

AMENDED IN SENATE JULY 9, 2015

AMENDED IN SENATE JUNE 18, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 113**

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**Introduced by Committee on Budget (Weber (Chair), Bloom, Bonta, Campos, Chiu, Cooper, Gordon, Jones-Sawyer, McCarty, Mullin, Nazarian, O'Donnell, Rodriguez, Thurmond, Ting, and Williams)**

January 9, 2015

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An act to amend Sections 34171, 34173, 34176, 34176.1, 34177, 34177.3, 34177.5, 34178, 34179, 34179.7, 34180, 34181, 34183, 34186, 34187, 34189, 34191.3, 34191.4, and 34191.5 of, and to add Sections 34170.1, 34177.7, 34179.9, and 34191.6 to, the Health and Safety Code, and to amend Sections 96.11 and 98 of, and to add Section 96.24 to, the Revenue and Taxation Code, relating to local government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

AB 113, as amended, Committee on Budget. Local government.

(1) 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.

This bill would provide that any action by the Department of Finance, that occurred on or after June 28, 2011, carrying out the department's obligations under the provisions described above ~~constitute~~ *constitutes*

a department action for the preparation, development, or administration of the state budget and is exempt from the Administrative Procedures Act.

(2) Existing law defines “administrative cost allowance” for the purposes of successor agencies’ duties in the winding down of the affairs of the dissolved redevelopment agencies to mean an amount that is payable from property tax revenues up to a certain percentage of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering a specified period, and up to a certain percentage of the property tax allocated to the Redevelopment Obligation Retirement Fund that is allocated to the successor agency for each fiscal year thereafter.

This bill would restate the definition of “administrative cost allowance” as the maximum amount of administrative costs that may be paid by a successor agency from the Redevelopment Property Tax Trust Fund in a fiscal year. This bill would, commencing July 1, 2016, and for each fiscal year thereafter, limit the administrative cost allowance to an amount not to exceed 3% of the actual property tax distributed to the successor agency for payment of approved enforceable obligations, reduced by the successor agency’s administrative cost allowance and loan payments made to the city, county, or city and county that created the redevelopment agency, as specified, and would limit a successor agency’s annual administrative costs to an amount not to exceed 50% of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations.

(3) Existing law excludes from the term “administrative cost allowance” any administrative costs that can be paid from bond proceeds or from sources other than property tax, any expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition.

This bill would delete these exclusions and would further require the “administrative cost allowance” to be approved by the oversight board and to be the sole funding source for any legal expenses related to civil actions contesting the validity of laws and actions dissolving and winding down the redevelopment agencies, as specified.

(4) 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. Notwithstanding

this provision, existing law authorizes certain written agreements to be deemed enforceable obligations.

This bill would additionally authorize written agreements entered into at the time of issuance, but in no event later than June 27, 2011, solely for the refunding or refinancing of other indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying the refunded or refinanced indebtedness obligations, to be deemed enforceable obligations. This bill would provide that an agreement entered into by the redevelopment agency prior to June 28, 2011, is an enforceable obligation if the agreement relates to state highway infrastructure improvements, as specified.

(5) Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project related expenses at the city's discretion.

This bill would limit the authorization to loan or grant funds to the payment of administrative costs or enforceable obligations excluding loans approved pursuant to specified provisions, and to the case in which the successor agency receives an insufficient distribution from the Redevelopment Property Tax Trust Fund, or other approved sources of funding are insufficient, to pay approved enforceable obligations, as specified. This bill would require these loans to be repaid from the source of funds originally approved for payment of the underlying enforceable obligation, as specified. This bill would require the interest on these loans to be calculated on a fixed annual simple basis, and would specify the manner in which these loans are required to be repaid.

(6) Existing law provides for the transfer of housing assets and functions previously performed by the dissolved redevelopment agency to one of several specified public entities. Existing law authorizes the successor housing entity to designate the use of, and commit, proceeds from indebtedness that were issued for affordable housing purposes prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund.

This bill would instead authorize a successor housing entity to designate the use of, and commit, proceeds from indebtedness that were issued for affordable housing purposes prior to June 28, 2011.

(7) Existing law authorizes the city, county, or city and county that created a redevelopment agency to elect to retain the housing assets and functions previously performed by the redevelopment agency. Existing law requires that any funds transferred to the housing successor,

together with any funds generated from housing assets, be maintained in a separate Low and Moderate Income Housing Asset Fund to be used in accordance with applicable housing-related provisions of the Community Redevelopment Law, except as specified. Existing law requires the housing successor to provide an annual independent financial audit of the fund to its governing body, and to post on its Internet Web site specified information.

This bill would require that posted information to also include specified amounts received by the city, county, or city and county.

(8) Existing law requires a successor agency to, among other things, prepare a Recognized Obligation Payment Schedule for payments on enforceable obligations for each 6-month fiscal period.

This bill would revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to require the successor agency to prepare a schedule for a one year fiscal period, with the first of these periods beginning July 1, 2016, and would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board once per Recognized Obligation Payment Schedule period, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations, as specified.

