

AMENDED IN SENATE AUGUST 13, 2013

AMENDED IN SENATE JUNE 11, 2013

AMENDED IN SENATE MAY 24, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 662

**Introduced by Assembly Members Atkins, Dickinson, Mitchell,
Perea, Ting, and Torres**
(Coauthor: Senator Wolk)

February 21, 2013

An act to amend Section 53395.4 of the Government Code, and to amend Sections 34163, 34171, 34177, ~~34178~~, 34180, 34183, 34191.4, and 34191.5 of the Health and Safety Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 662, as amended, Atkins. Local government: ~~infrastructure financing districts~~; *redevelopment: successor agencies to redevelopment agencies.*

(1) Existing law authorizes the creation of infrastructure financing districts, as defined, for the sole purpose of financing public facilities, subject to adoption of a resolution by the legislative body and affected taxing entities proposed to be subject to the division of taxes and voter approval requirements. Existing law prohibits an infrastructure financing district from including any portion of a redevelopment project area.

This bill would delete that prohibition *and would authorize a district to finance a project or portion of a project that is located in, or overlaps with, a redevelopment project area or former redevelopment project area, as specified.*

(2) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law prohibits a successor agency from entering into contracts with, incur obligations, or make commitments to, any entity, as specified, or to amend or modify existing agreements, obligations, or commitments with any entity, for any purpose.

This bill would authorize a successor agency, if the successor agency has received a finding of completion, to enter into, or amend existing, contracts and agreements, ~~make land use decisions,~~ or otherwise administer projects in connection with long-term enforceable obligations, if the contract ~~or, agreement, land use decision,~~ or project will not commit new tax funds or otherwise adversely affect the flow of *specified tax increment revenues or payments* to the taxing agencies. *The bill would require the successor agency to notify the oversight board at least 10 days prior to entering into or amending a contract or agreement under these provisions. The bill would authorize the oversight board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement will not commit new tax funds or otherwise adversely affect the flow of property tax revenues or payments to the taxing agencies and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.*

~~(3) Existing law specifies that the term “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency, as specified.~~

~~This bill would provide that an agreement entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency prior to October 1, 2011, is an enforceable obligation if the agreement relates to a project identified, in whole or in part, in an infill infrastructure grant program disbursement agreement entered into by the Department of Housing and Community Development pursuant to the Infill Infrastructure Grant Program. The bill would also provide that an agreement entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency prior to October 1, 2011, is an~~

~~enforceable obligation if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to a specified code section.~~

~~(4)~~

(3) Existing law requires a successor agency to submit a Recognized Obligation Payment Schedule to the Department of Finance, and requires the successor agency to make payments pursuant to that schedule.

This bill would authorize the successor agency to schedule Recognized Obligation Payment Schedule payments beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle, or when a payment is shown to be due during the Recognized Obligation Payment Schedule period. The bill would authorize the successor agency to utilize reasonable estimates and projections to support payment amounts where a payment is shown to be due during the Recognized Obligation Payment Schedule period but an invoice or other billing document has not been received, if the successor agency submits appropriate supporting documentation for the basis of the estimate or projection to the department. The bill would provide that a Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(4) Existing law requires that specified actions of a successor agency be first approved by its oversight board, including, among others, the establishment of a Recognized Obligation Payment Schedule.

This bill would require a successor agency to notify the board 10 days prior to entering into a contract or agreement for the use or disposition of specified properties. The bill would authorize the board to notify the successor agency during that 10-day period that the board intends to conduct a hearing to determine whether the contract or agreement is consistent with the successor agency's long-range property management plan and would require the board to hold the hearing and issue findings within 30 days after it so notified the successor agency.

(5) Existing law requires the county auditor-controller to determine the amount of property taxes that would have been allocated to each redevelopment agency if it had not been dissolved and to deposit this amount in a Redevelopment Property Tax Trust Fund in the county. Existing law requires the conducting of a due diligence review to

determine the unobligated balances available for transfer to affected taxing entities. Existing law requires the county auditor-controller for each fiscal year to allocate moneys in the Redevelopment Property Tax Trust Fund for passthrough payment obligations, enforceable obligations of the dissolved redevelopment agency, and administrative costs, as specified. Any remaining moneys in the Redevelopment Property Tax Trust Fund are required to be distributed as local property tax revenues to local agencies and school entities, as specified.

This bill would require that, on January 2, 2014, and twice yearly thereafter until June 1, 2018, funds be allocated to cover the housing entity administrative cost allowance of a city, county, or city and county that has assumed the housing duties of the former redevelopment agency, as specified, before remaining moneys are distributed to local agencies and school entities. The bill would define “housing entity administrative cost allowance” for these purposes. This bill would also exclude from the calculation of the amount distributed to taxing entities during the 2012–13 base year the amounts distributed to taxing entities pursuant to the due diligence review process. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

~~(5) Existing law specifies that certain loan agreements entered into by a former redevelopment agency are enforceable obligations and sets forth the requirement for repayment of those loans, as specified.~~

~~This bill would prohibit the loan repayment schedule from including amounts paid back pursuant to the due diligence review process during the 2012–13 base year.~~

(6) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of a former redevelopment agency and requires a transfer of the property to the city, county, or city and county if the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, as specified.

This bill would specify that the term “identified in an approved redevelopment plan” includes properties listed in a community plan, plan or a 5-year implementation plan, or other similar document plan.

(7) *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.

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

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

1 SECTION 1. Section 53395.4 of the Government Code is
2 amended to read:

3 53395.4. (a) A district may finance only the facilities or
4 services authorized in this chapter to the extent that the facilities
5 or services are in addition to those provided in the territory of the
6 district before the district was created. The additional facilities or
7 services may not supplant facilities or services already available
8 within that territory when the district was created but may
9 supplement those facilities and services as needed to serve new
10 developments.

11 (b) A district may include areas that are not contiguous.

