1     SECTION 1. Section 50406.7 is added to the Health and Safety
- 2     Code, to read:
- 3     50406.7. Notwithstanding any other law, the department may
- 4     reduce the interest rate on any loan issued by the department to
- 5     a rental housing development to as low as 0 percent if the
- 6     development meets all of the following requirements:
- 7     (a) The development has no other debt with regularly scheduled
- 8     or amortizing debt service payments.
- 9     (b) The development will utilize low-income housing tax credits.
- 10    (c) The sponsor provides evidence acceptable to the department
- 11    that demonstrates that the loan issued by the department is not

1 *eligible to be treated as debt for federal or state low income*  
2 *housing tax credit purposes without a reduction in the interest rate*  
3 *of the loan.*

4 ~~SECTION 1. The Legislature finds and declares all of the~~  
5 ~~following:~~

6 ~~(a) The economy and the residents of this state are slowly~~  
7 ~~recovering from the worst recession since the Great Depression.~~

8 ~~(b) State and local governments are still facing incredibly~~  
9 ~~significant declines in revenues and increased need for core~~  
10 ~~governmental services.~~

11 ~~(c) Local governments across this state continue to confront~~  
12 ~~difficult choices and have had to reduce fire and police protection~~  
13 ~~among other services.~~

14 ~~(d) Schools have faced reductions in funding that have caused~~  
15 ~~school districts to increase class size and layoff teachers, as well~~  
16 ~~as make other hurtful cuts.~~

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

21 ~~(f) Redevelopment agencies take in approximately 12 percent~~  
22 ~~of all of the property taxes collected across this state.~~

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

26 ~~(h) These difficult times demand that a reexamination of~~  
27 ~~resources and priorities be undertaken. This reexamination~~  
28 ~~demonstrates that the state's investment in local economic~~  
29 ~~development and redevelopment agencies is less critical than~~  
30 ~~providing for police and fire protection and is less critical than~~  
31 ~~preventing additional harm to public education.~~

32 ~~(i) Therefore, the Legislature finds that the existence of~~  
33 ~~redevelopment agencies, which redirect property tax dollars from~~  
34 ~~core services, and do so without a vote of the voters, must cease.~~  
35 ~~The Legislature further finds that these existing tax dollars must~~  
36 ~~be returned to schools, fire districts, and the other local entities~~  
37 ~~from which they have been diverted.~~

38 ~~(j) The Legislature has all legislative power not explicitly~~  
39 ~~restricted to it. The California Constitution does not require that~~  
40 ~~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 (k) 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 paragraph (3) of subdivision (a) of Section 25.5  
11 of Article XIII of the California Constitution, the provisions of the  
12 act adding this section, and other applicable laws.

13 (l) Among the allocations of these remaining balances, are  
14 certain moneys that would be deposited in the Public Health and  
15 Safety Fund established under this act. These amounts represent  
16 an offer from the state to each county that is willing to make grants  
17 to the state to defray certain costs in exchange for a permanent  
18 increase in its property taxes. Under this act, counties are free to  
19 accept or reject this arrangement. Counties may accept by providing  
20 grants of funds to be deposited in the Public Health and Safety  
21 Funds. Where counties do not accept, this act makes the same  
22 optional arrangement available to other local entities within the  
23 same county.

24 (m) It is the intent of the Legislature to do all of the following  
25 in this act:

26 (1) Bar existing redevelopment agencies from incurring new  
27 obligations, prior to their dissolution, that would divert any more  
28 money from core governmental functions and dissolve all existing  
29 redevelopment agencies effective July 1, 2011. It is further the  
30 intent of the Legislature that the greatest amount of funding be  
31 realized from these actions in order to provide additional funds  
32 for core governmental services.

33 (2) Allocate property tax revenues to successor agencies for  
34 making payments on indebtedness incurred by the redevelopment  
35 agency prior to its dissolution and allocate remaining balances in  
36 accordance with applicable constitutional and statutory provisions.

37 (3) Beginning July 1, 2012, allocate these funds according to  
38 the existing property tax allocation within each county, except for  
39 enterprise special districts, after reserving passthrough amounts,  
40 to make the funds available for cities, counties, special districts,

1 and school and community college districts to provide core  
2 governmental services. As a result of these actions, it is estimated  
3 that, by the 2012-13 fiscal year, these local entities will receive  
4 \$1.9 billion per year in new resources to use for their core priorities.

5 (4) Require successor agencies to expeditiously wind down the  
6 affairs of the dissolved redevelopment agencies and to provide the  
7 successor agencies with limited authority that extends only to the  
8 extent needed to implement a winddown of redevelopment agency  
9 affairs.

10 SEC. 2. (a) It is the intent of the Legislature to do both of the  
11 following:

12 (1) Implement a program that provides local governments with  
13 a means to further economic development and employment  
14 opportunities in economically distressed areas.

15 (2) Give local governments alternative financing tools,  
16 opportunities, and methods for development projects and purposes.

17 (b) It is further the intent of the Legislature that all of the  
18 following occur:

19 (1) The financing of these future economic development projects  
20 be fiscally sustainable.

21 (2) These new tools and methods will be focused on areas that  
22 have significant poverty and economic stress and will focus on  
23 job creation opportunities in these areas. The focus may include  
24 brownfields, former military bases, or other areas with significant  
25 constraints on development.

26 (3) These new approaches will enable local agencies to create  
27 significant employment opportunities in sustainable jobs, in areas  
28 that include green technology, alternative energy, and emerging  
29 technologies.

30 (4) The state continues to provide a method for funding low and  
31 moderate income housing projects undertaken by local entities,  
32 with an increased emphasis on low and very low income housing.

33 (5) That these new approaches will assist local government  
34 efforts to address the problems of greenhouse gas emissions and  
35 transportation and will promote infill development and  
36 development that takes advantage of existing public transportation  
37 infrastructure.

38 SEC. 3. Section 33500 of the Health and Safety Code is  
39 amended to read:

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

7 ~~(b) Notwithstanding any other provision of law, including~~  
8 ~~Section 33501, an action may be brought to review the validity of~~  
9 ~~any findings or determinations by the agency or the legislative~~  
10 ~~body at any time within 90 days after the date on which the agency~~  
11 ~~or the legislative body made those findings or determinations, if~~  
12 ~~the findings or determinations occurred prior to January 1, 2011.~~

13 ~~(c) Notwithstanding any other law, including Section 33501,~~  
14 ~~an action may be brought to review the validity of the adoption or~~  
15 ~~amendment of a redevelopment plan at any time within two years~~  
16 ~~after the date of the adoption of the ordinance adopting or~~  
17 ~~amending the plan, if the adoption of the ordinance occurred after~~  
18 ~~January 1, 2011.~~

19 ~~(d) Notwithstanding any other law, including Section 33501,~~  
20 ~~an action may be brought to review the validity of any findings or~~  
21 ~~determinations by the agency or the legislative body at any time~~  
22 ~~within two years after the date on which the agency or the~~  
23 ~~legislative body made those findings or determinations, if the~~  
24 ~~findings or determinations occurred after January 1, 2011.~~

25 ~~SEC. 4. Section 33501 of the Health and Safety Code is~~  
26 ~~amended to read:~~

27 ~~33501. (a) An action may be brought pursuant to Chapter 9~~  
28 ~~(commencing with Section 860) of Title 10 of Part 2 of the Code~~  
29 ~~of Civil Procedure to determine the validity of bonds and the~~  
30 ~~redevelopment plan to be financed or refinanced, in whole or in~~  
31 ~~part, by the bonds, or to determine the validity of a redevelopment~~  
32 ~~plan not financed by bonds, including without limiting the~~  
33 ~~generality of the foregoing, the legality and validity of all~~  
34 ~~proceedings theretofore taken for or in any way connected with~~  
35 ~~the establishment of the agency, its authority to transact business~~  
36 ~~and exercise its powers, the designation of the survey area, the~~  
37 ~~selection of the project area, the formulation of the preliminary~~  
38 ~~plan, the validity of the finding and determination that the project~~  
39 ~~area is predominantly urbanized, and the validity of the adoption~~  
40 ~~of the redevelopment plan, and also including the legality and~~

1 validity of all proceedings theretofore taken and (as provided in  
2 the bond resolution) proposed to be taken for the authorization,  
3 issuance, sale, and delivery of the bonds, and for the payment of  
4 the principal thereof and interest thereon.

5 (b) Notwithstanding subdivision (a), an action to determine the  
6 validity of a redevelopment plan, or amendment to a redevelopment  
7 plan that was adopted prior to January 1, 2011, may be brought  
8 within 90 days after the date of the adoption of the ordinance  
9 adopting or amending the plan.

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

16 (d) For the purposes of protecting the interests of the state, the  
17 Attorney General and the Department of Finance are interested  
18 persons pursuant to Section 863 of the Code of Civil Procedure in  
19 any action brought with respect to the validity of an ordinance  
20 adopting or amending a redevelopment plan pursuant to this  
21 section.

22 (e) For purposes of contesting the inclusion in a project area of  
23 lands that are enforceably restricted, as that term is defined in  
24 Sections 422 and 422.5 of the Revenue and Taxation Code, or  
25 lands that are in agricultural use, as defined in subdivision (b) of  
26 Section 51201 of the Government Code, the Department of  
27 Conservation, the county agricultural commissioner, the county  
28 farm bureau, the California Farm Bureau Federation, and  
29 agricultural entities and general farm organizations that provide a  
30 written request for notice, are interested persons pursuant to Section  
31 863 of the Code of Civil Procedure, in any action brought with  
32 respect to the validity of an ordinance adopting or amending a  
33 redevelopment plan pursuant to this section.

34 SEC. 5. Section 33604 of the Health and Safety Code is  
35 repealed.

36 SEC. 6. Section 33607.5 of the Health and Safety Code is  
37 amended to read:

38 33607.5. (a) (1) This section shall apply to each  
39 redevelopment project area that, pursuant to a redevelopment plan  
40 which contains the provisions required by Section 33670, is either:

1 ~~(A) adopted on or after January 1, 1994, including later~~  
2 ~~amendments to these redevelopment plans; or (B) adopted prior~~  
3 ~~to January 1, 1994, but amended, after January 1, 1994, to include~~  
4 ~~new territory. For plans amended after January 1, 1994, only the~~  
5 ~~tax increments from territory added by the amendment shall be~~  
6 ~~subject to this section. All the amounts calculated pursuant to this~~  
7 ~~section shall be calculated after the amount required to be deposited~~  
8 ~~in the Low and Moderate Income Housing Fund pursuant to~~  
9 ~~Sections 33334.2, 33334.3, and 33334.6 has been deducted from~~  
10 ~~the total amount of tax increment funds received by the agency in~~  
11 ~~the applicable fiscal year.~~

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

1 paragraph (4). If the amount of the reduction exceeds the amount  
2 that otherwise would have been available for use for educational  
3 facilities in any one year, the agency shall reduce its payment in  
4 more than one year.

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

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

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

14 (C) Reduce the amount available to be used for educational  
15 facilities.

16 (D) Send the payment to the school district, community college  
17 district, or county office of education, or for special education,  
18 with a statement that the payment is being reduced and including  
19 the calculation required by this subdivision showing the amount  
20 to be considered property taxes and the amount, if any, available  
21 for educational facilities.

22 (4) (A) Except as specified in subparagraph (E), of the total  
23 amount paid each year pursuant to this section to school districts,  
24 43.3 percent shall be considered to be property taxes for the  
25 purposes of paragraph (1) of subdivision (h) of Section 42238 of  
26 the Education Code, and 56.7 percent shall not be considered to  
27 be property taxes for the purposes of that section and shall be  
28 available to be used for educational facilities, including, in the  
29 case of amounts paid during the 2011–12 fiscal year through the  
30 2015–16 fiscal year, inclusive, land acquisition, facility  
31 construction, reconstruction, remodeling, maintenance, or deferred  
32 maintenance.

33 (B) Except as specified in subparagraph (E), of the total amount  
34 paid each year pursuant to this section to community college  
35 districts, 47.5 percent shall be considered to be property taxes for  
36 the purposes of Section 84751 of the Education Code, and 52.5  
37 percent shall not be considered to be property taxes for the purposes  
38 of that section and shall be available to be used for educational  
39 facilities, including, in the case of amounts paid during the 2011–12  
40 fiscal year through the 2015–16 fiscal year, inclusive, land

1 acquisition, facility construction, reconstruction, remodeling,  
2 maintenance, or deferred maintenance.

3 (C) Except as specified in subparagraph (E), of the total amount  
4 paid each year pursuant to this section to county offices of  
5 education, 19 percent shall be considered to be property taxes for  
6 the purposes of Section 2558 of the Education Code, and 81 percent  
7 shall not be considered to be property taxes for the purposes of  
8 that section and shall be available to be used for educational  
9 facilities, including, in the case of amounts paid during the 2011–12  
10 fiscal year through the 2015–16 fiscal year, inclusive, land  
11 acquisition, facility construction, reconstruction, remodeling,  
12 maintenance, or deferred maintenance.