This bill would, beginning August 1, 2015, ~~require~~ *authorize* successor agencies to submit a Last and Final Recognized Obligation Payment Schedule, which shall list the remaining enforceable obligations of the successor agency and the total outstanding obligation and a schedule of remaining payments for each enforceable obligation, for approval by the oversight board and the Department of Finance if specified conditions are met. This bill would require the department to review the Last and Final Recognized Obligation Payment Schedule, as specified, and would require, upon approval by the department, the Last and Final Recognized Obligation Payment Schedule to establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency, as specified. This bill would authorize the successor agencies to submit no more than two requests to the department to amend the approved Last and Final Recognized Obligation Payment Schedule, except as specified. This bill would also require the county auditor-controller to review the Last and Final Recognized Obligation Payment Schedule and to continue to allocate ~~to allocate~~ moneys in the Redevelopment Property Tax Trust Fund in a specified order of priority.

(9) Existing law prohibits successor agencies from creating new enforceable obligations, except in compliance with an enforceable obligation that existed prior to June 28, 2011. Notwithstanding this provision, existing law authorizes successor agencies to create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. Existing law finds and declares that these provisions, when enacted, were declaratory of existing law.

This bill, except as required by an enforceable obligation, would exclude certain work from the authorization to create enforceable obligations, and would prohibit a successor agency that is the city, county, or city and county that formed the redevelopment agency from creating enforceable obligations to repay loans entered into between the redevelopment agency and the city, county, or city and county, except as otherwise provided. This bill would delete those findings and declarations, and would apply the provisions described above retroactively to any successor agency or redevelopment agency actions occurring after June 27, 2012.

(10) Existing law authorizes a successor agency to petition the Department of Finance, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and the allocation of those revenues is expected to occur over time, to provide written confirmation that its determination of this enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive.

This bill would require the successor agency to petition the department by electronic means and in a manner of the department's choosing, and would require the successor agency to provide a copy of the petition to the county auditor-controller, as provided. This bill would require the department to provide written confirmation of approval or denial of the request within 100 days of the date of the request.

(11) Existing law provides that agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency, except that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency may do so upon obtaining approval of its oversight board. Existing law prohibits a successor agency or an oversight board from exercising these powers

to restore funding for an enforceable obligation that was deleted or reduced by the Department of Finance, as provided.

This bill would delete that prohibition, and would provide that a duly authorized written agreement entered into at the time of issuance, but in no event later than June 27, 2011, of indebtedness obligations solely for the refunding or refinancing of indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying the refunded and refinanced indebtedness obligations, is valid and may bind the successor agency.

This bill would prohibit an oversight board from approving any agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency, except as otherwise provided, and would prohibit a successor agency from entering or reentering into any agreements with the city, county, or city and county that formed the redevelopment agency, except as otherwise provided. This bill would also prohibit a successor agency or an oversight board from exercising any powers to restore funding for any item that was denied or reduced by the Department of Finance. This bill would apply these provisions retroactively to all agreements entered or reentered on and after June 27, 2012.

(12) Existing law authorizes the Department of Finance to review an oversight board action and requires written notice and information about all actions taken by an oversight board to be provided to the department by electronic means and in a manner of the department's choosing.

This bill would require the written notice and information described above to be provided to the department as an approved resolution. This bill would provide that oversight boards are not required to submit certain actions for department approval.

(13) Existing law requires, on and after July 1, 2016, in each county where more than one oversight board was created, as provided, that there be only one oversight board.

This bill, except as otherwise provided, commencing on and after July 1, 2017, if more than one oversight board exists within a county, would require the oversight board to be staffed by the county auditor-controller, by another county entity selected by the county auditor-controller, or by a city within the county selected by the county auditor-controller, as specified. This bill would authorize the county auditor-controller, if only one successor agency exists within the county, to designate the successor agency to staff the oversight board. This bill,

commencing July 1, 2017, in each county where more than 40 oversight boards were created, would require 5 oversight boards, as specified.

(14) Existing law requires an oversight board for a successor agency to cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

This bill would instead generally require an oversight board to cease to exist when the successor agency has been formally dissolved, as specified, and would require a county oversight board to cease to exist when all successor agencies subject to its oversight have been formally dissolved, as specified.

(15) Existing law, upon full payment by a successor agency of specified amounts due, requires the Department of Finance to issue a finding of completion, as specified, within 5 days.

This bill, if a successor agency fails by December 31, 2015, to pay, or to enter into a written installment plan with the Department of Finance for payment of specified amounts, would prohibit the successor agency from ever receiving a finding of completion. This bill, if a successor agency, city, county, or city and county pays, or enters into a written installment plan with the Department of Finance for the payment of specified amounts and the successor agency, city, county, or city and county subsequently receives a final judicial determination that reduces or eliminates the amounts determined, would require an enforceable obligation to be created for the reimbursement of the excess amounts paid and the obligation to make any payments in excess of the amount determined by a final determination to be canceled. This bill, if upon consultation with the county auditor-controller, the Department of Finance finds that a successor agency, city, county, or city and county has failed to fully make one or more payments agreed to in the written installment plan, would prohibit specified provisions from applying to the successor agency and would prohibit specified oversight board actions and any approved long-range property management plan from being effective.

(16) Existing law transfers all assets, properties, contracts, leases, books and records, buildings, and equipment of former redevelopment agencies, as of February 1, 2012, to the control of the successor agency for administration, as specified.