12 (c) *A district may finance a project or portion of a project that*
13 *is located in, or overlaps with, a redevelopment project area or*
14 *former redevelopment project area. The successor agency to the*
15 *former redevelopment agency shall receive a certificate of*
16 *completion, as defined in Section 34179.7 of the Health and Safety*
17 *Code, prior to the district financing any project or portion of a*
18 *project under this subdivision.*

19 (d) *Notwithstanding subdivision (c), any debt or obligation of*
20 *a district shall be subordinate to an enforceable obligation of a*
21 *former redevelopment agency, as defined in Section 34171 of the*
22 *Health and Safety Code. For the purposes of this chapter, the*
23 *division of taxes allocated to the district pursuant to subdivision*
24 *(b) of Section 53396 shall not include any taxes required to be*
25 *deposited by the county auditor-controller into the Redevelopment*
26 *Property Tax Trust Fund created pursuant to subdivision (b) of*
27 *Section 34170.5 of the Health and Safety Code.*

28 (e) *The legislative body of the city forming the district may*
29 *choose to dedicate any portion of its net available revenue to the*
30 *district through the financing plan described in Section 53395.14.*

31 (f) *For the purposes of this section “net available revenue”*
32 *means periodic distributions to the city from the Redevelopment*
33 *Property Tax Trust Fund, created pursuant to Section 34170.5 of*

1 *the Health and Safety Code, that are available to the city after all*
 2 *preexisting legal commitments and statutory obligations funded*
 3 *from that revenue are made pursuant to Part 1.85 (commencing*
 4 *with Section 34170) of Division 24 of the Health and Safety Code.*
 5 *Net available revenue shall not include any funds deposited by the*
 6 *county auditor-controller into the Redevelopment Property Tax*
 7 *Trust Fund or funds remaining in the Redevelopment Property*
 8 *Tax Trust Fund prior to distribution. Net available revenues shall*
 9 *not include any moneys payable to a school district that maintains*
 10 *kindergarten and grades 1 to 12, inclusive, community college*
 11 *districts, or to the Educational Revenue Augmentation Fund,*
 12 *pursuant to paragraph (4) of subdivision (a) of Section 34183 of*
 13 *the Health and Safety Code.*

14 SEC. 2. Section 34163 of the Health and Safety Code is
 15 amended to read:

16 34163. Notwithstanding Part 1 (commencing with Section
 17 33000), Part 1.5 (commencing with Section 34000), Part 1.6
 18 (commencing with Section 34050), and Part 1.7 (commencing
 19 with Section 34100), or any other law, commencing on the effective
 20 date of this part, an agency shall not have the authority to, and
 21 shall not, do any of the following:

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

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

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

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

3 (b) (1) Enter into contracts with, incur obligations, or make
4 commitments to, any entity, whether governmental, tribal, or
5 private, or any individual or groups of individuals for any purpose,
6 including, but not limited to, loan agreements, passthrough
7 agreements, regulatory agreements, services contracts, leases,
8 disposition and development agreements, joint exercise of powers
9 agreements, contracts for the purchase of capital equipment,
10 agreements for redevelopment activities, including, but not limited
11 to, agreements for planning, design, redesign, development,
12 demolition, alteration, construction, reconstruction, rehabilitation,
13 site remediation, site development or improvement, removal of
14 graffiti, land clearance, and seismic retrofits.

15 (2) Notwithstanding paragraph (1), if a successor agency has
16 received a finding of completion, the successor agency may enter
17 into, or amend existing, contracts and agreements, ~~make land use~~
18 ~~decisions~~, or otherwise administer projects in connection with
19 long-term enforceable obligations, if the contract ~~or~~, agreement,
20 ~~land use decision~~, or project will not commit new tax funds, ~~or~~
21 *and* will not otherwise adversely affect the flow of *property tax*
22 ~~increment revenues or payments made pursuant to paragraph (4)~~
23 *of subdivision (a) of Section 34183 to the taxing agencies. The*
24 *successor agency shall provide notice to the oversight board at*
25 *least 10 days prior to entering into or amending a contract or*
26 *agreement pursuant to this paragraph. During the 10-day period*
27 *the oversight board may notify the successor agency that the board*
28 *intends to conduct a hearing to determine whether the contract or*
29 *agreement will not commit new tax funds or otherwise adversely*
30 *affect the flow of property tax revenues or payments to the taxing*
31 *agencies. The board shall hold the hearing and issue findings*
32 *within 30 days after it so notified the successor agency.*

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

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

- 1 (2) Modifying terms and conditions of existing agreements,
2 obligations, or commitments.
- 3 (3) Forgiving all or any part of the balance owed to the agency
4 on existing loans or extend the term or change the terms and
5 conditions of existing loans.
- 6 (4) Making any future deposits to the Low and Moderate Income
7 Housing Fund created pursuant to Section 33334.3.
- 8 (5) Transferring funds out of the Low and Moderate Income
9 Housing Fund, except to meet the minimum housing-related
10 obligations that existed as of January 1, 2011, to make required
11 payments under Sections 33690 and 33690.5, and to borrow funds
12 pursuant to Section 34168.5.
- 13 (d) Dispose of assets by sale, long-term lease, gift, grant,
14 exchange, transfer, assignment, or otherwise, for any purpose,
15 including, but not limited to, any of the following:
 - 16 (1) Assets, including, but not limited to, real property, deeds of
17 trust, and mortgages held by the agency, moneys, accounts
18 receivable, contract rights, proceeds of insurance claims, grant
19 proceeds, settlement payments, rights to receive rents, and any
20 other rights to payment of whatever kind.
 - 21 (2) Real property, including, but not limited to, land, land under
22 water and waterfront property, buildings, structures, fixtures, and
23 improvements on the land, any property appurtenant to, or used
24 in connection with, the land, every estate, interest, privilege,
25 easement, franchise, and right in land, including rights-of-way,
26 terms for years, and liens, charges, or encumbrances by way of
27 judgment, mortgage, or otherwise, and the indebtedness secured
28 by the liens.
 - 29 (e) Acquire real property by any means for any purpose,
30 including, but not limited to, the purchase, lease, or exercising of
31 an option to purchase or lease, exchange, subdivide, transfer,
32 assume, obtain option upon, acquire by gift, grant, bequest, devise,
33 or otherwise acquire any real property, any interest in real property,
34 and any improvements on it, including the repurchase of developed
35 property previously owned by the agency and the acquisition of
36 real property by eminent domain; provided, however, that nothing
37 in this subdivision is intended to prohibit the acceptance or transfer
38 of title for real property acquired prior to the effective date of this
39 part.