13 (D) Except as specified in subparagraph (E), of the total amount  
14 paid each year pursuant to this section for special education, 19  
15 percent shall be considered to be property taxes for the purposes  
16 of Section 56712 of the Education Code, and 81 percent shall not  
17 be considered to be property taxes for the purposes of that section  
18 and shall be available to be used for education facilities, including,  
19 in the case of amounts paid during the 2011–12 fiscal year through  
20 the 2015–16 fiscal year, inclusive, land acquisition, facility  
21 construction, reconstruction, remodeling, maintenance, or deferred  
22 maintenance.

23 (E) If, pursuant to paragraphs (2) and (3), an agency reduces its  
24 payments to an educational entity, the calculation made by the  
25 agency pursuant to paragraph (3) shall determine the amount  
26 considered to be property taxes and the amount available to be  
27 used for educational facilities in the year the reduction was made.

28 (5) Local education agencies that use funds received pursuant  
29 to this section for school facilities shall spend these funds at schools  
30 that are: (A) within the project area, (B) attended by students from  
31 the project area, (C) attended by students generated by projects  
32 that are assisted directly by the redevelopment agency, or (D)  
33 determined by the governing board of a local education agency to  
34 be of benefit to the project area.

35 (b) Commencing with the first fiscal year in which the agency  
36 receives tax increments and continuing through the last fiscal year  
37 in which the agency receives tax increments, a redevelopment  
38 agency shall pay to the affected taxing entities, including the  
39 community if the community elects to receive a payment, an  
40 amount equal to 25 percent of the tax increments received by the

1 agency after the amount required to be deposited in the Low and  
2 Moderate Income Housing Fund has been deducted. In any fiscal  
3 year in which the agency receives tax increments, the community  
4 that has adopted the redevelopment project area may elect to  
5 receive the amount authorized by this paragraph.

6 ~~(e) Commencing with the 11th fiscal year in which the agency~~  
7 ~~receives tax increments and continuing through the last fiscal year~~  
8 ~~in which the agency receives tax increments, a redevelopment~~  
9 ~~agency shall pay to the affected taxing entities, other than the~~  
10 ~~community which has adopted the project, in addition to the~~  
11 ~~amounts paid pursuant to subdivision (b) and after deducting the~~  
12 ~~amount allocated to the Low and Moderate Income Housing Fund,~~  
13 ~~an amount equal to 21 percent of the portion of tax increments~~  
14 ~~received by the agency, which shall be calculated by applying the~~  
15 ~~tax rate against the amount of assessed value by which the current~~  
16 ~~year assessed value exceeds the first adjusted base year assessed~~  
17 ~~value. The first adjusted base year assessed value is the assessed~~  
18 ~~value of the project area in the 10th fiscal year in which the agency~~  
19 ~~receives tax increment revenues.~~

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

34 ~~(e) (1) Prior to incurring any loans, bonds, or other~~  
35 ~~indebtedness, except loans or advances from the community, the~~  
36 ~~agency may subordinate to the loans, bonds or other indebtedness~~  
37 ~~the amount required to be paid to an affected taxing entity by this~~  
38 ~~section, provided that the affected taxing entity has approved these~~  
39 ~~subordinations pursuant to this subdivision.~~

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

6 ~~(3) Within 45 days after receipt of the agency's request, the~~  
7 ~~affected taxing entity shall approve or disapprove the request for~~  
8 ~~subordination. An affected taxing entity may disapprove a request~~  
9 ~~for subordination only if it finds, based upon substantial evidence,~~  
10 ~~that the agency will not be able to pay the debt payments and the~~  
11 ~~amount required to be paid to the affected taxing entity. If the~~  
12 ~~affected taxing entity does not act within 45 days after receipt of~~  
13 ~~the agency's request, the request to subordinate shall be deemed~~  
14 ~~approved and shall be final and conclusive.~~

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

16 ~~(A) The payments made pursuant to this section are necessary~~  
17 ~~in order to alleviate the financial burden and detriment that affected~~  
18 ~~taxing entities may incur as a result of the adoption of a~~  
19 ~~redevelopment plan, and payments made pursuant to this section~~  
20 ~~will benefit redevelopment project areas.~~

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

24 ~~(2) Notwithstanding any other provision of law, a redevelopment~~  
25 ~~agency shall not be required, either directly or indirectly, as a~~  
26 ~~measure to mitigate a significant environmental effect or as part~~  
27 ~~of any settlement agreement or judgment brought in any action to~~  
28 ~~contest the validity of a redevelopment plan pursuant to Section~~  
29 ~~33501, to make any other payments to affected taxing entities, or~~  
30 ~~to pay for public facilities that will be owned or leased to an~~  
31 ~~affected taxing entity.~~

32 ~~(g) As used in this section, a "local education agency" is a school~~  
33 ~~district, a community college district, or a county office of~~  
34 ~~education.~~

35 ~~SEC. 7. Section 33607.7 of the Health and Safety Code is~~  
36 ~~amended to read:~~

37 ~~33607.7. (a) This section shall apply to a redevelopment plan~~  
38 ~~amendment for any redevelopment plans adopted prior to January~~  
39 ~~1, 1994, that increases the limitation on the number of dollars to~~  
40 ~~be allocated to the redevelopment agency or that increases, or~~

1 eliminates pursuant to paragraph (1) of subdivision (c) of Section  
2 33333.6, the time limit on the establishing of loans, advances, and  
3 indebtedness established pursuant to paragraphs (1) and (2) of  
4 subdivision (a) of Section 33333.6, as those paragraphs read on  
5 December 31, 2001, or that lengthens the period during which the  
6 redevelopment plan is effective if the redevelopment plan being  
7 amended contains the provisions required by subdivision (b) of  
8 Section 33670. However, this section shall not apply to those  
9 redevelopment plans that add new territory.

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

13 (1) If an agreement exists that requires payments to the taxing  
14 entity, the amount required to be paid by an agreement between  
15 the agency and an affected taxing entity entered into prior to  
16 January 1, 1994.

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

31 (c) The adjusted base year assessed value shall be the assessed  
32 value of the project area in the year in which the limitation being  
33 amended would have taken effect without the amendment or, if  
34 more than one limitation is being amended, the first year in which  
35 one or more of the limitations would have taken effect without the  
36 amendment. The agency shall commence making these payments  
37 pursuant to the terms of the agreement, if applicable, or, if an  
38 agreement does not exist, in the first fiscal year following the fiscal  
39 year in which the adjusted base year value is determined.

1 SEC. 8. ~~Part 1.8 (commencing with Section 34161) is added~~  
2 ~~to Division 24 of the Health and Safety Code, to read:~~

3  
4 ~~PART 1.8. RESTRICTIONS ON REDEVELOPMENT AGENCY~~  
5 ~~OPERATIONS~~

6  
7 ~~CHAPTER 1. SUSPENSION OF AGENCY ACTIVITIES AND~~  
8 ~~PROHIBITION ON CREATION OF NEW DEBTS~~

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

18 ~~34162. (a) 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~~  
21 ~~with Section 34100), or any other law, commencing on the effective~~  
22 ~~date of this act, an agency shall be unauthorized and shall not take~~  
23 ~~any action to incur indebtedness, including, but not limited to, any~~  
24 ~~of the following:~~

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

33 ~~(2) Incur indebtedness payable from prohibited sources of~~  
34 ~~repayment, which include, but are not limited to, income and~~  
35 ~~revenues of an agency’s redevelopment projects, taxes allocated~~  
36 ~~to the agency, taxes imposed by the agency pursuant to Section~~  
37 ~~7280.5 of the Revenue and Taxation Code, assessments imposed~~  
38 ~~by the agency, loan repayments made to the agency pursuant to~~  
39 ~~Section 33746, fees or charges imposed by the agency, other~~

1 revenues of the agency, and any contributions or other financial  
2 assistance from the state or federal government.

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

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

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

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

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

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

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

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

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

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

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

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

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

18 (4) The principal amount of outstanding agency bonds is not  
19 increased.

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

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

30 (1) Loans of moneys or any other thing of value or commitments  
31 to provide financing to nonprofit organizations to provide those  
32 organizations with financing for the acquisition, construction,  
33 rehabilitation, refinancing, or development of multifamily rental  
34 housing or the acquisition of commercial property for lease, each  
35 pursuant to Chapter 7.5 (commencing with Section 33741) of Part  
36 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 1     ~~34164. Notwithstanding Part 1 (commencing with Section~~  
2 ~~33000), Part 1.5 (commencing with Section 34000), Part 1.6~~  
3 ~~(commencing with Section 34050), and Part 1.7 (commencing~~  
4 ~~with Section 34100), or any other law, commencing on the effective~~  
5 ~~date of this part, an agency shall lack the authority to, and shall~~  
6 ~~not, engage in any of the following redevelopment activities:~~
- 7     ~~(a) Prepare, approve, adopt, amend, or merge a redevelopment~~  
8 ~~plan, including, but not limited to, modifying, extending, or~~  
9 ~~otherwise changing the time limits on the effectiveness of a~~  
10 ~~redevelopment plan.~~
- 11     ~~(b) Create, designate, merge, expand, or otherwise change the~~  
12 ~~boundaries of a project area.~~
- 13     ~~(c) Designate a new survey area or modify, extend, or otherwise~~  
14 ~~change the boundaries of an existing survey area.~~
- 15     ~~(d) Approve or direct or cause the approval of any program,~~  
16 ~~project, or expenditure where approval is not required by law.~~
- 17     ~~(e) Prepare, formulate, amend, or otherwise modify a~~  
18 ~~preliminary plan or cause the preparation, formulation,~~  
19 ~~modification, or amendment of a preliminary plan.~~
- 20     ~~(f) Prepare, formulate, amend, or otherwise modify an~~  
21 ~~implementation plan or cause the preparation, formulation,~~  
22 ~~modification, or amendment of an implementation plan.~~
- 23     ~~(g) Prepare, formulate, amend, or otherwise modify a relocation~~  
24 ~~plan or cause the preparation, formulation, modification, or~~  
25 ~~amendment of a relocation plan where approval is not required by~~  
26 ~~law.~~
- 27     ~~(h) Prepare, formulate, amend, or otherwise modify a~~  
28 ~~redevelopment housing plan or cause the preparation, formulation,~~  
29 ~~modification, or amendment of a redevelopment housing plan.~~
- 30     ~~(i) Direct or cause the development, rehabilitation, or~~  
31 ~~construction of housing units within the community, unless~~  
32 ~~required to do so by an enforceable obligation.~~
- 33     ~~(j) Make or modify a declaration or finding of blight, blighted~~  
34 ~~areas, or slum and blighted residential areas.~~
- 35     ~~(k) Make any new findings or declarations that any areas of~~  
36 ~~blight cannot be remedied or redeveloped by private enterprise~~  
37 ~~alone.~~
- 38     ~~(l) Provide or commit to provide relocation assistance, except~~  
39 ~~where the provision of relocation assistance is required by law.~~
- 40     ~~(m) Provide or commit to provide financial assistance.~~

1 ~~34165. Notwithstanding Part 1 (commencing with Section~~  
2 ~~33000), Part 1.5 (commencing with Section 34000), Part 1.6~~  
3 ~~(commencing with Section 34050), and Part 1.7 (commencing~~  
4 ~~with Section 34100), or any other law, commencing on the effective~~  
5 ~~date of this part, an agency shall lack the authority to, and shall~~  
6 ~~not, do any of the following:~~

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

13 ~~(b) Impose new assessments pursuant to Section 7280.5 of the~~  
14 ~~Revenue and Taxation Code.~~

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

18 ~~(d) Provide optional or discretionary bonuses to any officers,~~  
19 ~~employees, consultants, contractors, or any other service or goods~~  
20 ~~providers.~~

21 ~~(e) Increase numbers of staff employed by the agency beyond~~  
22 ~~the number employed as of January 1, 2011.~~

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

31 ~~(g) Begin any condemnation proceeding or begin the process~~  
32 ~~to acquire real property by eminent domain.~~

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

37 ~~34166. No legislative body or local governmental entity shall~~  
38 ~~have any statutory authority to create or otherwise establish a new~~  
39 ~~redevelopment agency or community development commission.~~  
40 ~~No chartered city or chartered county shall exercise the powers~~

1 granted in Part 1 (commencing with Section 33000) to create or  
2 otherwise establish a redevelopment agency.