This bill would require the city, county, or city and county that created the former redevelopment agency to return to the successor agency certain assets, cash and cash equivalents that were not required by an enforceable obligation, as specified, and other money or assets that

were not required or authorized pursuant to an effective oversight board action or Recognized Obligation Payment Schedule. This bill would authorize certain amounts required to be returned to the successor agency to be placed on a Recognized Obligation Payment Schedule by the successor agency for payment as an enforceable obligation subject to specified conditions.

(17) Existing law requires a request by a successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency to first be approved by the oversight board. Existing law provides that actions to reestablish any other agreements that are in furtherance of enforceable obligations with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

This bill would also require a request by the successor agency to reenter into an agreement as described above to first be approved by the oversight board. This bill would also provide that actions to establish any other authorized agreements, as specified, are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

(18) Existing law requires the oversight board to direct the successor agency to, among other things, dispose of all assets and properties of the former redevelopment agency, except that the oversight board is authorized to instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction, as provided.

This bill would expand that authorization to include parking facilities and lots dedicated solely to public parking that do not include properties that generate revenues in excess of reasonable maintenance costs of the properties. This bill would authorize a successor agency to amend its long-range property management plan once, solely to allow for retention of real properties that constitute public parking lots, as provided.

(19) Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller, after deducting administrative costs, to allocate property tax revenues in each Redevelopment Property Tax Trust Fund first to each local agency and school entity, as provided.

This bill would require certain revenues attributable to a property tax rate approved by the voters of a city, county, city and county, or special district to make payments in support of pension programs or in support of capital projects and programs related to the State Water Project and levied in addition to the general property tax rate, be allocated to, and when collected be paid into, the fund of that taxing entity, unless those amounts are pledged as security for the payment of any indebtedness obligation.

(20) Existing law requires certain estimates and accounts reported in recognized obligation payment schedules and transferred to the Redevelopment Obligation Retirement Fund to be subject to audit by the county auditor-controller and the Controller.

This bill would instead require the estimates and accounts described above to be reviewed by the county auditor-controller subject to the Department of Finance's review and approval. This bill would require a successor agency, commencing October 1, 2018, and each October 1 thereafter, to submit the differences between actual payments and past estimated obligations on a Recognized Obligation Payment Schedule to the county auditor-controller for review, and would require the county-auditor controller to provide this information to the Department of Finance, as specified.

(21) Existing law requires a successor agency, when all of the debt of a redevelopment agency has been retired or paid off, to dispose of all remaining assets and terminate its existence within one year of the final debt payment.

This bill would instead require, when all of the enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the successor agency to submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency. This bill would also require, if a redevelopment agency was not previously allocated property tax revenue, as specified, the successor agency to submit to the oversight board a request to formally dissolve the successor agency. This bill would require the oversight board to approve these requests within 30 days and to submit the request to the Department of Finance for approval or denial, as specified. This bill would require the successor agency to take specified steps, including notifying the oversight board, when the department approves a request to formally dissolve a successor agency. This bill would require the oversight board, upon receipt of notification from the successor agency,

to make certain verifications and adopt a final resolution of dissolution for the successor agency, as specified. This bill would, when a successor agency is finally dissolved, with respect to any existing community facilities district formed by a redevelopment agency, require the legislative body of the city or county that formed the redevelopment agency to become the legislative body of the community facilities district, and any existing obligations of the former redevelopment agency or its successor agency to become the obligations of the new legislative body of the community facilities district.

(22) Existing law, with respect to any successor agency that has been issued a finding of completion by the Department of Finance, deems loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency to be an enforceable obligation, as provided. Existing law specifies the manner in which the interest on the loan should be calculated and how the loan should be repaid. Existing law requires repayments received by the city, county, or city and county that formed the redevelopment agency to be used to retire certain outstanding amounts borrowed and owed, including a distribution to the Low and Moderate Income Housing Asset Fund, as provided. Existing law requires bond proceeds derived from bonds issued on or before December 31, 2010, to be used for the purposes for which the bonds were sold.

This bill would define “loan agreements” for the purposes described above. This bill would change the manner in which the interest on the loan is calculated, and would require moneys repaid to be applied first to the principal and second to the interest. This bill would require distributions to the Low and Moderate Income Housing Asset Fund to be subject to specified reporting requirements. This bill would require bond proceeds derived from bonds issued on or before December 31, 2010, in excess of the amounts needed to satisfy approved enforceable obligations, to be expended in a manner consistent with the original bond covenants. This bill would require bond proceeds derived from bonds issued on or after January 1, 2011, in excess of amounts needed to satisfy approved enforceable obligations, to be used in a manner consistent with the original bond covenants subject to specified conditions. This bill would apply these provisions, and the provisions relating to any successor agency that has been issued a finding of completion by the Department of Finance described above, retroactively to actions occurring on or after June 28, 2011. This bill would also

provide that specified changes to existing law shall not result in the denial of specified loans previously approved by the Department of Finance and shall not impact judgments, writs of mandate, and orders entered by the Sacramento Superior Court in specified lawsuits.

(23) 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 the former redevelopment agency.

This bill would require, if the former redevelopment agency did not have real properties, the successor agency to prepare a long-range property management plan, as provided.

(24) Existing law authorizes successor agencies to, among other things, issue bonds or incur indebtedness to refund the bonds or indebtedness of a former redevelopment agency or to finance debt service spikes, as specified. The issuance of bonds or incurrence of other indebtedness by a successor agency is subject to the approval of the oversight board of the successor agency.

