

**Introduced by Senator Berryhill**

February 22, 2012

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An act to amend Section 34177 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1157, as introduced, Berryhill. Redevelopment: successor agencies: duties.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined. Existing law dissolved redevelopment agencies as of February 1, 2012, and provides for the designation successor agencies to act as successor entities to the dissolved redevelopment agencies. Existing law requires a successor agency to, among other things, continue to make payments due for enforceable obligations, remit unencumbered balances to the auditor-controller for distribution, and dispose of assets, as directed.

This bill would make technical, nonsubstantive changes to the provisions of law relating to the duties of the successor agency.

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

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

- 1 SECTION 1. Section 34177 of the Health and Safety Code is
- 2 amended to read:
- 3 34177. Successor agencies are required to do all of the
- 4 following:
- 5 (a) Continue to make payments due for enforceable obligations.

1 (1) On and after February 1, 2012, and until a Recognized  
2 Obligation Payment Schedule becomes operative, only payments  
3 required pursuant to an enforceable obligations payment schedule  
4 shall be made. The initial enforceable obligation payment schedule  
5 shall be the last schedule adopted by the redevelopment agency  
6 under Section 34169. However, payments associated with  
7 obligations excluded from the definition of enforceable obligations  
8 by paragraph (2) of subdivision (e) of Section 34171 shall be  
9 excluded from the enforceable obligations payment schedule and  
10 be removed from the last schedule adopted by the redevelopment  
11 agency under Section 34169 prior to the successor agency adopting  
12 it as its enforceable obligations payment schedule pursuant to this  
13 subdivision. The enforceable obligation payment schedule may  
14 be amended by the successor agency at any public meeting and  
15 shall be subject to the approval of the oversight board as soon as  
16 the board has sufficient members to form a quorum.

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

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

31 (4) ~~Nothing in the~~ *This act adding this part is to shall not* be  
32 construed as preventing a successor agency, with the prior approval  
33 of the oversight board, as described in Section 34179, from making  
34 payments for enforceable obligations from sources other than those  
35 listed in the Recognized Obligation Payment Schedule.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (A) Low and Moderate Income Housing Fund.

20 (B) Bond proceeds.

21 (C) Reserve balances.

22 (D) Administrative cost allowance.

23 (E) The Redevelopment Property Tax Trust Fund, but only to  
24 the extent ~~no other~~ *another* funding source is *not* available or when  
25 payment from property tax revenues is required by an enforceable  
26 obligation or by ~~the provisions of this part.~~

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

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

33 (A) A draft Recognized Obligation Payment Schedule is  
34 prepared by the successor agency for the enforceable obligations  
35 of the former redevelopment agency by March 1, 2012. From  
36 February 1, 2012, to July 1, 2012, the initial draft of that schedule  
37 shall project the dates and amounts of scheduled payments for  
38 each enforceable obligation for the remainder of the time period  
39 during which the redevelopment agency would have been  
40 authorized to obligate property tax increment ~~had such a~~ *if the*

1 redevelopment agency not been dissolved, and shall be reviewed  
2 and certified, as to its accuracy, by an external auditor designated  
3 pursuant to Section 34182.

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

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

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