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

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

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

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

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

31 (2) Loans of moneys borrowed by the redevelopment agency  
32 for a lawful purpose, to the extent they are legally required to be  
33 repaid pursuant to a required repayment schedule or other  
34 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 enforceable  
39 payments required in connection with the agencies' employees;

1 including, but not limited to, pension payments, pension obligation  
2 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-Milius-Brown Act that is in force on the effective date of  
38 this part shall continue in force until June 30, 2011, unless a new  
39 agreement is reached with a recognized employee organization  
40 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 their~~  
10 ~~choosing. Any taxing entity, the department, and the Controller~~  
11 ~~shall each have standing to file a judicial action to prevent a~~  
12 ~~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 (c) 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 public~~  
22 ~~agency, and the redevelopment agency. If such an asset transfer~~  
23 ~~did occur during that period and the government agency that~~  
24 ~~received the assets is not contractually committed to a third party~~  
25 ~~for the expenditure or encumbrance of those assets, to the extent~~  
26 ~~not prohibited by state and federal law, the Controller shall order~~  
27 ~~the available assets to be returned to the redevelopment agency~~  
28 ~~or, on or after July 1, 2011, to the successor agency. Upon receiving~~  
29 ~~such an order from the Controller, an affected local agency shall,~~  
30 ~~as soon as practicable, reverse the transfer and return the applicable~~  
31 ~~assets to the redevelopment agency or, on or after July 1, 2011, to~~  
32 ~~the successor agency. The Legislature hereby finds that a transfer~~  
33 ~~of assets by a redevelopment agency during the period covered in~~  
34 ~~this section is deemed not to be in the furtherance of the~~  
35 ~~Community Redevelopment Law and is thereby unauthorized.~~

36 ~~34168. (a) Notwithstanding any other law, any action~~  
37 ~~contesting the validity of this part or Part 1.85 (commencing with~~  
38 ~~Section 34170) or challenging acts taken pursuant to these parts~~  
39 ~~shall be brought in the Superior Court of the County of Sacramento.~~

1 (b) If any provision of this part or the application thereof to any  
2 person or circumstance is held invalid, the invalidity does not affect  
3 other provisions or applications of this part which can be given  
4 effect without the invalid provision or application, and to this end,  
5 the provisions of this part are severable.

6  
7 CHAPTER 2. REDEVELOPMENT AGENCY RESPONSIBILITIES

8  
9 34169. ~~Until successor agencies are authorized pursuant to~~  
10 ~~Part 1.85 (commencing with Section 34170), redevelopment~~  
11 ~~agencies shall do all of the following:~~

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

14 (b) ~~Perform obligations required pursuant to any enforceable~~  
15 ~~obligations, including, but not limited to, observing covenants for~~  
16 ~~continuing disclosure obligations and those aimed at preserving~~  
17 ~~the tax-exempt status of interest payable on any outstanding agency~~  
18 ~~bonds.~~

19 (c) ~~Set aside or maintain reserves in the amount required by~~  
20 ~~indentures, trust indentures, or similar documents governing the~~  
21 ~~issuance of outstanding redevelopment agency bonds.~~

22 (d) ~~Consistent with the intent declared in subdivision (a) of~~  
23 ~~Section 34167, preserve all assets, minimize all liabilities, and~~  
24 ~~preserve all records of the redevelopment agency.~~

25 (e) ~~Cooperate with the successor agencies and provide all~~  
26 ~~records and information necessary or desirable for audits, making~~  
27 ~~of payments required by enforceable obligations, and performance~~  
28 ~~of enforceable obligations by the successor agencies.~~

29 (f) ~~Take all reasonable measures to avoid triggering an event~~  
30 ~~of default under any enforceable obligations as defined in~~  
31 ~~subdivision (d) of Section 34167.~~

32 (g) (1) ~~Within 60 days of the effective date of this part, adopt~~  
33 ~~an Enforceable Obligation Payment Schedule that lists all of the~~  
34 ~~obligations that are enforceable within the meaning of subdivision~~  
35 ~~(d) of Section 34167 which includes the following information~~  
36 ~~about each obligation:~~

37 (A) ~~The project name associated with the obligation.~~

38 (B) ~~The payee.~~

1 ~~(C) A short description of the nature of the work, product,~~  
2 ~~service, facility, or other thing of value for which payment is to~~  
3 ~~be made.~~

4 ~~(D) The amount of payments obligated to be made, by month,~~  
5 ~~through December 2011.~~

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

20 ~~(h) Prepare a preliminary draft of the initial recognized~~  
21 ~~obligation payment schedule, no later than June 30, 2011, and~~  
22 ~~provide it to the successor agency.~~

23 ~~(i) The Department of Finance may review a redevelopment~~  
24 ~~agency action taken pursuant to subdivision (g) or (h). As such,~~  
25 ~~all agency actions shall not be effective for 72 hours, pending a~~  
26 ~~request for review by the department. Each agency shall designate~~  
27 ~~an official to whom the department may make such requests and~~  
28 ~~who shall provide the department with the telephone number and~~  
29 ~~e-mail contact information for the purpose of communicating with~~  
30 ~~the department pursuant to this subdivision. In the event that the~~  
31 ~~department requests a review of a given agency action, it shall~~  
32 ~~have 10 days from the date of its request to approve the agency~~  
33 ~~action or return it to the agency for reconsideration and such action~~  
34 ~~shall not be effective until approved by the department. In the~~  
35 ~~event that the department returns the agency action to the agency~~  
36 ~~for reconsideration, the agency must resubmit the modified action~~  
37 ~~for department approval and the modified action shall not become~~  
38 ~~effective until approved by the department. This subdivision shall~~  
39 ~~apply to a successor agency, as a successor entity to a dissolved~~

1 redevelopment agency, with respect to the preliminary draft of the  
2 initial recognized obligation payment schedule.

3 SEC. 9. ~~Part 1.85 (commencing with Section 34170) is added~~  
4 ~~to Division 24 of the Health and Safety Code, to read:~~

5  
6 ~~PART 1.85. DISSOLUTION OF REDEVELOPMENT~~  
7 ~~AGENCIES AND DESIGNATION OF SUCCESSOR AGENCIES~~

8  
9 ~~CHAPTER 1. EFFECTIVE DATE, CREATION OF FUNDS, AND~~  
10 ~~DEFINITION OF TERMS~~

11  
12 ~~34170. (a) Unless otherwise specified, all provisions of this~~  
13 ~~part shall take effect on July 1, 2011.~~

14 ~~(b) If any provision of this part or the application thereof to any~~  
15 ~~person or circumstance is held invalid, the invalidity shall not~~  
16 ~~affect other provisions or applications of this part which can be~~  
17 ~~given effect without the invalid provision or application, and to~~  
18 ~~this end, the provisions of this part are severable.~~

19 ~~34170.5. (a) The county auditor-controller shall create within~~  
20 ~~the treasury of each county, whose borders formerly contained a~~  
21 ~~redevelopment agency, the Public Health and Safety Fund, for~~  
22 ~~administration by the county auditor-controller or such other entity~~  
23 ~~as provided in Section 34182.~~

24 ~~(b) The county auditor-controller shall create within the county~~  
25 ~~treasury a Redevelopment Obligation Retirement Fund to be~~  
26 ~~administered by the successor agency.~~

27 ~~(c) The county auditor-controller shall create within the county~~  
28 ~~treasury a Redevelopment Property Tax Trust Fund for the property~~  
29 ~~tax revenues related to each former redevelopment agency, for~~  
30 ~~administration by the county auditor-controller.~~

31 ~~34171. The following terms shall have the following meanings:~~

32 ~~(a) "Administrative budget" means the budget for administrative~~  
33 ~~costs of the successor agencies as provided in Section 34177.~~

34 ~~(b) "Administrative cost allowance" means an amount that,~~  
35 ~~subject to the approval of the oversight board, is payable from~~  
36 ~~property tax revenues of up to 5 percent of the property tax~~  
37 ~~allocated to the successor agency for the 2011-12 fiscal year and~~  
38 ~~up to 3 percent of the property tax allocated to the Redevelopment~~  
39 ~~Obligation Retirement Fund money that is allocated to the~~  
40 ~~successor agency for each fiscal year thereafter; provided, however,~~

1 that the amount shall not be less than two hundred fifty thousand  
2 dollars (\$250,000) for any fiscal year or such lesser amount as  
3 agreed to by the successor agency. However, the allowance amount  
4 shall exclude any administrative costs that can be paid from bond  
5 proceeds or from sources other than property tax.

6 (e) ~~“Approved development project” means a project where~~  
7 ~~construction, site remediation, design, or environmental assessment~~  
8 ~~work or property acquisition is required by the former~~  
9 ~~redevelopment agency pursuant to an enforceable obligation~~  
10 ~~entered into prior to January 1, 2011, between the former~~  
11 ~~redevelopment agency and parties other than the entities that~~  
12 ~~created the redevelopment agency and either paragraph (1) or (2)~~  
13 ~~applies:~~

14 (1) ~~Substantial performance under the applicable agreements~~  
15 ~~has taken place prior to the effective date of the act adding this~~  
16 ~~part.~~

17 (2) ~~The oversight board determines both of the following:~~

18 (A) ~~That completion of the project described or referenced in~~  
19 ~~the enforceable obligation would generate significant economic~~  
20 ~~benefits for the taxing entities, commensurate with their investment~~  
21 ~~of funds, and also benefit the region.~~

22 (B) ~~That the project described or referenced in the enforceable~~  
23 ~~obligation presents a particularly advantageous opportunity to~~  
24 ~~benefit the taxing entities and the region due to special or unique~~  
25 ~~circumstances, including, but not limited to, the availability of~~  
26 ~~uniquely suited properties, and the ability to leverage significant~~  
27 ~~federal or other external funding, or the project is needed to make~~  
28 ~~facilities, investments, or project phases that are already completed~~  
29 ~~or are under construction economically practical, useful, or~~  
30 ~~beneficial.~~

31 (3) ~~Any determination made pursuant to paragraph (2) shall be~~  
32 ~~subject to approval pursuant to Section 34178.1.~~

33 (4) ~~For purposes of this subdivision, an enforceable obligation~~  
34 ~~shall not be expanded in scope or character.~~

35 (d) ~~“Designated local authority” shall mean a public entity~~  
36 ~~formed pursuant to subdivision (d) of Section 34173.~~

37 (e) (1) ~~“Enforceable obligation” means any of the following:~~

38 (A) ~~Bonds, as defined by Section 33602 and bonds issued~~  
39 ~~pursuant to Section 58383 of the Government Code, including the~~  
40 ~~required debt service, reserve set-asides, and any other payments~~

1 required under the indenture or similar documents governing the  
2 issuance of the outstanding bonds of the former redevelopment  
3 agency:

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

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

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

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

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

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

1     ~~(2) For purposes of this part, “enforceable obligation” does not~~  
2 ~~include any agreements, contracts, or arrangements between the~~  
3 ~~city, county, or city and county that created the redevelopment~~  
4 ~~agency and the former redevelopment agency.~~

5     ~~(3) Contracts or agreements between the former redevelopment~~  
6 ~~agency and other public agencies, to perform services or provide~~  
7 ~~funding for governmental or private services or capital projects~~  
8 ~~outside of redevelopment project areas that do not provide benefit~~  
9 ~~to the redevelopment project and thus were not properly authorized~~  
10 ~~under Part 1 (commencing with Section 33000) shall be deemed~~  
11 ~~void on the effective date of this part; provided, however, that such~~  
12 ~~contracts or agreements for the provision of housing properly~~  
13 ~~authorized under Part 1 (commencing with Section 33000) shall~~  
14 ~~not be deemed void.~~

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) “Retained development project” is a project planned by the~~  
25 ~~redevelopment agency prior to dissolution that the city, county, or~~  
26 ~~city and county that created the redevelopment agency and wishes~~  
27 ~~to continue to develop, utilizing its own funds, but which the~~  
28 ~~successor agency would otherwise be directed by the oversight~~  
29 ~~board to terminate due to its failure to qualify as an approved~~  
30 ~~development project.~~

31     ~~(j) “School entity” means any entity defined as such in Section~~  
32 ~~95 of the Revenue and Taxation Code.~~

33     ~~(k) “Successor agency” means the county, city, or city and~~  
34 ~~county that authorized the creation of each redevelopment agency~~  
35 ~~or another entity as provided in Section 34173.~~

36     ~~(l) “Taxing entities” means cities, counties, a city and county,~~  
37 ~~special districts, and school entities, as defined in subdivision (f)~~  
38 ~~of Section 95 of the Revenue and Taxation Code, that receive~~  
39 ~~passthrough payments and distributions of property taxes pursuant~~  
40 ~~to the provisions of this part.~~

1 CHAPTER 2. EFFECT OF REDEVELOPMENT AGENCY DISSOLUTION

2  
3 34172. ~~(a) All redevelopment agencies and redevelopment~~  
4 ~~agency components of community development agencies created~~  
5 ~~under Part 1 (commencing with Section 33000), Part 1.5~~  
6 ~~(commencing with Section 34000), Part 1.6 (commencing with~~  
7 ~~Section 34050) and Part 1.7 (commencing with Section 34100)~~  
8 ~~that were in existence on the effective date of this part are hereby~~  
9 ~~dissolved and shall no longer exist as a public body, corporate or~~  
10 ~~politic. Nothing in this part dissolves or otherwise affects the~~  
11 ~~authority of a community redevelopment commission, other than~~  
12 ~~in its authority to act as a redevelopment agency, in its capacity~~  
13 ~~as a housing authority or for any other community development~~  
14 ~~purpose of the jurisdiction in which it operates.~~