This bill would authorize the successor agency to the Redevelopment Agency of the City and County of San Francisco to have the authority, rights, and powers of the Redevelopment Agency to which it succeeded solely for the purpose of issuing bonds or incurring other indebtedness to finance the construction of affordable housing and infrastructure required by specified agreements, subject to the approval of the oversight board. The bill would provide that bonds or other indebtedness authorized by its provisions would be considered indebtedness incurred by the dissolved redevelopment agency, would be listed on the Recognized Obligation Payment Schedule, and would be secured by a pledge of moneys deposited into the Redevelopment Property Tax Trust Fund. The bill would also require the successor agency to make diligent efforts to obtain the lowest long-term cost financing and to make use of an independent financial advisor in developing financing proposals.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.

(25) Existing law requires the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to or based on the reduction amount determined for specified fiscal years.

This bill, for the 2015–16 fiscal year and each fiscal year thereafter, would prohibit the county auditor from applying the reduction amount.

(26) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law provides for the computation, on the basis of these allocations, of apportionment factors that are applied to actual property tax revenues in each county in order to determine actual amounts of property tax revenue received by each recipient jurisdiction.

This bill would deem to be correct those property tax revenue apportionment factors that were applied in allocating property tax revenues in the County of San Benito for each fiscal year through the 2000–01 fiscal year. This bill would, notwithstanding specified audit requirements, require the county auditor to make the allocation adjustments identified in the State Controller's audit of the County of San Benito for the 2001–02 fiscal year. The bill would additionally require property tax apportionment factors applied in allocating property tax revenue in the County of San Benito for the 2002–03 fiscal year and each fiscal year thereafter to be determined on the basis of apportionment factors for prior fiscal years that have been corrected or adjusted as would be required if those prior apportionment factors were not deemed correct by this bill.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of San Benito.

(27) Existing property tax law reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund (ERAF) in that county for allocation to school districts, community college districts, and the county office of education.

Existing property tax law requires the auditor of each county with qualifying cities, as defined, to make certain property tax revenue

allocations to those cities in accordance with a specified Tax Equity Allocation (TEA) formula established in a specified statute and to make corresponding reductions in the amount of property tax revenue that is allocated to the county. Existing law requires the auditor of Santa Clara County, for the 2006–07 fiscal year and for each fiscal year thereafter, to reduce the amount of property tax revenue allocated to qualified cities in that county by the ERAF reimbursement amount, as defined, and to commensurately increase the amount of property tax revenue allocated to the county ERAF, as specified.

This bill would, instead, for the 2015–16 fiscal year and for each fiscal year thereafter, require the auditor of Santa Clara County to reduce the amount of property tax revenues that are required to be allocated from the qualified cities in that county to the county ERAF by a specified percentage of the ERAF reimbursement amount. This bill would prohibit the auditor of Santa Clara County from reducing the amounts allocated to the county ERAF in any fiscal year in which the amount of moneys required to be applied by the state for the support of school districts and community college districts is determined pursuant to Test 1 of Proposition 98.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Santa Clara.

(28) This bill would appropriate \$23,750,000 from the General Fund to the Department of Forestry and Fire Protection contingent upon the County of Riverside agreeing to forgive amounts owed to it by certain cities.

(29) By imposing new duties upon local government officials with respect to the wind down of the dissolved redevelopment agencies, and in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

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, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

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

1 SECTION 1. Section 34170.1 is added to the Health and Safety  
2 Code, to read:

3 34170.1. Any action by the department carrying out the  
4 department's obligations under this part and Part 1.8 (commencing  
5 with Section 34161) constitutes a department action for the  
6 preparation, development, or administration of the state budget  
7 pursuant to Section 11357 of the Government Code, and is exempt  
8 from Chapter 3.5 (commencing with Section 11340) of Part 1 of  
9 Division 3 of Title 2 of the Government Code. This section applies  
10 retroactively to any action by the department described in this  
11 section that occurred on or after June 28, 2011.

12 SEC. 2. Section 34171 of the Health and Safety Code is  
13 amended to read:

14 34171. The following terms shall have the following meanings:

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

17 (b) (1) "Administrative cost allowance" means the maximum  
18 amount of administrative costs that may be paid by a successor  
19 agency from the Redevelopment Property Tax Trust Fund in a  
20 fiscal year.

21 (2) The administrative cost allowance shall be 5 percent of the  
22 property tax allocated to the successor agency on the Recognized  
23 Obligation Payment Schedule covering the period January 1, 2012,  
24 through June 30, 2012. The administrative cost allowance shall be  
25 up to 3 percent of the property tax allocated to the Redevelopment  
26 Obligation Retirement Fund for each fiscal year thereafter ending  
27 on June 30, 2016. However, the administrative cost allowance  
28 shall not be less than two hundred fifty thousand dollars (\$250,000)  
29 in any fiscal year, unless this amount is reduced by the oversight  
30 board or by agreement with the successor agency.

31 (3) Commencing July 1, 2016, and for each fiscal year thereafter,  
32 the administrative cost allowance shall be up to 3 percent of the  
33 actual property tax distributed to the successor agency by the  
34 county auditor-controller in the preceding fiscal year for payment  
35 of approved enforceable obligations, reduced by the successor  
36 agency's administrative cost allowance and loan repayments made  
37 to the city, county, or city and county that created the  
38 redevelopment agency that it succeeded pursuant to subdivision

1 (b) of Section 34191.4 during the preceding fiscal year. However,  
2 the administrative cost allowance shall not be less than two hundred  
3 fifty thousand dollars (\$250,000) in any fiscal year, unless this  
4 amount is reduced by the oversight board or by agreement between  
5 the successor agency and the department.