1 (f) Transfer, assign, vest, or delegate any of its assets, funds,
2 rights, powers, ownership interests, or obligations for any purpose
3 to any entity, including, but not limited to, the community, the
4 legislative body, another member of a joint powers authority, a
5 trustee, a receiver, a partner entity, another agency, a nonprofit
6 corporation, a contractual counterparty, a public body, a
7 limited-equity housing cooperative, the state, a political subdivision
8 of the state, the federal government, any private entity, or an
9 individual or group of individuals.

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

14 SEC. 3. Section 34171 of the Health and Safety Code is
15 amended to read:

16 34171. The following terms shall have the following meanings:

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

19 (b) "Administrative cost allowance" means an amount that,
20 subject to the approval of the oversight board, is payable from
21 property tax revenues of up to 5 percent of the property tax
22 allocated to the successor agency on the Recognized Obligation
23 Payment Schedule covering the period January 1, 2012, through
24 June 30, 2012, and up to 3 percent of the property tax allocated to
25 the Redevelopment Obligation Retirement Fund money that is
26 allocated to the successor agency for each fiscal year thereafter;
27 provided, however, that the amount shall not be less than two
28 hundred fifty thousand dollars (\$250,000), unless the oversight
29 board reduces this amount, for any fiscal year or such lesser amount
30 as agreed to by the successor agency. However, the allowance
31 amount shall exclude, and shall not apply to, any administrative
32 costs that can be paid from bond proceeds or from sources other
33 than property tax. Administrative cost allowances shall exclude
34 any litigation expenses related to assets or obligations, settlements
35 and judgments, and the costs of maintaining assets prior to
36 disposition. Employee costs associated with work on specific
37 project implementation activities, including, but not limited to,
38 construction inspection, project management, or actual
39 construction, shall be considered project-specific costs and shall
40 not constitute administrative costs.

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

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

4 (A) Bonds, as defined by Section 33602 and bonds issued
5 pursuant to Chapter 10.5 (commencing with Section 5850) of
6 Division 6 of Title 1 of the Government Code, including the
7 required debt service, reserve set-asides, and any other payments
8 required under the indenture or similar documents governing the
9 issuance of the outstanding bonds of the former redevelopment
10 agency. A reserve may be held when required by the bond
11 indenture or when the next property tax allocation will be
12 insufficient to pay all obligations due under the provisions of the
13 bond for the next payment due in the following half of the calendar
14 year.

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

19 (C) Payments required by the federal government, preexisting
20 obligations to the state or obligations imposed by state law, other
21 than passthrough payments that are made by the county
22 auditor-controller pursuant to Section 34183, or legally enforceable
23 payments required in connection with the agencies’ employees,
24 including, but not limited to, pension payments, pension obligation
25 debt service, unemployment payments, or other obligations
26 conferred through a collective bargaining agreement. Costs incurred
27 to fulfill collective bargaining agreements for layoffs or
28 terminations of city employees who performed work directly on
29 behalf of the former redevelopment agency shall be considered
30 enforceable obligations payable from property tax funds. The
31 obligations to employees specified in this subparagraph shall
32 remain enforceable obligations payable from property tax funds
33 for any employee to whom those obligations apply if that employee
34 is transferred to the entity assuming the housing functions of the
35 former redevelopment agency pursuant to Section 34176. The
36 successor agency or designated local authority shall enter into an
37 agreement with the housing entity to reimburse it for any costs of
38 the employee obligations.

39 (D) Judgments or settlements entered by a competent court of
40 law or binding arbitration decisions against the former

1 redevelopment agency, other than passthrough payments that are
2 made by the county auditor-controller pursuant to Section 34183.
3 Along with the successor agency, the oversight board shall have
4 the authority and standing to appeal any judgment or to set aside
5 any settlement or arbitration decision.

6 (E) Any legally binding and enforceable agreement or contract
7 that is not otherwise void as violating the debt limit or public
8 policy. However, nothing in this act shall prohibit either the
9 successor agency, with the approval or at the direction of the
10 oversight board, or the oversight board itself from terminating any
11 existing agreements or contracts and providing any necessary and
12 required compensation or remediation for such termination. Titles
13 of or headings used on or in a document shall not be relevant in
14 determining the existence of an enforceable obligation.

15 (F) Contracts or agreements necessary for the administration or
16 operation of the successor agency, in accordance with this part,
17 including, but not limited to, agreements concerning litigation
18 expenses related to assets or obligations, settlements and
19 judgements, and the costs of maintaining assets prior to disposition,
20 and agreements to purchase or rent office space, equipment and
21 supplies, and pay-related expenses pursuant to Section 33127 and
22 for carrying insurance pursuant to Section 33134.

23 (G) Amounts borrowed from, or payments owing to, the Low
24 and Moderate Income Housing Fund of a redevelopment agency,
25 which had been deferred as of the effective date of the act adding
26 this part; provided, however, that the repayment schedule is
27 approved by the oversight board. Repayments shall be transferred
28 to the Low and Moderate Income Housing Asset Fund established
29 pursuant to subdivision (d) of Section 34176 as a housing asset
30 and shall be used in a manner consistent with the affordable
31 housing requirements of the Community Redevelopment Law (Part
32 1 (commencing with Section 33000)).

33 (2) For purposes of this part, “enforceable obligation” does not
34 include any agreements, contracts, or arrangements between the
35 city, county, or city and county that created the redevelopment
36 agency and the former redevelopment agency. However, written
37 agreements entered into (A) at the time of issuance, but in no event
38 later than December 31, 2010, of indebtedness obligations, and
39 (B) solely for the purpose of securing or repaying those
40 indebtedness obligations may be deemed enforceable obligations

1 for purposes of this part. Notwithstanding this paragraph, loan
2 agreements entered into between the redevelopment agency and
3 the city, county, or city and county that created it, within two years
4 of the date of creation of the redevelopment agency, may be
5 deemed to be enforceable obligations. ~~Notwithstanding this~~
6 ~~paragraph, an agreement entered into between the redevelopment~~
7 ~~agency and the city, county, or city and county that created the~~
8 ~~redevelopment agency prior to October 1, 2011, is an enforceable~~
9 ~~obligation if the agreement relates to a project identified, in whole~~
10 ~~or in part, in an infill infrastructure grant program disbursement~~
11 ~~agreement entered into by the Department of Housing and~~
12 ~~Community Development pursuant to the Infill Infrastructure Grant~~
13 ~~Program and in accordance with Part 12 (commencing with Section~~
14 ~~53545.12) of Division 31. Notwithstanding this paragraph, an~~
15 ~~agreement entered into between the redevelopment agency and~~
16 ~~the city, county, or city and county that created the redevelopment~~
17 ~~agency prior to October 1, 2011, is an enforceable obligation if~~
18 ~~the agreement relates to state highway infrastructure improvements~~
19 ~~to which the redevelopment agency committed funds pursuant to~~
20 ~~the provisions of Section 33445.~~

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

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

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

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

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

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

10 (j) “Successor agency” means the successor entity to the former
11 redevelopment agency as described in Section 34173.