15 ~~(b) All authority to transact business or exercise powers~~  
16 ~~previously granted under the Community Redevelopment Law~~  
17 ~~(Part 1 (commencing with Section 33000) is hereby withdrawn~~  
18 ~~from the former redevelopment agencies.~~

19 ~~(c) Solely for purposes of Section 16 of Article XVI of the~~  
20 ~~California Constitution, the Redevelopment Property Tax Trust~~  
21 ~~Fund shall be deemed to be a special fund of the dissolved~~  
22 ~~redevelopment agency to pay the principal of and interest on loans,~~  
23 ~~moneys advanced to, or indebtedness, whether funded, refunded,~~  
24 ~~assumed, or otherwise incurred by the redevelopment agency to~~  
25 ~~finance or refinance, in whole or in part, the redevelopment projects~~  
26 ~~of each redevelopment agency dissolved pursuant to this part.~~

27 ~~(d) Upon their dissolution, any property taxes which would have~~  
28 ~~been allocated to redevelopment agencies pursuant to subdivision~~  
29 ~~(b) of Section 16 of Article XVI of the California Constitution~~  
30 ~~shall no longer be deemed tax increment within the meaning of~~  
31 ~~the Community Redevelopment Law. Instead, all such property~~  
32 ~~taxes shall be deemed property tax revenues within the meaning~~  
33 ~~of subdivision (a) of Section 1 of Article XIII A of the California~~  
34 ~~Constitution. Equivalent property tax revenues to those that would~~  
35 ~~have been allocated pursuant to subdivision (b) of Section 16 of~~  
36 ~~Article XVI of the California Constitution shall be allocated to the~~  
37 ~~Redevelopment Property Tax Trust Fund of each successor agency~~  
38 ~~for making payments on the principal of and interest on loans, and~~  
39 ~~moneys advanced to or indebtedness incurred by the dissolved~~  
40 ~~redevelopment agencies. Property tax revenues in excess of those~~

1 for payments on dissolved redevelopment agency indebtedness  
2 are deemed available for allocation in accordance with paragraph  
3 (3) of subdivision (a) of Section 25.5 of Article XIII of the  
4 California Constitution, the provisions of the act adding this part,  
5 and other applicable laws.

6 34173. (a) Successor agencies, as defined in this part, are  
7 hereby designated as successor entities to the former redevelopment  
8 agencies.

9 (b) Except for those provisions of the Community  
10 Redevelopment Law that are repealed, restricted, or revised  
11 pursuant to the act adding this part, all authority, rights, powers,  
12 duties, and obligations previously vested with the former  
13 redevelopment agencies, under the Community Redevelopment  
14 Law, are hereby vested in the successor agencies, but only to the  
15 extent necessary to effect the expeditious winddown of the affairs  
16 of the dissolved redevelopment agencies.

17 (c) (1) Where the redevelopment agency was in the form of a  
18 joint powers authority, and where the joint powers agreement  
19 governing the formation of the joint powers authority addresses  
20 the allocation of assets and liabilities upon dissolution of the joint  
21 powers authority, then each of the entities that created the former  
22 redevelopment agency may be a successor agency within the  
23 meaning of this part and each shall have a share of assets and  
24 liabilities based on the provisions of the joint powers agreement.

25 (2) Where the redevelopment agency was in the form of a joint  
26 powers authority, and where the joint powers agreement governing  
27 the formation of the joint powers authority does not address the  
28 allocation of assets and liabilities upon dissolution of the joint  
29 powers authority, then each of the entities that created the former  
30 redevelopment agency may be a successor agency within the  
31 meaning of this part, a proportionate share of the assets and  
32 liabilities shall be based on the assessed value in the project areas  
33 within each entity's jurisdiction, as determined by the county  
34 assessor, in its jurisdiction as compared to the assessed value of  
35 land within the boundaries of the project areas of the former  
36 redevelopment agency.

37 (d) (1) A city, county, city and county, or the entities forming  
38 the joint powers authority that authorized the creation of each  
39 redevelopment agency may elect not to serve as a successor agency  
40 under this part. A city, county, city and county, or any member of

1 a joint powers authority that elects not to serve as a successor  
2 agency under this part must file a copy of a duly authorized  
3 resolution of its governing board to that effect with the county  
4 auditor-controller no later than June 1, 2011.

5 (2) (A) If a city, county, city and county, or any member of a  
6 joint powers authority that authorized the creation of the  
7 redevelopment agency elects not to serve as a successor agency  
8 under this part, it shall not receive any property tax allocation from  
9 the funds disbursed from the Redevelopment Property Tax Trust  
10 Fund pursuant to paragraph (5) of subdivision (a) and paragraph  
11 (4) of subdivision (e) of Section 34183. Instead, that share of  
12 property tax shall be allocated to the first local agency in the county  
13 that elects to become the successor agency by submitting to the  
14 county auditor-controller a duly adopted resolution of its governing  
15 body to that effect.

16 (B) The determination of the first local agency that elects to  
17 become the successor agency shall be made by the county  
18 auditor-controller based on the earliest receipt by the county  
19 auditor-controller of a copy of a duly adopted resolution of the  
20 local agency's governing board authorizing such an election. As  
21 used in this section, "local agency" means any city, county, city  
22 and county, or special district in the county of the former  
23 redevelopment agency.

24 (3) If no local agency elects to serve as a successor agency for  
25 a dissolved redevelopment agency, a public body, referred to herein  
26 as a "designated local authority" shall be immediately formed,  
27 pursuant to this part, in the county and shall be vested with all the  
28 powers and duties of a successor agency as described in this part.  
29 The Governor shall appoint three residents of the county to serve  
30 as the governing board of the authority. The designated local  
31 authority shall serve as successor agency until a local agency elects  
32 to become the successor agency in accordance with this section.

33 (e) The liability of any successor agency, acting pursuant to the  
34 powers granted under the act adding this part, shall be limited to  
35 the extent of the total sum of property tax revenues it receives  
36 pursuant to this part and the value of assets transferred to it as a  
37 successor agency for a dissolved redevelopment agency.

38 34174. (a) Solely for the purposes of Section 16 of Article  
39 XVI of the California Constitution, commencing on the effective  
40 date of this part, all agency loans, advances, or indebtedness, and

1 interest thereon, shall be deemed extinguished and paid; provided,  
2 however, that nothing herein is intended to absolve the successor  
3 agency of payment or other obligations due or imposed pursuant  
4 to the enforceable obligations; and provided further, that nothing  
5 in the act adding this part is intended to be construed as an action  
6 or circumstance that may give rise to an event of default under any  
7 of the documents governing the enforceable obligations.

8 ~~(b) Nothing in this part, including, but not limited to, the~~  
9 ~~dissolution of the redevelopment agencies the designation of~~  
10 ~~successor agencies, and the transfer of redevelopment agency~~  
11 ~~assets and properties, shall be construed as a voluntary or~~  
12 ~~involuntary insolvency of any redevelopment agency for purposes~~  
13 ~~of the indenture, trust indenture, or similar document governing~~  
14 ~~its outstanding bonds.~~

15 ~~34175. (a) It is the intent of this part that all enforceable~~  
16 ~~obligations that were entered into with a pledge of tax increment~~  
17 ~~by the former redevelopment agencies shall continue to have the~~  
18 ~~revenues in amounts equivalent to those that were pledged.~~  
19 ~~Property taxes no longer available to dissolved redevelopment~~  
20 ~~agencies, due to the operation of the act that added this part, are~~  
21 ~~deemed property tax revenues within the meaning of subdivision~~  
22 ~~(a) of Section 1 of Article XIII A of the California Constitution.~~  
23 ~~Property tax revenues in amounts equivalent to those that were~~  
24 ~~pledged to pay enforceable obligations are to be deposited into the~~  
25 ~~Redevelopment Obligation Retirement Fund pursuant to the act~~  
26 ~~adding this part. It is intended that the cessation of any~~  
27 ~~redevelopment agency shall not affect either the pledge, the legal~~  
28 ~~existence of that pledge, nor the stream of equivalent revenues~~  
29 ~~available to make good on that pledge.~~

30 ~~(b) All assets, properties, contracts, leases, books and records,~~  
31 ~~buildings, and equipment of the former redevelopment agency are~~  
32 ~~transferred on July 1, 2011, to the control of the successor agency,~~  
33 ~~for administration pursuant to the provisions of this part. This~~  
34 ~~includes all cash or cash equivalents and amounts owed to the~~  
35 ~~redevelopment agency as of July 1, 2011.~~

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, along with any amounts on deposit  
3 in the Low and Moderate Income Housing Fund, shall be  
4 transferred to the city, county, or city and county.

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

11 (1) Where there is no local housing authority in the territorial  
12 jurisdiction of the former redevelopment agency, to the Department  
13 of Housing and Community Development.

14 (2) Where there is one local housing authority in the territorial  
15 jurisdiction of the former redevelopment agency, to that local  
16 housing authority.

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

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

27  
28 CHAPTER 3. SUCCESSOR AGENCIES  
29

30 34177. — Successor agencies are required to do all of the  
31 following:

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

33 (1) On and after July 1, 2011, and until a Recognizes Obligation  
34 Payment Schedule becomes operative, only payments required  
35 pursuant to an enforceable obligations payment schedule shall be  
36 made. The initial enforceable obligation payment schedule shall  
37 be the last schedule adopted by the redevelopment agency under  
38 Section 34169. The enforceable obligation payment schedule may  
39 be amended by the successor agency at any public meeting and

1 shall be subject to the approval of the oversight board as soon as  
2 the board has sufficient members to form a quorum.

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

10 ~~(3) Commencing on January 1, 2012, only those payments listed~~  
11 ~~in the Recognized Obligation Payment Schedule may be made by~~  
12 ~~the successor agency from the funds specified in the Recognized~~  
13 ~~Obligation Payment Schedule. In addition, commencing January~~  
14 ~~1, 2012, the Recognized Obligation Payment Schedule shall~~  
15 ~~supersede the Statement of Indebtedness, which shall no longer~~  
16 ~~be prepared nor have any effect under the Community~~  
17 ~~Redevelopment Law.~~

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

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

28 ~~(b) Maintain reserves in the amount required by indentures,~~  
29 ~~trust indentures, or similar documents governing the issuance of~~  
30 ~~outstanding redevelopment agency bonds.~~

31 ~~(c) Perform obligations required pursuant to any enforceable~~  
32 ~~obligation.~~

33 ~~(d) Remit unencumbered balances of redevelopment agency~~  
34 ~~funds to the county auditor-controller for distribution to the taxing~~  
35 ~~entities. In making the distribution, the county auditor-controller~~  
36 ~~shall utilize the same methodology for allocation and distribution~~  
37 ~~of property tax revenues provided in Section 34188.~~

38 ~~(e) Dispose of assets and properties of the former redevelopment~~  
39 ~~agency as directed by the oversight board; provided, however, that~~  
40 ~~the oversight board may instead direct the successor agency to~~

1 transfer ownership of certain assets pursuant to subdivision (a) of  
2 Section 34181. The disposal is to be done expeditiously and in a  
3 manner aimed at maximizing value. Proceeds from asset sales and  
4 related funds that are no longer needed for approved development  
5 projects or to otherwise wind down the affairs of the agency, each  
6 as determined by the oversight board, shall be transferred to the  
7 county auditor-controller for distribution as property tax proceeds  
8 under Section 34188.

9 (f) Negotiate compensation agreements with other taxing entities  
10 for any retained development projects.

11 (g) Enforce all former redevelopment agency rights for the  
12 benefit of the taxing entities, including, but not limited to,  
13 continuing to collect loans, rents, and other revenues that were due  
14 to the redevelopment agency.

15 (h) Effectuate transfer of housing functions and funds to the  
16 appropriate entity designated pursuant to Section 34176.

17 (i) Expeditiously wind down the affairs of the redevelopment  
18 agency pursuant to the provisions of this part and in accordance  
19 with the direction of oversight board.

20 (j) Continue to oversee development activities for approved  
21 development projects, including continuing to oversee development  
22 of properties until the contracted work has been completed or the  
23 contractual obligations of the former redevelopment agency can  
24 be transferred to other parties. Bond proceeds shall be used for the  
25 purposes for which bonds were sold unless the purposes can no  
26 longer be achieved, in which case, the proceeds may be used to  
27 defease the bonds.

28 (k) Prepare a proposed administrative budget and submit it to  
29 the oversight board for its approval. The proposed administrative  
30 budget shall include all of the following:

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

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

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

38 (B) Costs for staff employed by the city, county, or city and  
39 county to continue redevelopment activities associated with

1 ~~retained development projects shall be excluded from the~~  
2 ~~administrative budget.~~

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

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

12 ~~(A) Low and Moderate Income Housing Fund.~~

13 ~~(B) Bond proceeds.~~

14 ~~(C) Reserve balances.~~

15 ~~(D) Administrative cost allowance.~~

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

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

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

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

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

39 ~~(C) A copy of the approved Recognized Obligation Payment~~  
40 ~~Schedule is submitted to the county auditor-controller and both~~

1 the Controller's office and the Department of Finance and be posted  
2 on the successor agency Internet Web site.

