

AMENDED IN SENATE AUGUST 18, 2014

AMENDED IN ASSEMBLY APRIL 7, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2280

Introduced by Assembly Member Alejo
(Principal coauthors: Assembly Members Atkins and Mullin)
(Coauthors: Assembly Members Brown, Ian Calderon, Dickinson,
Holden, Perea, V. Manuel Pérez, Stone, Ting, and Williams)
(Coauthor: Senator Correa)

February 21, 2014

An act to add Part 1.87 (commencing with Section 34191.50) to Division 24 of the Health and Safety Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 2280, as amended, Alejo. Community Revitalization and Investment Authorities.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined by means of redevelopment projects financed by the issuance of bonds serviced by tax increment revenues derived from the project area. 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 agencies and to fulfill the enforceable obligations of those agencies.

Existing law also provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain local agencies, to form a community revitalization authority (authority) within a community revitalization and investment area, as defined to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues, and would require the authority to adopt a community revitalization plan for the community revitalization and investment area that includes elements describing and governing revitalization activities. The bill would also provide for periodic audits of the authority with respect to affordable housing, conducted as provided by the Controller, and for annual public reports by the authority as well as periodic proceedings for the consideration of public protests.

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

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

1 SECTION 1. (a) Certain areas of the state are generally
2 characterized by buildings in which it is unsafe or unhealthy for
3 persons to live or work, conditions that make the viable use of
4 buildings or lots difficult, high business vacancies and lack of
5 employment opportunities, and inadequate public improvements,
6 water, or sewer utilities. It is the intent of the Legislature to create
7 a planning and financing tool to support the revitalization of these
8 communities.

9 (b) It is in the interest of the state to support the economic
10 revitalization of these communities through tax increment
11 financing.

12 (c) It is the intent of the Legislature to authorize the creation of
13 Community Revitalization and Investment Authorities to invest
14 tax increment revenue to relieve conditions of unemployment,
15 reduce high crime rates, repair deteriorated or inadequate
16 infrastructure, promote affordable housing, and improve conditions
17 leading to increased employment opportunities.

1 SEC. 2. Part 1.87 (commencing with Section 34191.50) is
2 added to Division 24 of the Health and Safety Code, to read:

3
4 PART 1.87. COMMUNITY REVITALIZATION AND
5 INVESTMENT AUTHORITIES
6

7 34191.50. As used in this part, the following terms have the
8 following meanings:

9 (a) “Authority” means the Community Revitalization and
10 Investment Authority created pursuant to this part.

11 (b) “Plan” means a community revitalization plan.

12 34191.51. (a) A community revitalization and investment
13 authority is a public body, corporate and politic, with jurisdiction
14 to carry out a community revitalization plan within a community
15 revitalization and investment area. The authority shall be deemed
16 to be an “agency” as defined in Section 33003 for purposes of
17 receiving tax increment revenues pursuant to Article XVI of
18 Section 16 of the California Constitution. The authority shall have
19 only those powers and duties specifically set forth in Section
20 34191.53.

21 (b) (1) An authority may be created in one of the following
22 ways:

23 (A) A city, county, or city and county may adopt a resolution
24 creating an authority. The composition of the governing board
25 shall be comprised as set forth in subdivision (c).

26 (B) A city, county, city and county, and special district, as
27 special district is defined in subdivision (m) of Section 95 of the
28 Revenue and Taxation Code, or any combination thereof, may
29 create an authority by entering into a joint powers agreement
30 pursuant to Chapter 5 (commencing with Section 6500) of Division
31 7 of Title 1 of the Government Code.

32 (2) (A) A school entity, as defined in subdivision (f) of Section
33 95 of the Revenue and Taxation Code, may not participate in an
34 authority created pursuant to this part.

35 (B) A successor agency, as defined in subdivision (j) of Section
36 34171, may not participate in an authority created pursuant to this
37 part, and an entity created pursuant to this part shall not receive
38 any portion of the property tax revenues or other moneys
39 distributed pursuant to Section 34188.