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

17 (l) “Property taxes” include all property tax revenues, including
18 those from unitary and supplemental and roll corrections applicable
19 to tax increment.

20 (m) “Department” means the Department of Finance unless the
21 context clearly refers to another state agency.

22 (n) “Sponsoring entity” means the city, county, or city and
23 county, or other entity that authorized the creation of each
24 redevelopment agency.

25 (o) “Final judicial determination” means a final judicial
26 determination made by any state court that is not appealed, or by
27 a court of appellate jurisdiction that is not further appealed, in an
28 action by any party.

29 (p) *From January 2, 2014, to June 1, 2018, inclusive, “housing*
30 *entity administrative cost allowance” means an amount of up to*
31 *1 percent of the property tax allocated to the Redevelopment*
32 *Obligation Retirement Fund on behalf of the successor agency for*
33 *each applicable fiscal year, but not less than one hundred fifty*
34 *thousand dollars (\$150,000) per fiscal year.*

35 (1) *The housing entity administrative cost allowance shall be*
36 *listed by the successor agency on the Recognized Obligation*
37 *Payment Schedule. Upon approval of the Recognized Obligation*
38 *Payment Schedule by the oversight board and the department, the*
39 *housing entity administrative cost allowance shall be remitted by*
40 *the county auditor-controller on each January 2 and June 1 to the*

1 city, county, or city and county that assumed the housing functions
 2 of the former redevelopment agency pursuant to Section 34176.
 3 To assist the county auditor-controller in this duty, the successor
 4 agency shall notify the county auditor-controller by January 2,
 5 2014, of the identity of the entity that has assumed the housing
 6 functions of the former redevelopment agency.

7 (2) If there are insufficient moneys in the Redevelopment
 8 Obligations Retirement Fund in a given fiscal year to make the
 9 payment authorized by this subdivision, the unfunded amount may
 10 be listed on each subsequent Recognized Obligation Payment
 11 Schedule until it has been paid in full. In these cases the five-year
 12 time limit on the payments shall not apply.

13 SEC. 4. Section 34177 of the Health and Safety Code is
 14 amended to read:

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

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

18 (1) On and after February 1, 2012, and until a Recognized
 19 Obligation Payment Schedule becomes operative, only payments
 20 required pursuant to an enforceable obligations payment schedule
 21 shall be made. The initial enforceable obligation payment schedule
 22 shall be the last schedule adopted by the redevelopment agency
 23 under Section 34169. However, payments associated with
 24 obligations excluded from the definition of enforceable obligations
 25 by paragraph (2) of subdivision (d) of Section 34171 shall be
 26 excluded from the enforceable obligations payment schedule and
 27 be removed from the last schedule adopted by the redevelopment
 28 agency under Section 34169 prior to the successor agency adopting
 29 it as its enforceable obligations payment schedule pursuant to this
 30 subdivision. The enforceable obligation payment schedule may
 31 be amended by the successor agency at any public meeting and
 32 shall be subject to the approval of the oversight board as soon as
 33 the board has sufficient members to form a quorum. In recognition
 34 of the fact that the timing of the California Supreme Court’s ruling
 35 in the case California Redevelopment Association v. Matosantos
 36 (2011) 53 Cal.4th 231 delayed the preparation by successor
 37 agencies and the approval by oversight boards of the January 1,
 38 2012, through June 30, 2012, Recognized Obligation Payment
 39 Schedule, a successor agency may amend the Enforceable
 40 Obligation Payment Schedule to authorize the continued payment

1 of enforceable obligations until the time that the January 1, 2012,
2 through June 30, 2012, Recognized Obligation Payment Schedule
3 has been approved by the oversight board and by the Department
4 of Finance. The successor agency may utilize reasonable estimates
5 and projections to support payment amounts for enforceable
6 obligations if the successor agency submits appropriate supporting
7 documentation of the basis for the estimate or projection to the
8 Department of Finance.

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

16 (3) Commencing on the date the Recognized Obligation Payment
17 Schedule is valid pursuant to subdivision (1), only those payments
18 listed in the Recognized Obligation Payment Schedule may be
19 made by the successor agency from the funds specified in the
20 Recognized Obligation Payment Schedule. In addition, after it
21 becomes valid, the Recognized Obligation Payment Schedule shall
22 supersede the Statement of Indebtedness, which shall no longer
23 be prepared nor have any effect under the Community
24 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

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

9 (e) Dispose of assets and properties of the former redevelopment
10 agency as directed by the oversight board; provided, however, that
11 the oversight board may instead direct the successor agency to
12 transfer ownership of certain assets pursuant to subdivision (a) of
13 Section 34181. The disposal is to be done expeditiously and in a
14 manner aimed at maximizing value. Proceeds from asset sales and
15 related funds that are no longer needed for approved development
16 projects or to otherwise wind down the affairs of the agency, each
17 as determined by the oversight board, shall be transferred to the
18 county auditor-controller for distribution as property tax proceeds
19 under Section 34188. The requirements of this subdivision shall
20 not apply to a successor agency that has been issued a finding of
21 completion by the Department of Finance pursuant to Section
22 34179.7.

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

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

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

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

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

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

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

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

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

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

16 (A) Low and Moderate Income Housing Fund.

17 (B) Bond proceeds.

18 (C) Reserve balances.

19 (D) Administrative cost allowance.

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

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

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

30 (A) A Recognized Obligation Payment Schedule is prepared
31 by the successor agency for the enforceable obligations of the
32 former redevelopment agency. The initial schedule shall project
33 the dates and amounts of scheduled payments for each enforceable
34 obligation for the remainder of the time period during which the
35 redevelopment agency would have been authorized to obligate
36 property tax increment had the a redevelopment agency not been
37 dissolved.