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

13 ~~34178. (a) Commencing on the effective date of this part,~~  
14 ~~agreements, contracts, or arrangements between the city or county,~~  
15 ~~or city and county that created the redevelopment agency and the~~  
16 ~~redevelopment agency are invalid and shall not be binding on the~~  
17 ~~successor agency; provided, however, that a successor entity~~  
18 ~~wishing to enter or reenter into agreements with the city, county,~~  
19 ~~or city and county that formed the redevelopment agency that it~~  
20 ~~is succeeding may do so upon obtaining the approval of its~~  
21 ~~oversight board.~~

22 ~~(b) Solely and only to the extent needed to fulfill an enforceable~~  
23 ~~obligation of the former redevelopment agency to provide financing~~  
24 ~~in connection with an approved development project, and subject~~  
25 ~~to the prior written approval of the oversight board, any successor~~  
26 ~~agency may pledge sufficient funds from the Recognized~~  
27 ~~Obligation Retirement Fund for the repayment of financing~~  
28 ~~provided by a state-conduit issuer that is authorized, under~~  
29 ~~applicable law, to provide such outside financing. Any~~  
30 ~~determination made pursuant to this subdivision shall be subject~~  
31 ~~to approval pursuant to Section 34178.1.~~

32 ~~34178.1. (a) The Controller, the Treasurer, and the Director~~  
33 ~~of Finance shall each review the actions of the oversight board,~~  
34 ~~where required by paragraph (2) of subdivision (c) of Section~~  
35 ~~34171 or subdivision (b) of Section 34178, and reach a~~  
36 ~~determination within 90 days of submission of a request for~~  
37 ~~approval by the oversight board, along with adequate supporting~~  
38 ~~documentation. If at least two of the three officials determine and~~  
39 ~~notify the Director of Finance that the oversight board action met~~  
40 ~~the requirements of paragraph (2) of subdivision (c) of Section~~

1 ~~34171 or subdivision (b) of Section 34178, respectively, the~~  
2 ~~Director of Finance, within 10 business days of that determination,~~  
3 ~~shall notify the oversight board and the successor agency in writing~~  
4 ~~that its actions have been approved.~~

5 ~~(b) No approval shall be made under this section unless the~~  
6 ~~Director of Finance finds with respect to the requesting successor~~  
7 ~~agency that the amount described in paragraph (1) is greater than~~  
8 ~~or equal to the amount described in paragraph (2):~~

9 ~~(1) The amount calculated by the county auditor-controller~~  
10 ~~pursuant to paragraph (1) of subdivision (e) of Section 34182 with~~  
11 ~~respect to the former redevelopment agency succeeded by the~~  
12 ~~requesting successor agency for the 2011-12 fiscal year less~~  
13 ~~amounts paid from property tax revenues during the 2011-12 fiscal~~  
14 ~~year for enforceable obligations, passthrough amounts, and~~  
15 ~~administrative costs attributable to the requesting successor agency.~~

16 ~~(2) The proportionate share, as determined by the Director of~~  
17 ~~Finance, of the countywide amount to be deposited in the Public~~  
18 ~~Health and Safety Fund pursuant to subparagraph (A) of paragraph~~  
19 ~~(2) of subdivision (a) of Section 34183 that is attributable to the~~  
20 ~~requesting successor agency.~~

21 ~~34178.5. (a) A city, county, or city and county that formerly~~  
22 ~~had a redevelopment agency and an active project area as of the~~  
23 ~~effective date of this part may elect to borrow a maximum of 2~~  
24 ~~percent of the total tax increment revenue that its former~~  
25 ~~redevelopment entity received during the 2009-10 fiscal year~~  
26 ~~pursuant to the provisions of this section. The 2-percent maximum~~  
27 ~~shall apply to all borrowing of funds made pursuant to this section.~~

28 ~~(b) A city, county, or city and county shall borrow funds~~  
29 ~~pursuant to this section only for any of the following purposes:~~

30 ~~(1) To avert the imminent danger of bankruptcy that is either~~  
31 ~~caused or substantially contributed to by the elimination of the~~  
32 ~~redevelopment agency.~~

33 ~~(2) To mitigate the immediate impact of a significant and~~  
34 ~~substantial reduction of essential core public services occurring~~  
35 ~~because of the elimination of the redevelopment agency. For~~  
36 ~~purposes of this section, the term “core public services” includes,~~  
37 ~~but is not limited to, police, fire, and public health services~~  
38 ~~provided as of the effective date of this part.~~

39 ~~(3) To meet an urgent need to fund a current project where the~~  
40 ~~local government faces damages, costs, or other financial harm or~~

1 injury by the delay of the activity that is necessary for the project  
2 to progress. Borrowing by a local entity shall be without prejudice  
3 as to whether the funds are being spent pursuant to an enforceable  
4 obligation.

5 (e) A city, county, or city and county that meets the requirement  
6 of subdivision (b) may borrow from low and moderate income  
7 housing funds that were formerly administered by the  
8 redevelopment agency that is or was within the boundaries of that  
9 local entity. If the local entity is a county, it shall borrow funds  
10 from the low and moderate income housing funds of the  
11 county-created redevelopment agency that was within its  
12 jurisdictional territory.

13 (d) In order to borrow any funds pursuant to this section, a city,  
14 county, or city and county shall apply to the county  
15 auditor-controller, citing one of the purposes specified in  
16 paragraphs (1) to (3), inclusive, of subdivision (b) under which it  
17 claims to qualify and provide substantiation for that assertion. The  
18 city, county, or city and county shall submit information regarding  
19 the loan amount and the repayment schedule, consistent with this  
20 part, and agree that the loan be repaid from its future property tax  
21 revenues in the event that it does not repay the loan from another  
22 source on or before the scheduled repayment dates. The  
23 auditor-controller shall approve any borrowing that meets the  
24 requirements of this section and shall not unreasonably withhold  
25 approval.

26 (e) Any borrowing of funds approved by the auditor-controller  
27 shall be reported to the Department of Finance on or before October  
28 31, 2011.

29 (f) If the auditor-controller approves the request for borrowing  
30 but there are insufficient low and moderate income housing funds  
31 available to meet the amount, the city, county, or city and county  
32 may receive an advance on its future allocation of property tax  
33 that is allocated from funds described in paragraph (5) of  
34 subdivision (a) of Section 34183. If those funds are insufficient,  
35 the remainder may be advanced from the county-wide allocation  
36 made pursuant to paragraph (5) of subdivision (a) of Section 34183.

37 (g) All loan applications shall be submitted to the  
38 auditor-controller on or before July 30, 2011, and the  
39 auditor-controller shall act on applications by August 31, 2011.

1                                    ~~CHAPTER 4. OVERSIGHT BOARDS~~

2

3     ~~34179. (a) Each successor agency shall have an oversight~~  
4 ~~board composed of seven members. The members shall elect one~~  
5 ~~of their members as the chairperson and shall report the name of~~  
6 ~~the chairperson and other members to the Department of Finance~~  
7 ~~on or before August 1, 2011. Members shall be selected as follows:~~  
8        ~~(1) One member appointed by the county board of supervisors.~~  
9        ~~(2) One member appointed by the mayor for the city that formed~~  
10 ~~the redevelopment agency.~~  
11        ~~(3) One member appointed by the largest special district, by~~  
12 ~~property tax share, with territory in the territorial jurisdiction of~~  
13 ~~the former redevelopment agency, which is of the type of special~~  
14 ~~district that is eligible to receive property tax revenues pursuant~~  
15 ~~to Section 34188.~~  
16        ~~(4) One member appointed by the county superintendent of~~  
17 ~~education to represent schools if the superintendent is elected. If~~  
18 ~~the county superintendent of education is appointed, then the~~  
19 ~~appointment made pursuant to this paragraph shall be made by the~~  
20 ~~county board of education.~~  
21        ~~(5) One member appointed by the Chancellor of the California~~  
22 ~~Community Colleges to represent community college districts in~~  
23 ~~the county.~~  
24        ~~(6) One member of the public appointed by the county board~~  
25 ~~of supervisors.~~  
26        ~~(7) One member representing the employees of the former~~  
27 ~~redevelopment agency appointed by the mayor or chair of the~~  
28 ~~board of supervisors, as the case may be, from the recognized~~  
29 ~~employee organization representing the largest number of former~~  
30 ~~redevelopment agency employees employed by the successor~~  
31 ~~agency at that time.~~  
32        ~~(8) If the county or a joint powers agency formed the~~  
33 ~~redevelopment agency, then the largest city by acreage in the~~  
34 ~~territorial jurisdiction of the former redevelopment agency may~~  
35 ~~select one member. If there are no cities with territory in a project~~  
36 ~~area of the redevelopment agency, the county superintendent of~~  
37 ~~education may appoint an additional member to represent the~~  
38 ~~public.~~  
39        ~~(9) If there are no special districts of the type that are eligible~~  
40 ~~to receive property tax pursuant to Section 34188, within the~~

1 territorial jurisdiction of the former redevelopment agency, then  
2 the county may appoint one member to represent the public.

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

21 ~~(b) The Governor may appoint individuals to fill any oversight  
22 board member position described in subdivision (a) that has not  
23 been filled by August 15, 2011, or any member position that  
24 remains vacant for more than 60 days.~~

25 ~~(c) The oversight board may direct the staff of the successor  
26 agency to perform work in furtherance of the oversight board's  
27 duties and responsibilities under this part. The successor agency  
28 shall pay for all of the costs of meetings of the oversight board  
29 and may include such costs in its administrative budget. Oversight  
30 board members shall serve without compensation or reimbursement  
31 for expenses.~~

32 ~~(d) Oversight board members shall have personal immunity  
33 from suit for their actions taken within the scope of their  
34 responsibilities as oversight board members.~~

35 ~~(e) A majority of the total membership of the oversight board  
36 shall constitute a quorum for the transaction of business. A majority  
37 vote of the total membership of the oversight board is required for  
38 the oversight board to take action. The oversight board shall be  
39 deemed to be a local entity for purposes of the Ralph M. Brown~~

1 Act, the California Public Records Act, and the Political Reform  
2 Act of 1974.

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

6 ~~(g) Each member of an oversight board shall serve at the~~  
7 ~~pleasure of the entity that appointed such member.~~

8 ~~(h) The Department of Finance may review an oversight board~~  
9 ~~action taken pursuant to the act adding this part. As such, all~~  
10 ~~oversight board actions shall not be effective for 72 hours, pending~~  
11 ~~a request for review by the department. Each oversight board shall~~  
12 ~~designate an official to whom the department may make such~~  
13 ~~requests and who shall provide the department with the telephone~~  
14 ~~number and e-mail contact information for the purpose of~~  
15 ~~communicating with the department pursuant to this subdivision.~~  
16 ~~In the event that the department requests a review of a given~~  
17 ~~oversight board action, it shall have 10 days from the date of its~~  
18 ~~request to approve the oversight board action or return it to the~~  
19 ~~oversight board for reconsideration and such oversight board action~~  
20 ~~shall not be effective until approved by the department. In the~~  
21 ~~event that the department returns the oversight board action to the~~  
22 ~~oversight board for reconsideration, the oversight board must~~  
23 ~~resubmit the modified action for department approval and the~~  
24 ~~modified oversight board action shall not become effective until~~  
25 ~~approved by the department.~~

26 ~~(i) Oversight boards shall have fiduciary responsibilities to~~  
27 ~~holders of enforceable obligations, the beneficiaries of the Public~~  
28 ~~Health and Safety Fund, and the taxing entities that benefit from~~  
29 ~~distributions of property tax and other revenues pursuant to Section~~  
30 ~~34188. Further, the provisions of Division 4 (commencing with~~  
31 ~~Section 1000) of the Government Code shall apply to oversight~~  
32 ~~boards. Notwithstanding Section 1099 of the Government Code,~~  
33 ~~or any other law, any individual may simultaneously be appointed~~  
34 ~~to up to five oversight boards and may hold an office in a city,~~  
35 ~~county, city and county, special district, school district, or~~  
36 ~~community college district.~~

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

1 ~~(1) One member may be appointed by the county board of~~  
2 ~~supervisors.~~

3 ~~(2) One member may be appointed by the city selection~~  
4 ~~committee established pursuant to Section 50270 of the~~  
5 ~~Government Code. In a city and county, the mayor may appoint~~  
6 ~~one member.~~

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

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

16 ~~(5) One member may be appointed by the Chancellor of the~~  
17 ~~California Community Colleges to represent community college~~  
18 ~~districts in the county.~~