6 (4) Notwithstanding paragraph (3), commencing July 1, 2016,  
7 a successor agency’s annual administrative costs shall not exceed  
8 50 percent of the total Redevelopment Property Tax Trust Fund  
9 distributed to pay enforceable obligations in the preceding fiscal  
10 year, which latter amount shall be reduced by the successor  
11 agency’s administrative cost allowance and loan repayments made  
12 to the city, county, or city and county that created the  
13 redevelopment agency that it succeeded pursuant to subdivision  
14 (b) of Section 34191.4 during the preceding fiscal year. This  
15 limitation applies to administrative costs whether paid within the  
16 administrative cost allowance or not, but does not apply to  
17 administrative costs paid from bond proceeds or grant funds, or,  
18 in the case of a successor agency that is a designated local  
19 authority, from sources other than property tax.

20 (5) The administrative cost allowance shall be approved by the  
21 oversight board and shall be the sole funding source for any legal  
22 expenses related to civil actions, including writ proceedings,  
23 contesting the validity of *this part or Part 1.8* ~~or Part 1.85~~  
24 (commencing with Section ~~34170~~) *34161*) or challenging acts  
25 taken pursuant to these parts. Employee costs associated with work  
26 on specific project implementation activities, including, but not  
27 limited to, construction inspection, project management, or actual  
28 construction, shall be considered project-specific costs and shall  
29 not constitute administrative costs.

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

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

33 (A) Bonds, as defined by Section 33602 and bonds issued  
34 pursuant to Chapter 10.5 (commencing with Section 5850) of  
35 Division 6 of Title 1 of the Government Code, including the  
36 required debt service, reserve set-asides, and any other payments  
37 required under the indenture or similar documents governing the  
38 issuance of the outstanding bonds of the former redevelopment  
39 agency. A reserve may be held when required by the bond  
40 indenture or when the next property tax allocation will be

1 insufficient to pay all obligations due under the provisions of the  
2 bond for the next payment due in the following half of the calendar  
3 year.

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

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

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

35 (E) Any legally binding and enforceable agreement or contract  
36 that is not otherwise void as violating the debt limit or public  
37 policy. However, nothing in this act shall prohibit either the  
38 successor agency, with the approval or at the direction of the  
39 oversight board, or the oversight board itself from terminating any  
40 existing agreements or contracts and providing any necessary and

1 required compensation or remediation for such termination. Titles  
2 of or headings used on or in a document shall not be relevant in  
3 determining the existence of an enforceable obligation.

4 (F) (i) Contracts or agreements necessary for the administration  
5 or operation of the successor agency, in accordance with this part,  
6 including, but not limited to, agreements concerning litigation  
7 expenses related to assets or obligations, settlements and  
8 judgments, and the costs of maintaining assets prior to disposition,  
9 and agreements to purchase or rent office space, equipment and  
10 supplies, and pay-related expenses pursuant to Section 33127 and  
11 for carrying insurance pursuant to Section 33134. Beginning  
12 January 1, 2016, any legal expenses related to civil actions,  
13 including writ proceedings, contesting the validity of this part or  
14 Part 1.8 (commencing with Section 34161) or challenging acts  
15 taken pursuant to these parts shall only be payable out of the  
16 administrative cost allowance.

17 (ii) A sponsoring entity may provide funds to a successor agency  
18 for payment of legal expenses related to civil actions initiated by  
19 the successor agency, including writ proceedings, contesting the  
20 validity of this part or Part 1.8 (commencing with Section 34161)  
21 or challenging acts taken pursuant to these parts. If the successor  
22 agency obtains a final judicial determination granting the relief  
23 requested in the action, the funds provided by the sponsoring entity  
24 for legal expenses related to successful causes of action pled by  
25 the successor agency shall be deemed an enforceable obligation  
26 for repayment under the terms set forth in subdivision (h) of  
27 Section 34173. If the successor agency does not receive a final  
28 judicial determination granting the relief requested, the funds  
29 provided by the sponsoring entity shall be considered a grant by  
30 the sponsoring entity and shall not qualify for repayment as an  
31 enforceable obligation.

32 (G) Amounts borrowed from, or payments owing to, the Low  
33 and Moderate Income Housing Fund of a redevelopment agency,  
34 which had been deferred as of the effective date of the act adding  
35 this part; provided, however, that the repayment schedule is  
36 approved by the oversight board. Repayments shall be transferred  
37 to the Low and Moderate Income Housing Asset Fund established  
38 pursuant to subdivision (d) of Section 34176 as a housing asset  
39 and shall be used in a manner consistent with the affordable

1 housing requirements of the Community Redevelopment Law (Part  
2 1 (commencing with Section 33000)).