38 (B) The Recognized Obligation Payment Schedule is submitted
39 to and duly approved by the oversight board. The successor agency
40 shall submit a copy of the Recognized Obligation Payment

1 Schedule to the county administrative officer, the county
2 auditor-controller, and the Department of Finance at the same time
3 that the successor agency submits the Recognized Obligation
4 Payment Schedule to the oversight board for approval.

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

9 (3) The Recognized Obligation Payment Schedule shall be
10 forward looking to the next six months. The first Recognized
11 Obligation Payment Schedule shall be submitted to the Controller's
12 office and the Department of Finance by April 15, 2012, for the
13 period of January 1, 2012, to June 30, 2012, inclusive. This
14 Recognized Obligation Payment Schedule shall include all
15 payments made by the former redevelopment agency between
16 January 1, 2012, through January 31, 2012, and shall include all
17 payments proposed to be made by the successor agency from
18 February 1, 2012, through June 30, 2012. Former redevelopment
19 agency enforceable obligation payments due, and reasonable or
20 necessary administrative costs due or incurred, prior to January 1,
21 2012, shall be made from property tax revenues received in the
22 spring of 2011 property tax distribution, and from other revenues
23 and balances transferred to the successor agency.

24 (m) The Recognized Obligation Payment Schedule for the period
25 of January 1, 2013, to June 30, 2013, shall be submitted by the
26 successor agency, after approval by the oversight board, no later
27 than September 1, 2012. Commencing with the Recognized
28 Obligation Payment Schedule covering the period July 1, 2013,
29 through December 31, 2013, successor agencies shall submit an
30 oversight board-approved Recognized Obligation Payment
31 Schedule to the Department of Finance and to the county
32 auditor-controller no fewer than 90 days before the date of property
33 tax distribution. The Department of Finance shall make its
34 determination of the enforceable obligations and the amounts and
35 funding sources of the enforceable obligations no later than 45
36 days after the Recognized Obligation Payment Schedule is
37 submitted. Within five business days of the department's
38 determination, a successor agency may request additional review
39 by the department and an opportunity to meet and confer on
40 disputed items. The meet and confer period may vary; an untimely

1 submittal of a Recognized Obligation Payment Schedule may result
2 in a meet and confer period of less than 30 days. The department
3 shall notify the successor agency and the county auditor-controllers
4 as to the outcome of its review at least 15 days before the date of
5 property tax distribution.

6 (1) The successor agency shall submit a copy of the Recognized
7 Obligation Payment Schedule to the Department of Finance
8 electronically, and the successor agency shall complete the
9 Recognized Obligation Payment Schedule in the manner provided
10 for by the department. A successor agency shall be in
11 noncompliance with this paragraph if it only submits to the
12 department an electronic message or a letter stating that the
13 oversight board has approved a Recognized Obligation Payment
14 Schedule.

15 (2) If a successor agency does not submit a Recognized
16 Obligation Payment Schedule by the deadlines provided in this
17 subdivision, the city, county, or city and county that created the
18 redevelopment agency shall be subject to a civil penalty equal to
19 ten thousand dollars (\$10,000) per day for every day the schedule
20 is not submitted to the department. The civil penalty shall be paid
21 to the county auditor-controller for allocation to the taxing entities
22 under Section 34183. If a successor agency fails to submit a
23 Recognized Obligation Payment Schedule by the deadline, any
24 creditor of the successor agency or the Department of Finance or
25 any affected taxing entity shall have standing to and may request
26 a writ of mandate to require the successor agency to immediately
27 perform this duty. Those actions may be filed only in the County
28 of Sacramento and shall have priority over other civil matters.
29 Additionally, if an agency does not submit a Recognized Obligation
30 Payment Schedule within ten days of the deadline, the maximum
31 administrative cost allowance for that period shall be reduced by
32 25 percent.

33 (3) If a successor agency fails to submit to the department an
34 oversight board-approved Recognized Obligation Payment
35 Schedule that complies with all requirements of this subdivision
36 within five business days of the date upon which the Recognized
37 Obligation Payment Schedule is to be used to determine the amount
38 of property tax allocations, the department may determine if any
39 amount should be withheld by the county auditor-controller for
40 payments for enforceable obligations from distribution to taxing

1 entities, pending approval of a Recognized Obligation Payment
 2 Schedule. The county auditor-controller shall distribute the portion
 3 of any of the sums withheld pursuant to this paragraph to the
 4 affected taxing entities in accordance with paragraph (4) of
 5 subdivision (a) of Section 34183 upon notice by the department
 6 that a portion of the withheld balances are in excess of the amount
 7 of enforceable obligations. The county auditor-controller shall
 8 distribute withheld funds to the successor agency only in
 9 accordance with a Recognized Obligation Payment Schedule
 10 approved by the department. County auditor-controllers shall lack
 11 the authority to withhold any other amounts from the allocations
 12 provided for under Section 34183 or 34188 unless required by a
 13 court order.

14 (4) (A) The Recognized Obligation Payment Schedule payments
 15 required pursuant to this subdivision may be scheduled beyond
 16 the existing Recognized Obligation Payment Schedule cycle upon
 17 a showing that a lender requires cash on hand beyond the
 18 Recognized Obligation Payment Schedule cycle.

19 (B) When a payment is shown to be due during the Recognized
 20 Obligation Payment Schedule period, but an invoice or other billing
 21 document has not yet been received, the successor agency may
 22 utilize reasonable estimates and projections to support payment
 23 amounts for enforceable obligations if the successor agency submits
 24 appropriate supporting documentation of the basis for the estimate
 25 or projection to the department.

26 (C) A Recognized Obligation Payment Schedule may also
 27 include appropriation of moneys from bonds subject to passage
 28 during the Recognized Obligation Payment Schedule cycle when
 29 an enforceable obligation requires the agency to issue the bonds
 30 and use the proceeds to pay for project expenditures.

31 (n) Cause a postaudit of the financial transactions and records
 32 of the successor agency to be made at least annually by a certified
 33 public accountant.