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

21 ~~(7) One member may be appointed by the recognized employee~~  
22 ~~organization representing the largest number of successor agency~~  
23 ~~employees in the county.~~

24 ~~(k) The Governor may appoint individuals to fill any oversight~~  
25 ~~board member position describe in subdivision (j) that has not been~~  
26 ~~filled by July 15, 2016, or any member position that remains vacant~~  
27 ~~for more than 60 days.~~

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

32 ~~(m) Any oversight board for a given successor agency shall~~  
33 ~~cease to exist when all of the indebtedness of the dissolved~~  
34 ~~redevelopment agency has been repaid.~~

35 ~~34180. All of the following successor agency actions shall first~~  
36 ~~be approved by the oversight board:~~

37 ~~(a) The establishment of new repayment terms for outstanding~~  
38 ~~loans where the terms have not been specified prior to the date of~~  
39 ~~this part.~~

- 1     ~~(b) Refunding of outstanding bonds or other debt of the former~~  
2 ~~redevelopment agency by successor agencies in order to provide~~  
3 ~~for savings or to finance debt service spikes; provided, however,~~  
4 ~~that no additional debt is created and debt service is not accelerated.~~  
5     ~~(c) Setting aside of amounts in reserves as required by~~  
6 ~~indentures, trust indentures, or similar documents governing the~~  
7 ~~issuance of outstanding redevelopment agency bonds.~~  
8     ~~(d) Merging of project areas.~~  
9     ~~(e) Continuing the acceptance of federal or state grants, or other~~  
10 ~~forms of financial assistance from either public or private sources,~~  
11 ~~where assistance is conditioned upon the provision of matching~~  
12 ~~funds, by the successor entity as successor to the former~~  
13 ~~redevelopment agency, in an amount greater than 5 percent.~~  
14     ~~(f) (1) For a city, county, or city and county acting under its~~  
15 ~~own auspices, approval to have certain projects be deemed retained~~  
16 ~~development projects under this part.~~  
17     ~~(2) If a city, county, or city and county wishes to retain any~~  
18 ~~properties or other assets for future redevelopment activities,~~  
19 ~~funded from its own funds and under its own auspices, it must~~  
20 ~~reach a compensation agreement with the other taxing entities to~~  
21 ~~provide payments to them in proportion to their shares of the base~~  
22 ~~property tax, as determined pursuant to Section 34188, for the~~  
23 ~~value of the property retained.~~  
24     ~~(3) If no other agreement is reached on valuation of the retained~~  
25 ~~assets, the value will be the fair market value as of the 2011~~  
26 ~~property tax lien date as determined by the county assessor.~~  
27     ~~(g) Establishment of the Recognized Obligation Payment~~  
28 ~~Schedule.~~  
29     ~~(h) A request by the successor agency to hold portions of the~~  
30 ~~moneys in the Low and Moderate Income Housing Fund in reserve~~  
31 ~~in order to provide cash to fund recognized obligations.~~  
32     ~~(i) A request by the successor agency to enter into an agreement~~  
33 ~~with the city, county, or city and county that formed the~~  
34 ~~redevelopment agency that it is succeeding.~~  
35     ~~(j) A request by a successor agency or taxing entity to pledge,~~  
36 ~~or to enter into an agreement for the pledge of, property tax~~  
37 ~~revenues pursuant to subdivision (b) of Section 34178.~~  
38     ~~34181. The oversight board shall direct the successor agency~~  
39 ~~to do all of the following:~~

1 ~~(a) Dispose of all assets and properties of the former~~  
2 ~~redevelopment agency except for assets and properties deemed~~  
3 ~~part of approved development projects, which were funded by tax~~  
4 ~~increment revenues of the dissolved redevelopment agency;~~  
5 ~~provided, however, that the oversight board may instead direct the~~  
6 ~~successor agency to transfer ownership of those assets that were~~  
7 ~~constructed and used for a governmental purpose, such as roads,~~  
8 ~~school buildings, parks, and fire stations, to the appropriate public~~  
9 ~~jurisdiction pursuant to any existing agreements relating to the~~  
10 ~~construction or use of such an asset. Any compensation to be~~  
11 ~~provided to the successor agency for the transfer of the asset shall~~  
12 ~~be governed by the agreements relating to the construction or use~~  
13 ~~of that asset. Disposal shall be done expeditiously and in a manner~~  
14 ~~aimed at maximizing value.~~

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

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

21 ~~(d) Negotiate compensation agreements with other taxing entities~~  
22 ~~for retained development projects.~~

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

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

1 ~~(g) Submit all repayment schedules for repayment of amounts~~  
 2 ~~borrowed from or deferred payments owing to the Low and~~  
 3 ~~Moderate Income Housing Fund of a redevelopment agency;~~  
 4 ~~provided, however, that the oversight board shall have no authority~~  
 5 ~~to approve a repayment schedule that would result in a reduction~~  
 6 ~~of the amounts transferred to the Public Health and Safety Fund.~~

7  
 8 CHAPTER 5. ~~DUTIES OF THE AUDITOR-CONTROLLER~~  
 9

10 34182. ~~(a) (1) The county auditor-controller shall conduct or~~  
 11 ~~cause to be conducted an agreed-upon procedures audit of each~~  
 12 ~~redevelopment agency in the county, to be completed by November~~  
 13 ~~1, 2011.~~

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

21 ~~(3) The county auditor-controller may charge the Redevelopment~~  
 22 ~~Property Tax Trust Fund for any costs incurred by the county~~  
 23 ~~auditor-controller pursuant to this part.~~

24 ~~(b) By November 15, 2011, the county auditor-controller shall~~  
 25 ~~provide the Controller's office a copy of all audits performed~~  
 26 ~~pursuant to this section. The county auditor-controller shall~~  
 27 ~~maintain a copy of all documentation and working papers for use~~  
 28 ~~by the Controller.~~

29 ~~(e) (1) The county auditor-controller shall determine the amount~~  
 30 ~~of property taxes that would have been allocated to each~~  
 31 ~~redevelopment agency in the county had the redevelopment agency~~  
 32 ~~not been dissolved pursuant to the operation of the act adding this~~  
 33 ~~part. These amounts are deemed property tax revenues within the~~  
 34 ~~meaning of subdivision (a) of Section 1 of Article XIII A of the~~  
 35 ~~California Constitution and are available for allocation and~~  
 36 ~~distribution in accordance with the provisions of the act adding~~  
 37 ~~this part. The county auditor-controller shall calculate the property~~  
 38 ~~tax revenues using current assessed values on the last equalized~~  
 39 ~~roll on August 20, pursuant to Section 2052 of the Revenue and~~  
 40 ~~Taxation Code, and pursuant to statutory formulas or contractual~~

1 ~~agreements with other taxing agencies, as of the effective date of~~  
2 ~~this section, and shall deposit that amount in the Redevelopment~~  
3 ~~Property Tax Trust Fund.~~

4 ~~(2) Each county auditor-controller shall administer the~~  
5 ~~Redevelopment Property Tax Trust Fund for the benefit of the~~  
6 ~~holders of former redevelopment agency enforceable obligations,~~  
7 ~~the beneficiaries of the Public Health and Safety Fund, and the~~  
8 ~~taxing entities that receive passthrough payments and distributions~~  
9 ~~of property taxes pursuant to this part.~~

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

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

24 ~~(d) By August 1, 2012, the county auditor-controller shall report~~  
25 ~~the following information to the Controller's office and the Director~~  
26 ~~of Finance:~~

27 ~~(1) The sums of property tax revenues remitted to the~~  
28 ~~Redevelopment Property Tax Trust Fund related to each former~~  
29 ~~redevelopment agency.~~

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

32 ~~(3) The sums of property tax revenues remitted in each county~~  
33 ~~to the Public Health and Safety Fund.~~

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

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

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

4 ~~(7) Any amounts deducted from other distributions pursuant to~~  
5 ~~subdivision (b) or (c) 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 part.~~  
11 ~~As such, all county auditor-controller actions shall not be effective~~  
12 ~~for three business days, pending a request for review by the~~  
13 ~~Controller. In the event that the Controller requests a review of a~~  
14 ~~given county auditor-controller action, he or she shall have 10 days~~  
15 ~~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) From July 1, 2011, to July 1, 2012, the county~~  
26 ~~auditor-controller shall, after deducting administrative costs~~  
27 ~~allowed under Section 34182 and Section 95.3 of the Revenue and~~  
28 ~~Taxation Code, allocate moneys in each Redevelopment Property~~  
29 ~~Tax Trust Fund as follows:~~

30 ~~(1) Subject to any prior deductions required by subdivision (b),~~  
31 ~~first, the county auditor-controller shall remit from the~~  
32 ~~Redevelopment Property Tax Trust Fund to each local agency and~~  
33 ~~school entity an amount of property tax revenues in an amount~~  
34 ~~equal to that which would have been received under Section 33670,~~  
35 ~~33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, or pursuant~~  
36 ~~to any passthrough agreement between a redevelopment agency~~  
37 ~~and a taxing jurisdiction that was entered into prior to January 1,~~  
38 ~~1994, that would be in force from July 1, 2011, to July 1, 2012,~~  
39 ~~inclusive, had the redevelopment agency existed at that time. These~~

1 allocations shall occur no later than January 16, 2012, and no later  
2 than June 1, 2012.

3 ~~(2) (A) Subject to any prior deductions required by subdivision~~  
4 ~~(b), second, to the Public Health and Safety Fund. As a condition~~  
5 ~~of receipt of funds pursuant to this paragraph, and pursuant to~~  
6 ~~paragraph (5) of this subdivision and paragraph (4) of subdivision~~  
7 ~~(c), the county auditor-controller shall transfer grants of funds~~  
8 ~~from the Redevelopment Property Tax Trust Fund to the Public~~  
9 ~~Health and Safety Fund in an amount not to exceed one billion~~  
10 ~~seven hundred million dollars (\$1,700,000,000) on a statewide~~  
11 ~~basis specified by the Director of Finance. The director shall use~~  
12 ~~the 2008-09 Report of Financial Transactions of Redevelopment~~  
13 ~~Agencies to estimate an amount that may be available for the Public~~  
14 ~~Health and Safety Fund after needs for enforceable obligations~~  
15 ~~and passthrough amounts are taken into account. These transfers~~  
16 ~~shall occur on January 16, 2012, and June 1, 2012, or any later~~  
17 ~~date specified by Director of Finance.~~

18 ~~(B) The county board of supervisors may elect that the county~~  
19 ~~will not provide a grant to the state pursuant to subparagraph (A)~~  
20 ~~and that its auditor-controller will not administer the Public Health~~  
21 ~~and Safety Fund. In the event that the county elects not to provide~~  
22 ~~such a grant to the state, there shall not be a transfer of funds~~  
23 ~~pursuant to subparagraph (A) of this paragraph, and it shall not~~  
24 ~~receive funds pursuant to paragraph (5) of this subdivision and~~  
25 ~~paragraph (4) of subdivision (c). In the event that the county elects~~  
26 ~~to provide grants, but not to have its auditor-controller administer~~  
27 ~~the Public Health and Safety Fund, it shall notify the Director of~~  
28 ~~Finance no later than September 1, 2011, whereupon the Director~~  
29 ~~of Finance shall designate another entity to perform the~~  
30 ~~administration functions. In this circumstance, all references~~  
31 ~~relating to the administration of the Public Health and Safety Fund~~  
32 ~~by the county auditor-controller for that county shall be construed~~  
33 ~~as references to the entity designated by the Director of Finance.~~

34 ~~(C) If a county elects not to provide a grant to the Public Health~~  
35 ~~and Safety Fund pursuant to subparagraph (A) nor accept~~  
36 ~~responsibility for its administration, any other local agency that~~  
37 ~~receives property tax in the county may, by submitting a copy of~~  
38 ~~a duly adopted resolution of its governing board, elect to perform~~  
39 ~~such grants and perform those duties and that agency shall receive~~  
40 ~~the county share of any property tax allocable under paragraph (5)~~

1 of this subdivision and paragraph (4) of subdivision (e). In the  
2 event of multiple submissions, the Director of Finance may  
3 designate an entity from among those entities electing to be  
4 responsible for the administration of the Public Health and Safety  
5 Fund in that county.