3 (2) For purposes of this part, “enforceable obligation” does not  
4 include any agreements, contracts, or arrangements between the  
5 city, county, or city and county that created the redevelopment  
6 agency and the former redevelopment agency. However, written  
7 agreements entered into (A) at the time of issuance, but in no event  
8 later than December 31, 2010, of indebtedness obligations, and  
9 (B) solely for the purpose of securing or repaying those  
10 indebtedness obligations may be deemed enforceable obligations  
11 for purposes of this part. Additionally, written agreements entered  
12 into (A) at the time of issuance, but in no event later than June 27,  
13 2011, of indebtedness obligations solely for the refunding or  
14 refinancing of other indebtedness obligations that existed prior to  
15 January 1, 2011, and (B) solely for the purpose of securing or  
16 repaying the refunded or refinanced indebtedness obligations may  
17 be deemed enforceable obligations for purposes of this part.  
18 Notwithstanding this paragraph, loan agreements entered into  
19 between the redevelopment agency and the city, county, or city  
20 and county that created it, within two years of the date of creation  
21 of the redevelopment agency, may be deemed to be enforceable  
22 obligations. Notwithstanding this paragraph, an agreement entered  
23 into by the redevelopment agency prior to June 28, 2011, is an  
24 enforceable obligation if the agreement relates to state highway  
25 infrastructure improvements to which the redevelopment agency  
26 committed funds pursuant to Section 33445.

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

37 (e) “Indebtedness obligations” means bonds, notes, certificates  
38 of participation, or other evidence of indebtedness, issued or  
39 delivered by the redevelopment agency, or by a joint exercise of  
40 powers authority created by the redevelopment agency, to

1 third-party investors or bondholders to finance or refinance  
2 redevelopment projects undertaken by the redevelopment agency  
3 in compliance with the Community Redevelopment Law (Part 1  
4 (commencing with Section 33000)).

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

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

9 (h) “Recognized Obligation Payment Schedule” means the  
10 document setting forth the minimum payment amounts and due  
11 dates of payments required by enforceable obligations for each  
12 six-month fiscal period until June 30, 2016, as provided in  
13 subdivision (m) of Section 34177. On and after July 1, 2016,  
14 “Recognized Obligation Payment Schedule” means the document  
15 setting forth the minimum payment amounts and due dates of  
16 payments required by enforceable obligations for each fiscal year  
17 as provided in subdivision (o) of Section 34177.

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

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

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

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

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

32 (n) “Sponsoring entity” means the city, county, or city and  
33 county, or other entity that authorized the creation of each  
34 redevelopment agency.

35 (o) “Final judicial determination” means a final judicial  
36 determination made by any state court that is not appealed, or by  
37 a court of appellate jurisdiction that is not further appealed, in an  
38 action by any party.

39 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity  
40 administrative cost allowance” means an amount of up to 1 percent

1 of the property tax allocated to the Redevelopment Obligation  
2 Retirement Fund on behalf of the successor agency for each  
3 applicable fiscal year, but not less than one hundred fifty thousand  
4 dollars (\$150,000) per fiscal year.

5 (1) If a local housing authority assumed the housing functions  
6 of the former redevelopment agency pursuant to paragraph (2) or  
7 (3) of subdivision (b) of Section 34176, then the housing entity  
8 administrative cost allowance shall be listed by the successor  
9 agency on the Recognized Obligation Payment Schedule. Upon  
10 approval of the Recognized Obligation Payment Schedule by the  
11 oversight board and the department, the housing entity  
12 administrative cost allowance shall be remitted by the successor  
13 agency on each January 2 and July 1 to the local housing authority  
14 that assumed the housing functions of the former redevelopment  
15 agency pursuant to paragraph (2) or (3) of subdivision (b) of  
16 Section 34176.

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

23 SEC. 3. Section 34173 of the Health and Safety Code is  
24 amended to read:

25 34173. (a) Successor agencies, as defined in this part, are  
26 hereby designated as successor entities to the former redevelopment  
27 agencies.

28 (b) Except for those provisions of the Community  
29 Redevelopment Law that are repealed, restricted, or revised  
30 pursuant to the act adding this part, all authority, rights, powers,  
31 duties, and obligations previously vested with the former  
32 redevelopment agencies, under the Community Redevelopment  
33 Law, are hereby vested in the successor agencies.

34 (c) (1) If the redevelopment agency was in the form of a joint  
35 powers authority, and if the joint powers agreement governing the  
36 formation of the joint powers authority addresses the allocation of  
37 assets and liabilities upon dissolution of the joint powers authority,  
38 then each of the entities that created the former redevelopment  
39 agency may be a successor agency within the meaning of this part

1 and each shall have a share of assets and liabilities based on the  
2 provisions of the joint powers agreement.

3 (2) If the redevelopment agency was in the form of a joint  
4 powers authority, and if the joint powers agreement governing the  
5 formation of the joint powers authority does not address the  
6 allocation of assets and liabilities upon dissolution of the joint  
7 powers authority, then each of the entities that created the former  
8 redevelopment agency may be a successor agency within the  
9 meaning of this part, a proportionate share of the assets and  
10 liabilities shall be based on the assessed value in the project areas  
11 within each entity's jurisdiction, as determined by the county  
12 assessor, in its jurisdiction as compared to the assessed value of  
13 land within the boundaries of the project areas of the former  
14 redevelopment agency.

15 (d) (1) A city, county, city and county, or the entities forming  
16 the joint powers authority that authorized the creation of each  
17 redevelopment agency may elect not to serve as a successor agency  
18 under this part. A city, county, city and county, or any member of  
19 a joint powers authority that elects not to serve as a successor  
20 agency under this part must file a copy of a duly authorized  
21 resolution of its governing board to that effect with the county  
22 auditor-controller no later than January 13, 2012.