34 ~~SEC. 5. Section 34178 of the Health and Safety Code is~~
 35 ~~amended to read:~~

36 ~~34178. (a) Commencing on the operative date of this part,~~
 37 ~~agreements, contracts, or arrangements between the city or county,~~
 38 ~~or city and county that created the redevelopment agency and the~~
 39 ~~redevelopment agency are invalid and shall not be binding on the~~
 40 ~~successor agency; provided, however, that a successor entity~~

1 ~~wishing to enter or reenter into agreements with the city, county,~~
2 ~~or city and county that formed the redevelopment agency that it~~
3 ~~is succeeding may do so upon obtaining the approval of its~~
4 ~~oversight board. A successor agency or an oversight board shall~~
5 ~~not exercise the powers granted by this subdivision to restore~~
6 ~~funding for an enforceable obligation that was deleted or reduced~~
7 ~~by the Department of Finance pursuant to subdivision (h) of Section~~
8 ~~34179 unless it reflects the decisions made during the meet and~~
9 ~~confer process with the Department of Finance or pursuant to a~~
10 ~~court order.~~

11 ~~(b) Notwithstanding subdivision (a), any of the following~~
12 ~~agreements are not invalid and may bind the successor agency:~~

13 ~~(1) A duly authorized written agreement entered into at the time~~
14 ~~of issuance, but in no event later than December 31, 2010, of~~
15 ~~indebtedness obligations, and solely for the purpose of securing~~
16 ~~or repaying those indebtedness obligations.~~

17 ~~(2) A written agreement between a redevelopment agency and~~
18 ~~the city, county, or city and county that created it that provided~~
19 ~~loans or other startup funds for the redevelopment agency that~~
20 ~~were entered into within two years of the formation of the~~
21 ~~redevelopment agency.~~

22 ~~(3) A joint exercise of powers agreement in which the~~
23 ~~redevelopment agency is a member of the joint powers authority.~~
24 ~~However, upon assignment to the successor agency by operation~~
25 ~~of the act adding this part, the successor agency's rights, duties,~~
26 ~~and performance obligations under that joint exercise of powers~~
27 ~~agreement shall be limited by the constraints imposed on successor~~
28 ~~agencies by the act adding this part.~~

29 ~~(4) An agreement entered into between the redevelopment~~
30 ~~agency and the city, county, or city and county that created the~~
31 ~~redevelopment agency prior to October 1, 2011, if the agreement~~
32 ~~relates to a project identified, in whole or in part, in an infill~~
33 ~~infrastructure grant program disbursement agreement entered into~~
34 ~~by the Department of Housing and Community Development~~
35 ~~pursuant to the Infill Infrastructure Grant Program in accordance~~
36 ~~with Part 12 (commencing with Section 53545.12) of Division 31.~~

37 ~~(5) An agreement entered into between the redevelopment~~
38 ~~agency and the city, county, or city and county that created the~~
39 ~~redevelopment agency prior to October 1, 2011, if the agreement~~
40 ~~relates to state highway infrastructure improvements to which the~~

1 redevelopment agency committed funds pursuant to the provisions
2 of Section 33445.

3 *SEC. 5. Section 34180 of the Health and Safety Code is*
4 *amended to read:*

5 34180. All of the following successor agency actions shall first
6 be approved by the oversight board:

7 (a) The establishment of new repayment terms for outstanding
8 loans where the terms have not been specified prior to the date of
9 this part. An oversight board shall not have the authority to
10 reestablish loan agreements between the successor agency and the
11 city, county, or city and county that formed the redevelopment
12 agency except as provided in Chapter 9 (commencing with Section
13 34191.1).

14 (b) The issuance of bonds or other indebtedness or the pledge
15 or agreement for the pledge of property tax revenues (formerly tax
16 increment prior to the effective date of this part) pursuant to
17 subdivision (a) of Section 34177.5.

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

21 (d) Merging of project areas.

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

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

34 (2) If no other agreement is reached on valuation of the retained
35 assets, the value will be the fair market value as of the 2011
36 property tax lien date as determined by an independent appraiser
37 approved by the oversight board.

38 (g) Establishment of the Recognized Obligation Payment
39 Schedule.

1 (h) A request by the successor agency to enter into an agreement
2 with the city, county, or city and county that formed the
3 redevelopment agency that it is succeeding. An oversight board
4 shall not have the authority to reestablish loan agreements between
5 the successor agency and the city, county, or city and county that
6 formed the redevelopment agency except as provided in Chapter
7 9 (commencing with Section 34191.1). Any actions to reestablish
8 any other agreements that are in furtherance of enforceable
9 obligations, with the city, county, or city and county that formed
10 the redevelopment agency are invalid until they are included in an
11 approved and valid Recognized Obligation Payment Schedule.

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

15 (j) *A successor agency shall provide notice to the oversight
16 board at least 10 days prior to entering into a contract or
17 agreement for the use or disposition of properties pursuant to
18 paragraph (2) of subdivision (c) of Section 34191.5. During the
19 10-day period the oversight board may notify the successor agency
20 that the board intends to conduct a hearing to determine whether
21 the contract or agreement is consistent with the successor agency's
22 long-range property management plan. The board shall hold the
23 hearing and issue findings within 30 days after it so notified the
24 successor agency.*

25 (j)

26 (k) Any document submitted by a successor agency to an
27 oversight board for approval by any provision of this part shall
28 also be submitted to the county administrative officer, the county
29 auditor-controller, and the Department of Finance at the same time
30 that the successor agency submits the document to the oversight
31 board.

32 *SEC. 6. Section 34183 of the Health and Safety Code is*
33 *amended to read:*

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

1 (1) Subject to any prior deductions required by subdivision (b),
2 first, the county auditor-controller shall remit from the
3 Redevelopment Property Tax Trust Fund to each local agency and
4 school entity an amount of property tax revenues in an amount
5 equal to that which would have been received under Section 33401,
6 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections
7 read on January 1, 2011, or pursuant to any passthrough agreement
8 between a redevelopment agency and a taxing entity that was
9 entered into prior to January 1, 1994, that would be in force during
10 that fiscal year, had the redevelopment agency existed at that time.
11 The amount of the payments made pursuant to this paragraph shall
12 be calculated solely on the basis of passthrough payment
13 obligations, existing prior to the effective date of this part and
14 continuing as obligations of successor entities, shall occur no later
15 than May 16, 2012, and no later than June 1, 2012, and each
16 January 2 and June 1 thereafter. Notwithstanding subdivision (e)
17 of Section 33670, that portion of the taxes in excess of the amount
18 identified in subdivision (a) of Section 33670, which are
19 attributable to a tax rate levied by a taxing entity for the purpose
20 of producing revenues in an amount sufficient to make annual
21 repayments of the principal of, and the interest on, any bonded
22 indebtedness for the acquisition or improvement of real property
23 shall be allocated to, and when collected shall be paid into, the
24 fund of that taxing entity. The amount of passthrough payments
25 computed pursuant to this section, including any passthrough
26 agreements, shall be computed as though the requirement to set
27 aside funds for the Low and Moderate Income Housing Fund was
28 still in effect.