1 (3) ~~An authority formed by a city or county that created a~~
2 redevelopment agency that was dissolved pursuant to Part 1.85
3 (commencing with Section 34170) of Division 24 shall not ~~form~~
4 ~~an authority under this section unless~~ *become effective until* the
5 successor agency or designated local authority for the former
6 redevelopment agency has ~~received~~ *adopted findings of fact stating*
7 *all of the following:*

8 (A) *The agency has received a finding of completion from the*
9 Department of Finance pursuant to Section 34179.7.

10 (B) *No former redevelopment agency assets which are the*
11 *subject of litigation against the state, where the city or county or*
12 *its successor agency or designated local authority are a named*
13 *plaintiff, have been or will be used to benefit any efforts of an*
14 *authority formed under this part unless the litigation, has been*
15 *resolved by entry of a final judgment by any court of competent*
16 *jurisdiction and any appeals have been exhausted.*

17 (C) *The agency has complied with all orders of the State*
18 *Controller pursuant to Section 34167.5.*

19 (c) (1) The governing board of an authority created pursuant
20 to subparagraph (A) of paragraph (1) of subdivision (b) shall be
21 appointed by the legislative body of the city, county, or city and
22 county that created the authority and shall include three members
23 of the legislative body of the city, county, or city and county that
24 created the authority and two public members. The appointment
25 of the two public members shall be subject to the provisions of
26 Section 54974 of the Government Code. The two public members
27 shall live or work within the community revitalization and
28 investment area.

29 (2) The governing body of the authority created pursuant to
30 subparagraph (B) of paragraph (1) of subdivision (b) shall be
31 comprised of a majority of members from the legislative bodies
32 of the public agencies that created the authority and a minimum
33 of two public members who live or work within the community
34 revitalization and investment area. The majority of the board shall
35 appoint the public members to the governing body. The
36 appointment of the public members shall be subject to the
37 provisions of Section 54974 of the Government Code.

38 (d) An authority may carry out a community revitalization plan
39 within a community revitalization and investment area. Not less
40 than 80 percent of the land calculated by census tracts, or census

1 block groups, as defined by the United States Census Bureau,
2 within the area shall be characterized by both of the following
3 conditions:

4 (1) An annual median household income that is less than 80
5 percent of the statewide annual median income.

6 (2) Three of the following four conditions:

7 (A) Nonseasonal unemployment that is at least 3 percent higher
8 than statewide median unemployment, as defined by the report on
9 labor market information published by the Employment
10 Development Department in January of the year in which the
11 community revitalization plan is prepared.

12 (B) Crime rates that are 5 percent higher than the statewide
13 median crime rate, as defined by the most recent annual report of
14 the Criminal Justice Statistics Center within the Department of
15 Justice, when data is available on the California Attorney General's
16 Internet Web site.

17 (C) Deteriorated or inadequate infrastructure such as streets,
18 sidewalks, water supply, sewer treatment or processing, and parks.

19 (D) Deteriorated commercial or residential structures.

20 (e) As an alternative to subdivision (d), an authority may also
21 carry out a community revitalization plan within a community
22 revitalization and investment area established within a former
23 military base that is principally characterized by deteriorated or
24 inadequate infrastructure and structures. Notwithstanding
25 subdivision (c), the governing board of an authority established
26 within a former military base shall include a member of the military
27 base closure commission as a public member.

28 (f) The conditions described in subdivisions (d) and (e) shall
29 constitute blight within the meaning of the Community
30 Redevelopment Law. The authority shall not be required to make
31 a finding of blight or conduct a survey of blight within the area.

32 (g) An authority created pursuant to this part shall be a local
33 public agency subject to the Ralph M. Brown Act (Chapter 9
34 commencing with Section 54950) of Part 1 of Division 2 of Title
35 5 of the Government Code), the California Public Records Act
36 (Chapter 3.5 (commencing with Section 6250) of Division 7 of
37 Title 1 of the Government Code), and the Political Reform Act of
38 1974 (Title 9 (commencing with Section 81000) of the Government
39 Code).