6 ~~(D) The grants made to the Public Health and Safety Fund~~  
7 ~~pursuant to subparagraph (A) may be adjusted by the Director of~~  
8 ~~Finance as additional information regarding the availability and~~  
9 ~~demands upon money in each Redevelopment Property Tax Trust~~  
10 ~~Fund becomes available. Funds in the Public Health and Safety~~  
11 ~~Fund shall be used in amounts and for those purposes as directed~~  
12 ~~by the Director of Finance, exclusively to reimburse the state for~~  
13 ~~the costs of providing health care and trial court services in the~~  
14 ~~county, until those moneys are exhausted. These transfers shall~~  
15 ~~occur no later than 15 days after the Department of Finance~~  
16 ~~provides the information necessary for the payment.~~

17 ~~(E) Entities of state government, including the Administrative~~  
18 ~~Office of the Courts, that are responsible for the functions funded~~  
19 ~~with moneys granted pursuant to subparagraph (A) shall keep~~  
20 ~~records, as required by the Department of Finance, of expenditures~~  
21 ~~made in the county and shall provide to the Department of Finance~~  
22 ~~any information required by the Department of Finance with~~  
23 ~~respect to those expenditures.~~

24 ~~(F) In accordance with paragraph (3) of subdivision (m) of~~  
25 ~~Section 34177, for enforceable obligation payments due prior to~~  
26 ~~January 1, 2012, payments shall be made from property tax~~  
27 ~~revenues received in the spring of 2011 property tax distribution~~  
28 ~~and from balances transferred to the successor agency.~~

29 ~~(3) Third, on January 16, 2012, and June 1, 2012, to each~~  
30 ~~successor agency for payments listed in its Recognized Obligation~~  
31 ~~Payment Schedule for the six-month fiscal period beginning~~  
32 ~~January 1, 2012, or July 1, 2012, in the following order of priority:~~

33 ~~(A) Debt service payments scheduled to be made for tax~~  
34 ~~allocation bonds.~~

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

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

4 ~~(4) Fourth, on January 16, 2012, and June 1, 2012, to each~~  
5 ~~successor agency for the administrative cost allowance, as defined~~  
6 ~~in Section 34171, for administrative costs set forth in an approved~~  
7 ~~administrative budget for those payments required to be paid from~~  
8 ~~former tax increment revenues.~~

9 ~~(5) Fifth, on January 16, 2012, and June 1, 2012, any moneys~~  
10 ~~remaining in the Redevelopment Property Tax Trust Fund after~~  
11 ~~the payments and transfers authorized by paragraphs (1) to (4),~~  
12 ~~inclusive, shall be distributed to local agencies and school entities~~  
13 ~~in accordance with Section 34188. If a successor agency is other~~  
14 ~~than the agency that formed a redevelopment agency, the share~~  
15 ~~that would have been allocated to that agency shall instead be~~  
16 ~~allocated to the agency that is the successor agency. If a local~~  
17 ~~agency other than the county auditor-controller has accepted~~  
18 ~~responsibility for administering the Public Health and Safety Fund~~  
19 ~~in a county, the county share shall be allocated to that local agency.~~

20 ~~(b) If the successor agency reports, no later than December 1,~~  
21 ~~2011, and May 1, 2012, to the county auditor-controller that the~~  
22 ~~total amount available to the successor agency from the~~  
23 ~~Redevelopment Property Tax Trust Fund allocation to that~~  
24 ~~successor agency's Redevelopment Obligation Retirement Fund,~~  
25 ~~from other funds transferred from the each redevelopment agency,~~  
26 ~~and from funds that have or will become available through asset~~  
27 ~~sales and all redevelopment operations, are insufficient to fund the~~  
28 ~~payments required by paragraphs (1) to (4), inclusive, of~~  
29 ~~subdivision (a) in the next six-month fiscal period, the county~~  
30 ~~auditor-controller shall notify the Controller and the Department~~  
31 ~~of Finance no later than December 10, 2011, and May 10, 2012.~~  
32 ~~The county auditor-controller shall verify whether the successor~~  
33 ~~agency will have sufficient funds from which to service debts~~  
34 ~~according to the Recognized Obligation Payment Schedule and~~  
35 ~~shall report the findings to the Controller. If the Controller concurs~~  
36 ~~that there are insufficient funds to pay required debt service, the~~  
37 ~~amount of the deficiency shall be deducted first from the amount~~  
38 ~~remaining to be distributed to taxing entities pursuant to paragraph~~  
39 ~~(5), and if that amount is exhausted, from amounts available for~~  
40 ~~distribution for administrative costs in paragraph (4) and third from~~

1 amounts available for allocation to the Public Health and Safety  
2 Fund. If an agency, pursuant to the provisions of Section 33492.15,  
3 33492.72, 33607.5, 33671.5, 33681.15 or 33688, made passthrough  
4 payment obligations subordinate to debt service payments required  
5 for enforceable obligations, funds for servicing bond debt may be  
6 deducted from the amounts for passthrough payments under  
7 paragraph (1), as provided in those sections, but only to the extent  
8 that the amounts remaining to be distributed to taxing entities  
9 pursuant to paragraph (5), the amounts available for distribution  
10 for administrative costs in paragraph (4), and the amounts available  
11 for allocation to the Public Health and Safety Fund have all been  
12 exhausted.

13 (e) ~~The county treasurer may loan any funds from the county~~  
14 ~~treasury that are necessary to ensure prompt payments of~~  
15 ~~redevelopment agency debts.~~

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

25 (e) ~~For fiscal years 2012-13 and following, the county~~  
26 ~~auditor-controller shall, after deducting administrative costs~~  
27 ~~allowed under Section 34182 and Section 95.3 of the Revenue and~~  
28 ~~Taxation Code, allocate moneys in each Redevelopment Property~~  
29 ~~Tax Trust Fund as follows:~~

30 (1) ~~Subject to any prior deductions required by subdivision (f),~~  
31 ~~first, the county auditor-controller shall remit from the~~  
32 ~~Redevelopment Property Tax Trust Fund to each local agency and~~  
33 ~~school entity an amount of property tax equal to what would have~~  
34 ~~been received by that district, using current assessed values, under~~  
35 ~~Sections 33670, 33401, 33492.140, 33607, 33607.5, 33607.7, and~~  
36 ~~33676, as those sections read on January 1, 2011, or pursuant to~~  
37 ~~any passthrough agreement between a redevelopment agency and~~  
38 ~~a taxing jurisdiction that was entered into prior to January 1, 1994,~~  
39 ~~that would be in force in that fiscal year, had the redevelopment~~

1 agency legally existed at that time. These allocations shall occur  
2 no later than January 16 and no later June 1, respectively.

3 (2) ~~Second, on June 1 and January 16, to each successor agency  
4 for payments listed in its Recognized Obligation Payment Schedule  
5 for the six-month fiscal period beginning on the next July 1 or  
6 January 1, in the following order of priority:~~

7 (A) ~~Debt service payments scheduled to be made for tax  
8 allocation bonds.~~

9 (B) ~~Payments scheduled to be made on revenue bonds, but only  
10 to the extent the revenues pledged for them are insufficient to make  
11 the payments and the agency's tax increment revenues were also  
12 pledged.~~

13 (C) ~~Payments scheduled for other debts and obligations listed  
14 in the Recognized Obligation Payment Schedule.~~

15 (3) ~~Third, on June 1 and January 16, to each successor agency  
16 for administrative costs, provided that no more than 3 percent of  
17 the amount provided pursuant to paragraph (2) may be allocated.~~

18 (4) ~~Fourth, on June 1 and January 16, any moneys remaining  
19 in the Redevelopment Tax Trust Fund after the payments and  
20 transfers authorized by the preceding paragraphs shall be  
21 distributed to local agencies and schools pursuant to Section 34188.  
22 If a successor agency is other than the agency that formed a  
23 redevelopment agency, the share that would have been allocated  
24 to that agency shall instead be allocated to the agency that is the  
25 successor agency. If a local agency other than the county  
26 auditor-controller has accepted responsibility for administering  
27 the Public Health and Safety Fund in a county, the county share  
28 shall be allocated to that local agency.~~

29 (f) ~~After July 1, 2012, if the successor agency reports to the  
30 county auditor-controller, no later than December 1 or May 1 that  
31 the total amount available to the successor agency from the  
32 Redevelopment Property Tax Trust Fund allocation to that  
33 successor agency's Redevelopment Obligation Retirement Fund,  
34 from other funds transferred from each redevelopment agency,  
35 and from funds that have or will become available through asset  
36 sales and all redevelopment operations is insufficient to fund the  
37 payments required by this section in the next six-month fiscal  
38 period, the county auditor-controller shall notify the Controller  
39 and the Department of Finance no later than 10 days from the date  
40 of that notification. The county auditor shall verify whether the~~

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

19 34185. Commencing on January 16, 2012, and on each January  
20 16 and June 1 thereafter, the county auditor-controller shall transfer,  
21 from the Redevelopment Property Tax Trust Fund of each  
22 successor agency into the Redevelopment Obligation Retirement  
23 Fund of that agency, an amount of property tax revenues equal to  
24 that specified in the Recognized Obligation Payment Schedule for  
25 that successor agency as payable from the Redevelopment Property  
26 Tax Trust Fund subject to the limitations of Sections 34173 and  
27 34183.

28 34186. Differences between actual payments and past estimated  
29 obligations on recognized obligation payment schedules must be  
30 reported in subsequent recognized obligation payment schedules  
31 and shall adjust the amount to be transferred to the Redevelopment  
32 Obligation Retirement Fund pursuant to this part. These estimates  
33 and accounts shall be subject to audit by county auditor-controllers  
34 and the Controller.

35 34187. Commencing January 1, 2012, whenever a recognized  
36 obligation that had been identified in the Recognized Payment  
37 Obligation Schedule is paid off or retired, either through early  
38 payment or payment at maturity, the county auditor-controller  
39 shall distribute to the taxing entities, in accordance with the  
40 provisions of the Revenue and Taxation Code, all property tax

1 revenues that were associated with the payment of the recognized  
2 obligation.

3 ~~34188. For all distributions of property tax revenues and other~~  
4 ~~moneys pursuant to this part, the distribution to each taxing entity~~  
5 ~~shall be in an amount proportionate to its share of property tax~~  
6 ~~revenues in the tax rate area in that fiscal year, except as follows:~~

7 ~~(a) (1) For distributions from the Redevelopment Property Tax~~  
8 ~~Trust Fund, the share of each taxing entity shall be applied to the~~  
9 ~~amount of property tax available in the Redevelopment Property~~  
10 ~~Tax Trust Fund after deducting the amount of any distributions~~  
11 ~~under paragraphs (1) to (4), inclusive, of subdivision (a) of Section~~  
12 ~~34183 or paragraphs (2) and (3) of subdivision (c) of Section~~  
13 ~~34183, as applicable.~~

14 ~~(2) For each taxing entity, the amounts of any passthrough~~  
15 ~~payments under paragraph (1) of subdivision (c) of Section 34183~~  
16 ~~that it has received, shall be deducted from the amount determined~~  
17 ~~in paragraph (1). For the 2012–13 fiscal year and following, total~~  
18 ~~school passthrough payments in each county shall be deducted~~  
19 ~~from the schools' share pursuant to subdivisions (c) and (f).~~

20 ~~(b) The county shall additionally receive any sums that would~~  
21 ~~otherwise have been provided to enterprise special districts, but~~  
22 ~~for the operation of this part; provided, however, that those districts~~  
23 ~~described in paragraph (2) of subdivision (c) of Section 97.3 of~~  
24 ~~the Revenue and Taxation Code shall not be considered to be~~  
25 ~~enterprise districts for purposes of this part.~~

26 ~~(c) Special districts that have both enterprise and nonenterprise~~  
27 ~~functions shall receive a prorated share proportionate to the special~~  
28 ~~district's overall share of the countywide property tax that is~~  
29 ~~received for its nonenterprise functions.~~

30 ~~(d) Property tax shares of local agencies shall be determined~~  
31 ~~based on property tax allocation laws in effect on the date of~~  
32 ~~distribution, without the revenue exchange amounts allocated~~  
33 ~~pursuant to Section 97.68 of the Revenue and Taxation Code, and~~  
34 ~~without the property taxes allocated pursuant to Section 97.70 of~~  
35 ~~the Revenue and Taxation Code.~~

36 ~~(e) The total school share, including passthroughs, shall be the~~  
37 ~~share of the property taxes that would have been received by school~~  
38 ~~entities in the jurisdictional territory of the former redevelopment~~  
39 ~~agency, including, but not limited to, the amounts specified in~~  
40 ~~Sections 97.68 and 97.70 of the Revenue and Taxation Code.~~

1 (f) ~~Distribution of the share to school entities will be made~~  
2 ~~pursuant to Section 100.96 of the Revenue and Taxation Code.~~

3  
4 ~~CHAPTER 6. EFFECT OF THE ACT ADDING THIS PART ON THE~~  
5 ~~COMMUNITY REDEVELOPMENT LAW~~

6  
7 34189. ~~(a) Commencing on the effective date of this part, all~~  
8 ~~provisions of the Community Redevelopment Law that depend on~~  
9 ~~the allocation of tax increment to redevelopment agencies,~~  
10 ~~including, but not limited to, subdivision (b) of Section 33670,~~  
11 ~~shall be inoperative.~~

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

15 ~~(c) To the extent that a provision of Part 1 (commencing with~~  
16 ~~Section 33000), Part 1.5 (commencing with Section 34000), Part~~  
17 ~~1.6 (commencing with Section 34050), and Part 1.7 (commencing~~  
18 ~~with Section 34100) conflicts with this part, the provisions of this~~  
19 ~~part shall control. Further, if a provision of Part 1 (commencing~~  
20 ~~with Section 33000), Part 1.5 (commencing with Section 34000),~~  
21 ~~Part 1.6 (commencing with Section 34050), or Part 1.7~~  
22 ~~(commencing with Section 34100) provides an authority that the~~  
23 ~~act adding this part is restricting or eliminating, the restriction and~~  
24 ~~elimination provisions of the act adding this part shall control.~~