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

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

36 (B) Payments scheduled to be made on revenue bonds, but only
37 to the extent the revenues pledged for them are insufficient to make
38 the payments and only if the agency's tax increment revenues were
39 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 (3) Third, on June 1, 2012, and each January 2 and June 1
5 thereafter, to each successor agency for the administrative cost
6 allowance, as defined in Section 34171, for administrative costs
7 set forth in an approved administrative budget for those payments
8 required to be paid from former tax increment revenues.

9 (4) *Fourth, on January 2, 2014, and each January 2 and June*
10 *1 thereafter until June 1, 2018, for the housing entity administrative*
11 *cost allowance payable to the city, county, or city and county that*
12 *has assumed the housing duties of the former redevelopment*
13 *agency pursuant to Section 34176.*

14 ~~(4) Fourth,~~

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

20 (b) If the successor agency reports, no later than April 1, 2012,
21 and May 1, 2012, and each December 1 and May 1 thereafter, to
22 the county auditor-controller that the total amount available to the
23 successor agency from the Redevelopment Property Tax Trust
24 Fund allocation to that successor agency's Redevelopment
25 Obligation Retirement Fund, from other funds transferred from
26 each redevelopment agency, and from funds that have or will
27 become available through asset sales and all redevelopment
28 operations, are insufficient to fund the payments required by
29 paragraphs (1) to ~~(3)~~, (4), inclusive, of subdivision (a) in the next
30 six-month fiscal period, the county auditor-controller shall notify
31 the Controller and the Department of Finance no later than 10 days
32 from the date of that notification. The county auditor-controller
33 shall verify whether the successor agency will have sufficient funds
34 from which to service debts according to the Recognized
35 Obligation Payment Schedule and shall report the findings to the
36 Controller. If the Controller concurs that there are insufficient
37 funds to pay required debt service, the amount of the deficiency
38 shall be deducted first from the amount remaining to be distributed
39 to taxing entities pursuant to paragraph ~~(4)~~, (5), and if that amount
40 is exhausted, from amounts available for distribution for

1 administrative costs in ~~paragraph~~ *paragraphs (3) and (4), with*
2 *those amounts in paragraph (3) to be exhausted first.* If an agency,
3 pursuant to the provisions of Section 33492.15, 33492.72, 33607.5,
4 33671.5, 33681.15, or 33688 or as expressly provided in a
5 passthrough agreement entered into pursuant to Section 33401,
6 made passthrough payment obligations subordinate to debt service
7 payments required for enforceable obligations, funds for servicing
8 bond debt may be deducted from the amounts for passthrough
9 payments under paragraph (1), as provided in those sections, but
10 only to the extent that the amounts remaining to be distributed to
11 taxing entities pursuant to ~~paragraph (4)~~ (5) and the amounts
12 available for distribution for administrative costs in ~~paragraph~~
13 *paragraphs (3) and (4)* have all been exhausted.

14 (c) The county treasurer may loan any funds from the county
15 treasury to the Redevelopment Property Tax Trust Fund of the
16 successor agency for the purpose of paying an item approved on
17 the Recognized Obligation Payment Schedule at the request of the
18 Department of Finance that are necessary to ensure prompt
19 payments of redevelopment agency debts. An enforceable
20 obligation is created for repayment of those loans.

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

30 (e) Within 10 days of each distribution of property tax, the
31 county auditor-controller shall provide a report to the department
32 regarding the distribution for each successor agency that includes
33 information on the total available for allocation, the passthrough
34 amounts and how they were calculated, the amounts distributed
35 to successor agencies, and the amounts distributed to taxing entities
36 in a manner and form specified by the department. This reporting
37 requirement shall also apply to distributions required under
38 subdivision (b) of Section 34183.5.

1 ~~SEC. 6.~~

2 *SEC. 7.* Section 34191.4 of the Health and Safety Code is
3 amended to read:

4 34191.4. The following provisions shall apply to any successor
5 agency that has been issued a finding of completion by the
6 Department of Finance:

7 (a) All real property and interests in real property identified in
8 subparagraph (C) of paragraph (5) of subdivision (c) of Section
9 34179.5 shall be transferred to the Community Redevelopment
10 Property Trust Fund of the successor agency upon approval by the
11 Department of Finance of the long-range property management
12 plan submitted by the successor agency pursuant to subdivision
13 (b) of Section 34191.7 unless that property is subject to the
14 requirements of any existing enforceable obligation.

15 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon
16 application by the successor agency and approval by the oversight
17 board, loan agreements entered into between the redevelopment
18 agency and the city, county, or city and county that created ~~by~~ the
19 redevelopment agency shall be deemed to be enforceable
20 obligations provided that the oversight board makes a finding that
21 the loan was for legitimate redevelopment purposes.

22 (2) If the oversight board finds that the loan is an enforceable
23 obligation, the accumulated interest on the remaining principal
24 amount of the loan shall be recalculated from origination at the
25 interest rate earned by funds deposited into the Local Agency
26 Investment Fund. The loan shall be repaid to the city, county, or
27 city and county in accordance with a defined schedule over a
28 reasonable term of years at an interest rate not to exceed the interest
29 rate earned by funds deposited into the Local Agency Investment
30 Fund. The annual loan repayments provided for in the recognized
31 obligations payment schedules shall be subject to all of the
32 following limitations:

33 (A) Loan repayments shall not be made prior to the 2013–14
34 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
35 repayment amount authorized each fiscal year for repayments
36 made pursuant to this subdivision and paragraph (7) of subdivision
37 (e) of Section 34176 combined shall be equal to one-half of the
38 increase between the amount distributed to the taxing entities
39 pursuant to paragraph ~~(4)~~ (5) of subdivision (a) of Section 34183
40 in that fiscal year and the amount distributed to taxing entities

1 pursuant to that paragraph in the 2012–13 base year, *provided*,
2 *however, that calculation of the amount distributed to taxing*
3 *entities during the 2012–13 base year shall not include any*
4 *amounts distributed to taxing entities pursuant to the due diligence*
5 *review process established in Sections 34179.5 to 34179.8,*
6 *inclusive.* Loan or deferral repayments made pursuant to this
7 subdivision shall be second in priority to amounts to be repaid
8 pursuant to paragraph (7) of subdivision (e) of Section 34176.