1 (h) (1) At any time after the authority is authorized to transact
2 business and exercise its powers, the legislative body or bodies of
3 the local government or governments that created the authority
4 may appropriate the amounts the legislative body or bodies deem
5 necessary for the administrative expenses and overhead of the
6 authority.

7 (2) The money appropriated may be paid to the authority as a
8 grant to defray the expenses and overhead, or as a loan to be repaid
9 upon the terms and conditions as the legislative body may provide.
10 If appropriated as a loan, the property owners within the plan area
11 shall be made third-party beneficiaries of the repayment of the
12 loan. In addition to the common understanding and usual
13 interpretation of the term, “administrative expense” includes, but
14 is not limited to, expenses of planning and dissemination of
15 information.

16 34191.53. An authority may do all of the following:

17 (a) Provide funding to rehabilitate, repair, upgrade, or construct
18 infrastructure.

19 (b) Provide for low- and moderate-income housing.

20 (c) Remedy or remove a release of hazardous substances
21 pursuant to the Polanco Redevelopment Act (Article 12.5
22 commencing with Section 33459) of Part 1 of Chapter 4 of
23 Division 24).

24 (d) Provide for seismic retrofits of existing buildings pursuant
25 to Section 33420.1.

26 (e) Acquire and transfer real property in accordance with
27 paragraph (4) of subdivision (a) of Section 33333.2, Article 7
28 (commencing with Section 33390) of Part 1 of Division 24, and
29 Sections 33340, 33349, 33350, 33435, 33436, 33437, 33437.5,
30 33438, 33439, 33440, 33442, 33443, 33444, 33444.5, 33444.6,
31 and 33445.

32 The authority shall retain controls and establish restrictions or
33 covenants running with the land sold or leased for private use for
34 such periods of time and under such conditions as are provided in
35 the plan. The establishment of such controls is a public purpose
36 under the provisions of this part.

37 (f) Issue bonds pursuant to Article 5 (commencing with Section
38 33640) of Chapter 6 of Part 1 of Division 24.

39 (g) Borrow money, receive grants, or accept financial or other
40 assistance or investment from the state or the federal government

1 or any other public agency or private lending institution for any
2 project or within its area of operation, and may comply with any
3 conditions of the loan or grant. An authority may qualify for
4 funding as a disadvantaged community as determined by the
5 California Environmental Protection Agency pursuant to Section
6 79505.5 of the Water Code or as defined by Section 56033.5 of
7 the Government Code. An authority may also enter into an
8 agreement with a qualified community development entity, as
9 defined by Section 45D(c) of the Internal Revenue Code, to
10 coordinate investments of funds derived from the New Markets
11 Tax Credit with those of the authority in instances where
12 coordination offers opportunities for greater efficiency of
13 investments to improve conditions described in subdivisions (d)
14 and (e) within the territorial jurisdiction of the authority.

15 (h) Adopt a community revitalization and investment plan
16 pursuant to Section 34191.55.

17 (i) Make loans or grants for owners or tenants to improve,
18 rehabilitate, or retrofit buildings or structures within the plan area.

19 (j) Except as specified in Section 33426.5, provide direct
20 assistance to businesses within the plan area in connection with
21 new or existing facilities for industrial or manufacturing uses.

22 34191.55. An authority shall adopt a community revitalization
23 and investment plan that may include a provision for the receipt
24 of tax increment funds generated within the area according to
25 Section 33670, provided the plan includes each of the following
26 elements:

27 (a) A statement of the principal goals and objectives of the plan.

28 (b) A description of the deteriorated or inadequate infrastructure
29 within the area and a program for construction of adequate
30 infrastructure or repair or upgrading of existing infrastructure.