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

27 ~~(e) Nothing in this part prohibits, regulates, restricts or otherwise~~  
28 ~~affects the authority of a city, county, or city and county to establish~~  
29 ~~an infrastructure financing district and exercise powers pursuant~~  
30 ~~to Chapter 2.8 (commencing with Section 53395) of Part 1 of~~  
31 ~~Division 1 of the Government Code.~~

32  
33 ~~CHAPTER 7. STABILIZATION OF LABOR AND EMPLOYMENT~~  
34 ~~RELATIONS~~

35  
36 34190. ~~(a) It is the intent of the Legislature to stabilize the~~  
37 ~~labor and employment relations of redevelopment agencies and~~  
38 ~~successor agencies in furtherance of and connection with their~~  
39 ~~responsibilities under the act adding this part.~~

1 ~~(b) Nothing in the act adding this part is intended to relieve any~~  
2 ~~redevelopment agency of its obligations under Chapter 10~~  
3 ~~(commencing with Section 3500) of Division 4 of Title 1 of the~~  
4 ~~Government Code. Subject to the limitations set forth in Section~~  
5 ~~34165, prior to its dissolution, a redevelopment agency shall retain~~  
6 ~~the authority to meet and confer over matters within the scope of~~  
7 ~~representation.~~

8 ~~(c) A successor agency, as defined in Sections 34171 and 34173,~~  
9 ~~shall constitute a public agency within the meaning of subdivision~~  
10 ~~(e) of Section 3501 of the Government Code.~~

11 ~~(d) Subject to the limitations set forth in Section 34165,~~  
12 ~~redevelopment agencies, prior to and during their winding down~~  
13 ~~and dissolution, shall retain the authority to bargain over matters~~  
14 ~~within the scope of representation.~~

15 ~~(e) In recognition that a collective bargaining agreement~~  
16 ~~represents an enforceable obligation, a successor agency shall~~  
17 ~~become the employer of all employees of the redevelopment agency~~  
18 ~~as of the date of the redevelopment agency's dissolution. If,~~  
19 ~~pursuant to this provision, the successor agency becomes the~~  
20 ~~employer of one or more employees who, as employees of the~~  
21 ~~redevelopment agency, were represented by a recognized employee~~  
22 ~~organization, the successor agency shall be deemed a successor~~  
23 ~~employer and shall be obligated to recognize and to meet and~~  
24 ~~confer with such employee organization. In addition, the successor~~  
25 ~~agency shall retain the authority to bargain over matters within the~~  
26 ~~scope of representation and shall be deemed to have assumed the~~  
27 ~~obligations under any memorandum of understanding in effect~~  
28 ~~between the redevelopment agency and recognized employee~~  
29 ~~organization as of the date of the redevelopment agency's~~  
30 ~~dissolution.~~

31 ~~(f) The Legislature finds and declares that the duties and~~  
32 ~~responsibilities of local agency employer representatives under~~  
33 ~~this chapter are substantially similar to the duties and~~  
34 ~~responsibilities required under existing collective bargaining~~  
35 ~~enforcement procedures and therefore the costs incurred by the~~  
36 ~~local agency employer representatives in performing those duties~~  
37 ~~and responsibilities under the act adding this part are not~~  
38 ~~reimbursable as state-mandated costs. Furthermore, the Legislature~~  
39 ~~also finds and declares that to the extent the act adding this part~~  
40 ~~provides the funding with which to accomplish the obligations~~

1 provided herein, the costs incurred by the local agency employer  
2 representatives in performing those duties and responsibilities  
3 under the act adding this part are not reimbursable as  
4 state-mandated costs.

5 (g) The transferred memorandum of understanding and the right  
6 of any employee organization representing such employees to  
7 provide representation shall continue as long as the memorandum  
8 of understanding would have been in force, pursuant to its own  
9 terms. One or more separate bargaining units shall be created in  
10 the successor agency consistent with the bargaining units that had  
11 been established in the redevelopment agency. After the expiration  
12 of the transferred memorandum of understanding, the successor  
13 agency shall continue to be subject to the provisions of the  
14 Meyers-Milias-Brown Act.

15 (h) Individuals formerly employed by redevelopment agencies  
16 that are subsequently employed by successor agencies shall, for a  
17 minimum of two years, transfer their status and classification in  
18 the civil service system of the redevelopment agency to the  
19 successor agency and shall not be required to requalify to perform  
20 the duties that they previously performed or duties substantially  
21 similar in nature and in required qualification to those that they  
22 previously performed. Any such individuals shall have the right  
23 to compete for employment under the civil service system of the  
24 successor agency.

25 SEC. 10. Section 97.401 is added to the Revenue and Taxation  
26 Code, to read:

27 97.401. Commencing July 1, 2011, the county auditor shall  
28 make the calculations required by Section 97.4 base on the amount  
29 deposited on behalf of each former redevelopment agency into the  
30 Redevelopment Property Tax Trust Fund pursuant to paragraph  
31 (1) of subdivision (c) of Section 34182 of the Health and Safety  
32 Code. The calculations required by Section 97.4 shall result in  
33 cities, counties, and special districts annually remitting to the  
34 Educational Revenue Augmentation Fund the same amounts they  
35 would have remitted but for the operation of Part 1.8 (commencing  
36 with Section 34161) and Part 1.85 (commencing with Section  
37 34170) of Division 24 of the Health and Safety Code.

38 SEC. 11. Section 98.2 is added to the Revenue and Taxation  
39 Code, to read:

1 98.2. ~~For the 2011-12 fiscal year, and each fiscal year~~  
 2 ~~thereafter, the computations provided for in Sections 98 and 98.1~~  
 3 ~~shall be performed in a manner which recognizes that passthrough~~  
 4 ~~payments formerly required under the Community Redevelopment~~  
 5 ~~Law (Part 1 (commencing with Section 33000) of Division 24 of~~  
 6 ~~the Health and Safety Code) are continuing to be made under the~~  
 7 ~~authority of Part 1.85 (commencing with Section 34170) of~~  
 8 ~~Division 24 of the Health and Safety Code and those payments~~  
 9 ~~shall be recognized in the TEA calculations as though they were~~  
 10 ~~made under the Community Redevelopment Law. Additionally,~~  
 11 ~~the computations provided for in Sections 98 and 98.1 shall be~~  
 12 ~~performed in a manner that recognizes payments to a~~  
 13 ~~Redevelopment Property Tax Fund, established pursuant to Section~~  
 14 ~~34170.5 of the Health and Safety Code as if they were payments~~  
 15 ~~to a redevelopment agency as provided in subdivision (b) of Section~~  
 16 ~~33670 of the Health and Safety Code.~~

17 SEC. 12. ~~Chapter 7 (commencing with Section 100.96) is added~~  
 18 ~~to Part 0.5 of Division 1 of the Revenue and Taxation Code, to~~  
 19 ~~read:~~

20

21 CHAPTER 7. ~~ADDITIONAL PROPERTY TAX REVENUES~~  
 22 ~~ALLOCATION FOR EDUCATION~~

23

24 100.96. ~~(a) For each fiscal year in which property tax and other~~  
 25 ~~moneys are available in a county to be distributed to schools~~  
 26 ~~pursuant to paragraph (4) of subdivision (c) of Section 34183 or~~  
 27 ~~Section 34177 of the Health and Safety Code, each county auditor~~  
 28 ~~shall allocate 89 percent of these moneys to all school districts,~~  
 29 ~~county offices of education, and charter schools within the county~~  
 30 ~~and 11 percent of these moneys to all community college districts~~  
 31 ~~within the county. An equal amount per pupil in attendance shall~~  
 32 ~~be distributed to all school districts, county offices of education,~~  
 33 ~~and charter schools, and an equal amount per full-time equivalent~~  
 34 ~~student in attendance shall be distributed to all community college~~  
 35 ~~districts.~~

36 ~~(b) The Superintendent of Public Instruction shall certify the~~  
 37 ~~average daily attendance of the advance apportionment of state~~  
 38 ~~aid in the then current fiscal year as the attendance of each school~~  
 39 ~~district, county office of education, and charter school for purposes~~  
 40 ~~of this section. The Superintendent of Public Instruction shall~~

1 certify the appropriate counts of average daily attendance to each  
2 county auditor no later than September 15 of each applicable fiscal  
3 year. The Chancellor of the California Community Colleges shall  
4 certify the full-time equivalent students in attendance at each  
5 community college district in each county that is used for  
6 apportioning state aid as of September of each year to the county  
7 auditor no later than September 15 for purposes of this section.

8 (e) The moneys allocated to school districts, county offices of  
9 education, charter schools, and community college districts each  
10 year pursuant to this section may be used for any educational  
11 purpose.

12 (d) With respect to the amounts computed pursuant to paragraph  
13 (6) of subdivision (h) of Section 42238 of, and subdivision (d) of  
14 Section 84751 of, the Education Code, which are not considered  
15 to be property taxes, from July 1, 2011, to July 1, 2016, inclusive,  
16 the amounts that may be expended for educational facilities may  
17 be expended for land acquisition, facility construction, remodeling,  
18 maintenance, or deferred maintenance.

19 (e) In fiscal years on and after the 2012–13 fiscal year, the total  
20 amount paid each year pursuant to this section to school districts,  
21 county offices of education, charter schools, and community  
22 college districts shall not be considered to be property taxes for  
23 the purposes of Section 2558, paragraph (1) of subdivision (h) of  
24 Section 42238, and Section 84751 of the Education Code. In fiscal  
25 years on and after the 2012–13 fiscal year, notwithstanding any  
26 other law, funding provided to local education agencies pursuant  
27 to this section shall not be considered allocated local proceeds of  
28 taxes for purposes of Section 8 of Article XVI of the California  
29 Constitution.

30 (f) For the 2011–12 fiscal year, the amount of moneys that are  
31 available to be distributed to schools pursuant to subdivision (e)  
32 of Section 34183 of the Health and Safety Code shall be deposited  
33 in the Educational Revenue Augmentation Fund in each county  
34 and allocated pursuant to paragraphs (1) and (2):

35 (1) The county auditor shall, after other allocations from the  
36 Educational Revenue Augmentation Fund have been made, based  
37 on information provided by the county superintendent of schools  
38 pursuant to this paragraph, allocate the proportion of the  
39 Educational Revenue Augmentation Fund to those school districts  
40 and county offices of education within the county that are not

1 excess tax school entities, as defined in subdivision (n) of Section  
2 95. The county superintendent of schools shall determine the  
3 amount to be allocated to each school district and county office of  
4 education in inverse proportion to the amounts of property tax  
5 revenue per average daily attendance in each school district and  
6 county office of education. In no event shall any additional money  
7 be allocated from the fund to a school district or county office of  
8 education upon that school district or county office of education  
9 becoming an excess tax school entity.

10 (2) If, after making the allocation required pursuant to paragraph  
11 (1), the auditor determines that there are still additional funds to  
12 be allocated, the auditor shall allocate those excess funds to the  
13 county office of education for special education. Funds allocated  
14 pursuant to this paragraph shall be counted as property tax revenues  
15 for special education programs in augmentation of the amount  
16 calculated pursuant to Section 2572 of the Education Code and  
17 shall offset state aid for county offices of education and school  
18 districts within the county pursuant to subdivision (e) of Section  
19 56836.08 of the Education Code.

20 SEC. 13. The sum of five hundred thousand dollars (\$500,000)  
21 is hereby appropriated to the Department of Finance from the  
22 General Fund for allocation to the Treasurer, Controller, and  
23 Department of Finance for administrative costs associated with  
24 this act. The department shall notify the Joint Legislative Budget  
25 Committee and the fiscal committees in each house of any  
26 allocations under this section no later than 10 days following that  
27 allocation.

28 SEC. 14. If any provision of this act or the application thereof  
29 to any person or circumstance is held invalid, the invalidity shall  
30 not affect other provisions or applications of this act which can be  
31 given effect without the invalid provision or application, and to  
32 this end, the provisions of this act are severable.

33 SEC. 15. No reimbursement is required by this act pursuant to  
34 Section 6 of Article XIII B of the California Constitution because  
35 a local agency or school district has the authority to levy service  
36 charges, fees, or assessments sufficient to pay for the program or  
37 level of service mandated by this act, within the meaning of Section  
38 17556 of the Government Code.

39 SEC. 16. This act is a bill providing for appropriations related  
40 to the Budget Bill within the meaning of subdivision (e) of Section

1 ~~12 of Article IV of the California Constitution, has been identified~~  
2 ~~as related to the budget in the Budget Bill, and shall take effect~~  
3 ~~immediately.~~

O