9 (B) Repayments received by the city, county, or city and county
10 that formed the redevelopment agency shall first be used to retire
11 any outstanding amounts borrowed and owed to the Low and
12 Moderate Income Housing Fund of the former redevelopment
13 agency for purposes of the Supplemental Educational Revenue
14 Augmentation Fund and shall be distributed to the Low and
15 Moderate Income Housing Asset Fund established by subdivision
16 (d) of Section 34176.

17 (C) Twenty percent of any loan repayment shall be deducted
18 from the loan repayment amount and shall be transferred to the
19 Low and Moderate Income Housing Asset Fund, after all
20 outstanding loans from the Low and Moderate Income Housing
21 Fund for purposes of the Supplemental Educational Revenue
22 Augmentation Fund have been paid.

23 ~~(D) The loan repayment schedule shall not include amounts~~
24 ~~paid back pursuant to the due diligence review process during the~~
25 ~~2012–13 base year.~~

26 (c) (1) Bond proceeds derived from bonds issued on or before
27 December 31, 2010, shall be used for the purposes for which the
28 bonds were sold.

29 (2) (A) Notwithstanding Section 34177.3 or any other
30 conflicting provision of law, bond proceeds in excess of the
31 amounts needed to satisfy approved enforceable obligations shall
32 thereafter be expended in a manner consistent with the original
33 bond covenants. Enforceable obligations may be satisfied by the
34 creation of reserves for projects that are the subject of the
35 enforceable obligation and that are consistent with the contractual
36 obligations for those projects, or by expending funds to complete
37 the projects. An expenditure made pursuant to this paragraph shall
38 constitute the creation of excess bond proceeds obligations to be
39 paid from the excess proceeds. Excess bond proceeds obligations

1 shall be listed separately on the Recognized Obligation Payment
2 Schedule submitted by the successor agency.

3 (B) If remaining bond proceeds cannot be spent in a manner
4 consistent with the bond covenants pursuant to subparagraph (A),
5 the proceeds shall be used to defease the bonds or to purchase
6 those same outstanding bonds on the open market for cancellation.

7 ~~SEC. 7.~~

8 *SEC. 8.* Section 34191.5 of the Health and Safety Code is
9 amended to read:

10 34191.5. (a) There is hereby established a Community
11 Redevelopment Property Trust Fund, administered by the successor
12 agency, to serve as the repository of the former redevelopment
13 agency's real properties identified in subparagraph (C) of paragraph
14 (5) of subdivision (c) of Section 34179.5.

15 (b) The successor agency shall prepare a long-range property
16 management plan that addresses the disposition and use of the real
17 properties of the former redevelopment agency. The report shall
18 be submitted to the oversight board and the Department of Finance
19 for approval no later than six months following the issuance to the
20 successor agency of the finding of completion.

21 (c) The long-range property management plan shall do all of
22 the following:

23 (1) Include an inventory of all properties in the trust. The
24 inventory shall consist of all of the following information:

25 (A) The date of the acquisition of the property and the value of
26 the property at that time, and an estimate of the current value of
27 the property.

28 (B) The purpose for which the property was acquired.

29 (C) Parcel data, including address, lot size, and current zoning
30 in the former agency redevelopment plan or specific, community,
31 or general plan.

32 (D) An estimate of the current value of the parcel including, if
33 available, any appraisal information.

34 (E) An estimate of any lease, rental, or any other revenues
35 generated by the property, and a description of the contractual
36 requirements for the disposition of those funds.

37 (F) The history of environmental contamination, including
38 designation as a brownfield site, any related environmental studies,
39 and history of any remediation efforts.

1 (G) A description of the property’s potential for transit-oriented
 2 development and the advancement of the planning objectives of
 3 the successor agency.

4 (H) A brief history of previous development proposals and
 5 activity, including the rental or lease of property.

6 (2) Address the use or disposition of all of the properties in the
 7 trust. Permissible uses include the retention of the property for
 8 governmental use pursuant to subdivision (a) of Section 34181,
 9 the retention of the property for future development, the sale of
 10 the property, or the use of the property to fulfill an enforceable
 11 obligation. The plan shall separately identify and list properties in
 12 the trust dedicated to governmental use purposes and properties
 13 retained for purposes of fulfilling an enforceable obligation. With
 14 respect to the use or disposition of all other properties, all of the
 15 following shall apply:

16 (A) (i) If the plan directs the use or liquidation of the property
 17 for a project identified in an approved redevelopment plan, the
 18 property shall transfer to the city, county, or city and county.

19 (ii) For purposes of this subparagraph, the term “identified in
 20 an approved redevelopment plan” includes properties listed in a
 21 community ~~plan, plan or a five-year implementation plan, or other~~
 22 ~~similar document~~ *plan*.

23 (B) If the plan directs the liquidation of the property or the use
 24 of revenues generated from the property, such as lease or parking
 25 revenues, for any purpose other than to fulfill an enforceable
 26 obligation or other than that specified in subparagraph (A), the
 27 proceeds from the sale shall be distributed as property tax to the
 28 taxing entities.

29 (C) Property shall not be transferred to a successor agency, city,
 30 county, or city and county, unless the long-range property
 31 management plan has been approved by the oversight board and
 32 the Department of Finance.

33 *SEC. 9. No reimbursement is required by this act pursuant to*
 34 *Section 6 of Article XIII B of the California Constitution because*
 35 *this act provides for offsetting savings to local agencies or school*
 36 *districts that result in no net costs to the local agencies or school*
 37 *districts, within the meaning of Section 17556 of the Government*
 38 *Code.*

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