31 (c) A program that complies with Sections 33334.2 and all other
32 housing-related provisions of the Community Redevelopment Law
33 (Part 1 (commencing with Section 33300) of Division 24). An
34 authority that includes a provision for the receipt of tax increment
35 revenues pursuant to Section 33670 in its Community
36 Revitalization and Investment Plan shall dedicate at least 25 percent
37 of allocated tax increment revenues for affordable housing
38 purposes. If the authority makes a finding that combining funding
39 received under this program with other funding for the same
40 purpose shall reduce administrative costs or expedite the

1 construction of affordable housing, then an authority may transfer
2 funding from the program to the housing authority within the
3 territorial jurisdiction of the local jurisdiction that created the
4 authority or to the entity that received the housing assets of the
5 former redevelopment agency pursuant to Section 34176; however,
6 Section 34176.1 shall not apply to funds transferred. Funding shall
7 be spent within the project area in which the funds were generated.
8 Any recipient of funds transferred pursuant to this subdivision
9 shall comply with all applicable provisions of the Community
10 Redevelopment Law.

11 (d) A program to remedy or remove a release of hazardous
12 substances, if applicable.

13 (e) A program to provide funding for or otherwise facilitate the
14 economic revitalization of the area.

15 (f) A fiscal analysis setting forth the projected receipt of revenue
16 and projected expenses over a five-year planning ~~horizon~~: *horizon,*
17 *including the potential issuance of bonds backed by tax increment*
18 *during the term of the plan.*

19 (g) The time limits imposed by Section 33333.2.

20 (h) A program that does both of the following:

21 (1) Prohibits the number of housing units occupied by extremely
22 low, very low, and low-income households, including the number
23 of bedrooms in those units, at the time the plan is adopted, from
24 being reduced in the plan area during the effective period of the
25 plan.

26 (2) Requires the replacement of dwelling units that house
27 extremely low, very low, or low-income households pursuant to
28 subdivision (a) of Section 33413 within two years of their
29 displacement.

30 34191.57. (a) The authority shall consider adoption of the plan
31 at ~~two~~ *three* public hearings that shall take place at least 30 days
32 apart. At the first public hearing, the authority shall hear all written
33 and oral comments but take no action. At the second public hearing,
34 the authority shall consider all written and oral comments and take
35 action to ~~modify, adopt,~~ *modify* or reject the plan. *If the plan is not*
36 *rejected at the second public hearing, then the authority shall*
37 *conduct a protest proceeding at the third public hearing to consider*
38 *whether the property owners and residents within the plan area*
39 *wish to present oral or written protests against the creation of the*
40 *authority.*

1 (b) The draft plan shall be made available to the public and to
2 each property owner within the area at a meeting held at least 30
3 days prior to the notice given for the first public hearing. The
4 purposes of the meeting shall be to allow the staff of the authority
5 to present the draft plan, answer questions about the plan, and
6 consider comments about the plan.

7 (c) (1) Notice of the first public hearing shall be given by
8 publication not less than once a week for four successive weeks
9 in a newspaper of general circulation published in the county in
10 which the area lies and shall be mailed to each property owner
11 within the proposed area of the plan. Notice of the second public
12 hearing shall be given by publication not less than 10 days prior
13 to the date of the second public hearing in a newspaper of general
14 circulation published in the county in which the area lies and shall
15 be mailed to each property owner within the proposed area of the
16 plan. The notice shall do all of the following, *as applicable*:

17 (A) Describe specifically the boundaries of the proposed area.

18 (B) Describe the purpose of the plan.

19 (C) State the day, hour, and place when and where any and all
20 persons having any comments on the proposed plan may appear
21 to provide written or oral comments to the authority.

22 (D) Notice of second public hearing shall include a summary
23 of the changes made to the plan as a result of the oral and written
24 testimony received at or before the public hearing and shall identify
25 a location accessible to the public where the plan to be presented
26 at the second public hearing can be reviewed.

27 (E) *Notice of the third public hearing to consider any written
28 or oral protests shall contain a copy of the final plan adopted
29 pursuant to subdivision (a), and shall inform the property owner
30 and resident of his or her right to submit an oral or written protest
31 before the close of the public hearing. The protest may state that
32 the property owner or resident objects to the authority taking
33 action to implement the plan.*

34 (i) *At the third public hearing, the authority shall consider all
35 written and oral protests received prior to the close of the public
36 hearing. If there is a majority protest, the authority shall call an
37 election of the property owners and residents in the area covered
38 by the plan. A majority protest exists if protests have been filed
39 representing over 50 percent of the combined number of property
40 owners and residents in the area who are at least 18 years of age.*

1 (ii) An election required pursuant to clause (i) shall be held
 2 within 90 days of the public hearing and may be held by mail-in
 3 ballot. The authority shall adopt, at a duly noticed public hearing,
 4 procedures for this election.