23 (2) The determination of the first local agency that elects to  
24 become the successor agency shall be made by the county  
25 auditor-controller based on the earliest receipt by the county  
26 auditor-controller of a copy of a duly adopted resolution of the  
27 local agency's governing board authorizing such an election. As  
28 used in this section, "local agency" means any city, county, city  
29 and county, or special district in the county of the former  
30 redevelopment agency.

31 (3) (A) If no local agency elects to serve as a successor agency  
32 for a dissolved redevelopment agency, a public body, referred to  
33 herein as a "designated local authority" shall be immediately  
34 formed, pursuant to this part, in the county and shall be vested  
35 with all the powers and duties of a successor agency as described  
36 in this part. The Governor shall appoint three residents of the  
37 county to serve as the governing board of the authority. The  
38 designated local authority shall serve as successor agency until a  
39 local agency elects to become the successor agency in accordance  
40 with this section.

1 (B) Designated local authority members are protected by the  
2 immunities applicable to public entities and public employees  
3 governed by Part 1 (commencing with Section 810) and Part 2  
4 (commencing with Section 814) of Division 3.6 of Title 1 of the  
5 Government Code.

6 (4) A city, county, or city and county, or the entities forming  
7 the joint powers authority that authorized the creation of a  
8 redevelopment agency and that elected not to serve as the successor  
9 agency under this part, may subsequently reverse this decision and  
10 agree to serve as the successor agency pursuant to this section.  
11 Any reversal of this decision shall not become effective for 60  
12 days after notice has been given to the current successor agency  
13 and the oversight board and shall not invalidate any action of the  
14 successor agency or oversight board taken prior to the effective  
15 date of the transfer of responsibility.

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

21 (f) Any existing cleanup plans and liability limits authorized  
22 under the Polanco Redevelopment Act (Article 12.5 (commencing  
23 with Section 33459) of Chapter 4 of Part 1) shall be transferred to  
24 the successor agency and may be transferred to the successor  
25 housing entity at that entity's request.

26 (g) A successor agency is a separate public entity from the public  
27 agency that provides for its governance and the two entities shall  
28 not merge. The liabilities of the former redevelopment agency  
29 shall not be transferred to the sponsoring entity and the assets shall  
30 not become assets of the sponsoring entity. A successor agency  
31 has its own name, can be sued, and can sue. All litigation involving  
32 a redevelopment agency shall automatically be transferred to the  
33 successor agency. The separate former redevelopment agency  
34 employees shall not automatically become sponsoring entity  
35 employees of the sponsoring entity and the successor agency shall  
36 retain its own collective bargaining status. As successor entities,  
37 successor agencies succeed to the organizational status of the  
38 former redevelopment agency, but without any legal authority to  
39 participate in redevelopment activities, except to complete any  
40 work related to an approved enforceable obligation. Each successor

1 agency shall be deemed to be a local entity for purposes of the  
2 Ralph M. Brown Act (Chapter 9 (commencing with Section 54950)  
3 of Part 1 of Division 2 of Title 5 of the Government Code).

4 (h) (1) The city, county, or city and county that authorized the  
5 creation of a redevelopment agency may loan or grant funds to a  
6 successor agency for the payment of administrative costs or  
7 enforceable obligations excluding loans approved under this  
8 subdivision or pursuant to Section 34191.4, or project-related  
9 expenses that qualify as an enforceable obligation, and only to the  
10 extent that the successor agency receives an insufficient distribution  
11 from the Redevelopment Property Tax Trust Fund, or other  
12 approved sources of funding are insufficient, to pay approved  
13 enforceable obligations in the recognized obligation payment  
14 schedule period. The receipt and use of these funds shall be  
15 reflected on the Recognized Obligation Payment Schedule or the  
16 administrative budget and therefore are subject to the oversight  
17 and approval of the oversight board. An enforceable obligation  
18 shall be deemed to be created for the repayment of those loans. A  
19 loan made under this subdivision shall be repaid from the source  
20 of funds originally approved for payment of the underlying  
21 enforceable obligation in the Recognized Obligation Payment  
22 Schedule once sufficient funds become available from that source.  
23 The interest payable on any loan created pursuant to this  
24 subdivision shall be calculated on a fixed annual simple basis and  
25 applied to the outstanding principal amount until fully paid, at a  
26 rate not to exceed the most recently published interest rate earned  
27 by funds deposited into the Local Agency Investment Fund during  
28 the previous fiscal quarter. Repayment of loans created under this  
29 subdivision shall be applied first to principal, and second to interest,  
30 and shall be subordinate to other approved enforceable obligations.  
31 Loans created under this subdivision shall be repaid to the extent  
32 property tax revenue allocated to the successor agency is available  
33 after fulfilling other enforceable obligations approved in the  
34 Recognized Obligation Payment Schedule.

35 (2) This subdivision shall not apply where the successor  
36 agency's distribution from the Redevelopment Property Tax Trust  
37 Fund has been reduced pursuant to Section 34179.6 or 34186.