5 (iii) If a majority of the property owners and residents vote
 6 against the plan, then the authority shall not take any further action
 7 to implement the proposed plan. The authority shall not propose
 8 a new or revised plan to the affected property owners and residents
 9 for at least one year following the date of an election in which the
 10 plan was rejected.

11 (2) The authority may provide notice of the public hearings to
 12 tenants of properties within the proposed area of the plan in a
 13 manner of its choosing.

14 (d) At the hour set in the notice required by subdivision (a), the
 15 authority shall consider all written and oral comments.

16 (e) ~~The~~ If a majority protest does not exist, the authority may
 17 adopt the plan at the conclusion of the ~~second~~ third public hearing
 18 by ordinance. The ordinance adopting the plan shall be subject to
 19 referendum as prescribed by ~~law for the ordinances of the local~~
 20 ~~jurisdiction that created the authority.~~ law.

21 (f) ~~The~~ For the purposes of Section 33670, the redevelopment
 22 plan referred to in Section 33670 shall be the plan adopted pursuant
 23 to this section.

24 (g) The authority shall consider and adopt an amendment or
 25 amendments to a plan in accordance with the provisions of this
 26 section.

27 34191.59. (a) The plan adopted pursuant to Section 34191.57
 28 may include a provision for the receipt of tax increment funds
 29 according to Section 33670 in accordance with this section.

30 (b) The plan shall limit the taxes that are allocated to the
 31 authority to those defined in Section 33670 collected for the benefit
 32 of the taxing agencies that have adopted a resolution pursuant to
 33 subdivision (d).

34 (c) The provision for the receipt of tax increment funds shall
 35 become effective in the tax year that begins after the December 1
 36 first following the adoption of the plan.

37 (d) At any time prior to or after adoption of the plan, any city,
 38 county, or special district, other than a school entity as defined in
 39 subdivision (n) of Section 95 of the Revenue and Taxation Code
 40 or a successor agency as defined in subdivision (j) of Section

1 34171, that receives ad valorem property taxes from property
2 located within an area may adopt a resolution directing the county
3 auditor-controller to allocate its share of tax increment funds within
4 the area covered by the plan according to Section 33670 to the
5 authority. The resolution adopted pursuant to this subdivision may
6 direct the county auditor-controller to allocate less than the full
7 amount of the tax increment, establish a maximum amount of time
8 in years that the allocation takes place, or limit the use of the funds
9 by the authority for specific purposes or programs. A resolution
10 adopted pursuant to this subdivision may be repealed and be of no
11 further effect by giving the county auditor-controller 60 days'
12 notice; provided, however, that the county auditor-controller shall
13 continue to allocate to the authority the taxing entity's share of ad
14 valorem property taxes that have been pledged to the repayment
15 of debt issued by the authority until the debt has been fully repaid.
16 Prior to adopting a resolution pursuant to this subdivision a city,
17 county, or special district shall approve a memorandum of
18 understanding with the authority governing the authority's use of
19 tax increment funds for administrative and overhead expenses
20 pursuant to subdivision (h) of Section 34191.51.

21 (e) Upon adoption of a plan that includes a provision for the
22 receipt of tax increment funds according to Section 33670, the
23 county auditor-controller shall allocate tax increment revenue to
24 the authority as follows:

25 (1) If the authority was formed pursuant to subparagraph (A)
26 of paragraph (1) of subdivision (b) of Section 34191.51, the
27 authority shall be allocated each year specified in the plan that
28 portion of the taxes levied for each city, county, city and county,
29 and special district that has adopted a resolution pursuant to
30 subdivision (d), in excess of the amount specified in subdivision
31 (a) of Section 33670.

32 (2) If the authority was formed pursuant to subparagraph (B)
33 of paragraph (1) of subdivision (b) of Section 34191.51, the
34 authority shall be allocated each year specified in the plan that
35 portion of the taxes levied for each jurisdiction as provided in the
36 joint powers agreement in excess of the amount specified in
37 subdivision (a) of Section 33670.

38 (f) If an area includes, in whole or in part, land formerly or
39 currently designated as a part of a redevelopment project area, as
40 defined in Section 33320.1, any plan adopted pursuant to this part

1 that includes a provision for the receipt of tax increment revenues
2 according to Section 33670 shall include a provision that tax
3 increment amounts collected and received by an authority are
4 subject and subordinate to any preexisting enforceable obligation
5 as that term is defined by Section 34171.

6 34191.61. (a) The authority shall review the plan at least
7 annually and make any amendments that are necessary and
8 appropriate in accordance with the procedures set forth in Section
9 34191.57, and shall require the preparation of an annual
10 independent financial audit paid for from revenues of the authority.

11 (b) An authority shall adopt an annual report on or before June
12 30 of each year after holding a public hearing. Written copies of
13 the draft report shall be made available to the public 30 days prior
14 to the public hearing. The authority shall cause the draft report to
15 be posted in an easily identifiable and accessible location on the
16 authority's Internet Web site and shall mail a written notice of the
17 availability of the draft report on the Internet Web site to each
18 owner of land and each resident within the area covered by the
19 plan and to each taxing entity that has adopted a resolution pursuant
20 to subdivision (d) of Section 34191.59. The notice shall be mailed
21 by first-class mail, but may be addressed to "occupant."

22 (c) The annual report shall contain all of the following:

23 (1) A description of the projects undertaken in the fiscal year
24 and a comparison of the progress expected to be made on those
25 projects compared to the actual progress.

26 (2) A chart comparing the actual revenues and expenses,
27 including administrative costs, of the authority to the budgeted
28 revenues and expenses.

29 (3) The amount of tax increment revenues received.

30 (4) The amount of revenues received for low- and
31 moderate-income housing.

32 (5) The amount of revenues expended for low- and
33 moderate-income housing.

34 (6) An assessment of the status regarding completion of the
35 authority's projects.

36 (7) The amount of revenues expended to assist private
37 businesses.

38 (d) If the authority fails to provide the annual report required
39 by subdivision (a), the authority shall not spend any funds received

1 pursuant to a resolution adopted pursuant to subdivision (d) of
2 Section 34191.59.

3 (e) Every 10 years, at the public hearing held pursuant to
4 subdivision (b), the authority shall conduct a protest proceeding
5 to consider whether the property owners and residents within the
6 plan area wish to present oral or written protests against the
7 authority. Notice of this protest proceeding shall be included in
8 the written notice of the hearing on the annual report and shall
9 inform the property owner and resident of his or her right to submit
10 an oral or written protest before the close of the public hearing.
11 The protest may state that the property owner or resident objects
12 to the authority taking action to implement the plan on and after
13 the date of the election described in subdivision (f). The authority
14 shall consider all written and oral protests received prior to the
15 close of the public hearing.

16 (f) If there is a majority protest, the authority shall call an
17 election of the property owners and residents in the area covered
18 by the plan, and shall not initiate or authorize any new projects
19 until the election is held. A majority protest exists if protests have
20 been filed representing over 50 percent of the combined number
21 of property owners and residents, at least 18 years of age or older,
22 in the area.

23 (g) An election required pursuant to subdivision (f) shall be held
24 within 90 days of the public hearing and may be held by mail-in
25 ballot. The authority shall adopt, at a duly noticed public hearing,
26 procedures for holding this election.

27 (h) If a majority of the property owners and residents vote
28 against the authority, then the authority shall not take any further
29 action to implement the plan on and after the date of the election
30 held pursuant to subdivision (e). This section shall not prevent the
31 authority from taking any and all actions and appropriating and
32 expending funds, including, but not limited to, any and all
33 payments on bonded or contractual indebtedness, to carry out and
34 complete projects for which expenditures of any kind had been
35 made prior to the date of the election.

36 34191.63. (a) Every five years, *beginning in the calendar year*
37 *in which the authority has allocated a cumulative total of more*
38 *than one million dollars (\$1,000,000) in tax increment revenues,*
39 *including any proceeds of a debt issuance, for the purposes of*
40 *subdivision (c) or Section 34191.55, the authority shall contract*

1 for an independent audit to determine compliance with the
2 affordable housing maintenance and replacement requirements of
3 subdivision (h) of Section 34191.55, including provisions to ensure
4 that the requirements are met within each five-year period covered
5 by the audit. The audit shall be conducted according to guidelines
6 established by the ~~Controller~~. *Controller, which shall be established*
7 *on or before December 31, 2020.* A copy of the completed audit
8 shall be provided to the Controller. The Controller shall not be
9 required to review and approve the completed audits.

10 (b) Where the audit demonstrates a failure to comply with the
11 requirements of subdivision (h) of Section 34191.55 shall require
12 the authority to adopt and submit to the Controller, as part of the
13 audit, a plan to achieve compliance with those provisions as soon
14 as feasible, but in not less than two years following the *audit*
15 findings. The Controller shall review and approve the plan, and
16 require the plan to stay in effect until compliance is achieved. The
17 Controller shall ensure that the plan includes one or more of the
18 following means of achieving compliance:

19 (1) The expenditure of an additional 10 percent of gross tax
20 increment revenue on increasing, preserving, and improving the
21 supply of low-income housing.

22 (2) An increase in the production, by an additional 10 percent,
23 of housing for very low income households as required by
24 paragraph (2) of subdivision (b) of Section 33413.

25 (3) The targeting of expenditures pursuant to Section 33334.2
26 exclusively to rental housing affordable to, and occupied by,
27 persons of very low and extremely low income.

28 (c) *If an authority is required to conduct an audit pursuant to*
29 *subdivision (a) in advance of the issuance of the Controller's*
30 *guidelines, then it shall prepare an updated audit pursuant to the*
31 *Controller's guidelines on or before January 1, 2022.*

32 34191.64. (a) If an authority fails to provide a copy of the
33 completed audit to the Controller as required by Section 34191.63
34 within 20 days following receipt of a written notice of the failure
35 from the Controller, the authority shall forfeit to the state:

36 (1) Two thousand five hundred dollars (\$2,500) in the case of
37 an authority with a total revenue, in the prior year, of less than one
38 hundred thousand dollars (\$100,000), as reported in the Controller's
39 annual financial reports.

1 (2) Five thousand five hundred dollars (\$5,500) in the case of
2 an authority with a total revenue, in the prior year, of at least one
3 hundred thousand dollars (\$100,000) but less than two hundred
4 fifty thousand dollars (\$250,000), as reported in the Controller's
5 annual financial reports.

6 (3) Ten thousand dollars (\$10,000) in the case of an authority
7 with a total revenue, in the prior year, of at least two hundred fifty
8 thousand dollars (\$250,000), as reported in the Controller's annual
9 financial reports.

10 (b) If an authority fails to provide a copy of the completed audit
11 to the Controller as required by Section 34191.63 within 20 days
12 after receipt of a written notice pursuant to subdivision (a) for two
13 consecutive years, the authority shall forfeit an amount that is
14 double the amount of the forfeiture assessed pursuant to subdivision
15 (a).

16 (c) (1) If an authority fails to provide a copy of the completed
17 audit to the Controller as required by Section 34191.63 within 20
18 days after receipt of a written notice pursuant to subdivision (a)
19 for three or more consecutive years, the authority shall forfeit an
20 amount that is triple the amount of the forfeiture assessed pursuant
21 to subdivision (a).

22 (2) The Controller shall conduct, or cause to be conducted, an
23 independent financial audit report.

24 (3) The authority shall reimburse the Controller for the cost of
25 complying with this subdivision.

26 (d) Upon the request of the Controller, the Attorney General
27 shall bring an action for the forfeiture in the name of the people
28 of the State of California.

29 (e) Upon satisfactory showing of good cause, the Controller
30 shall waive the forfeiture requirements of this section.

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