38 (i) At the request of the city, county, or city and county,  
39 notwithstanding Section 33205, all land use related plans and  
40 functions of the former redevelopment agency are hereby

1 transferred to the city, county, or city and county that authorized  
2 the creation of a redevelopment agency; provided, however, that  
3 the city, county, or city and county shall not create a new project  
4 area, add territory to, or expand or change the boundaries of a  
5 project area, or take any action that would increase the amount of  
6 obligated property tax (formerly tax increment) necessary to fulfill  
7 any existing enforceable obligation beyond what was authorized  
8 as of June 27, 2011.

9 SEC. 4. Section 34176 of the Health and Safety Code is  
10 amended to read:

11 34176. (a) (1) The city, county, or city and county that  
12 authorized the creation of a redevelopment agency may elect to  
13 retain the housing assets and functions previously performed by  
14 the redevelopment agency. If a city, county, or city and county  
15 elects to retain the authority to perform housing functions  
16 previously performed by a redevelopment agency, all rights,  
17 powers, duties, obligations, and housing assets, as defined in  
18 subdivision (e), excluding any amounts on deposit in the Low and  
19 Moderate Income Housing Fund and enforceable obligations  
20 retained by the successor agency, shall be transferred to the city,  
21 county, or city and county.

22 (2) The housing successor shall submit to the Department of  
23 Finance by August 1, 2012, a list of all housing assets that contains  
24 an explanation of how the assets meet the criteria specified in  
25 subdivision (e). The Department of Finance shall prescribe the  
26 format for the submission of the list. The list shall include assets  
27 transferred between February 1, 2012, and the date upon which  
28 the list is created. The department shall have up to 30 days from  
29 the date of receipt of the list to object to any of the assets or  
30 transfers of assets identified on the list. If the Department of  
31 Finance objects to assets on the list, the housing successor may  
32 request a meet and confer process within five business days of  
33 receiving the department objection. If the transferred asset is  
34 deemed not to be a housing asset as defined in subdivision (e), it  
35 shall be returned to the successor agency. If a housing asset has  
36 been previously pledged to pay for bonded indebtedness, the  
37 successor agency shall maintain control of the asset in order to  
38 pay for the bond debt.

1 (3) For purposes of this section and Section 34176.1, “housing  
2 successor” means the entity assuming the housing function of a  
3 former redevelopment agency pursuant to this section.

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

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

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

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

21 (c) Commencing on the operative date of this part, the housing  
22 successor may enforce affordability covenants and perform related  
23 activities pursuant to applicable provisions of the Community  
24 Redevelopment Law (Part 1 (commencing with Section 33000)),  
25 including, but not limited to, Section 33418.

26 (d) Except as specifically provided in Section 34191.4, any  
27 funds transferred to the housing successor, together with any funds  
28 generated from housing assets, as defined in subdivision (e), shall  
29 be maintained in a separate Low and Moderate Income Housing  
30 Asset Fund which is hereby created in the accounts of the housing  
31 successor.

32 (e) For purposes of this part, “housing asset” includes all of the  
33 following:

34 (1) Any real property, interest in, or restriction on the use of  
35 real property, whether improved or not, and any personal property  
36 provided in residences, including furniture and appliances, all  
37 housing-related files and loan documents, office supplies, software  
38 licenses, and mapping programs, that were acquired for low- and  
39 moderate-income housing purposes, either by purchase or through  
40 a loan, in whole or in part, with any source of funds.

1 (2) Any funds that are encumbered by an enforceable obligation  
2 to build or acquire low- and moderate-income housing, as defined  
3 by the Community Redevelopment Law (Part 1 (commencing with  
4 Section 33000)) unless required in the bond covenants to be used  
5 for repayment purposes of the bond.

6 (3) Any loan or grant receivable, funded from the Low and  
7 Moderate Income Housing Fund, from homebuyers, homeowners,  
8 nonprofit or for-profit developers, and other parties that require  
9 occupancy by persons of low or moderate income as defined by  
10 the Community Redevelopment Law (Part 1 (commencing with  
11 Section 33000)).

12 (4) Any funds derived from rents or operation of properties  
13 acquired for low- and moderate-income housing purposes by other  
14 parties that were financed with any source of funds, including  
15 residual receipt payments from developers, conditional grant  
16 repayments, cost savings and proceeds from refinancing, and  
17 principal and interest payments from homebuyers subject to  
18 enforceable income limits.

19 (5) A stream of rents or other payments from housing tenants  
20 or operators of low- and moderate-income housing financed with  
21 any source of funds that are used to maintain, operate, and enforce  
22 the affordability of housing or for enforceable obligations  
23 associated with low- and moderate-income housing.

24 (6) (A) Repayments of loans or deferrals owed to the Low and  
25 Moderate Income Housing Fund pursuant to subparagraph (G) of  
26 paragraph (1) of subdivision (d) of Section 34171, which shall be  
27 used consistent with the affordable housing requirements in the  
28 Community Redevelopment Law (Part 1 (commencing with  
29 Section 33000)).

30 (B) Loan or deferral repayments shall not be made prior to the  
31 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the  
32 maximum repayment amount authorized each fiscal year for  
33 repayments made pursuant to this paragraph and subdivision (b)  
34 of Section 34191.4 combined shall be equal to one-half of the  
35 increase between the amount distributed to taxing entities pursuant  
36 to paragraph (4) of subdivision (a) of Section 34183 in that fiscal  
37 year and the amount distributed to taxing entities pursuant to that  
38 paragraph in the 2012–13 base year. Loan or deferral repayments  
39 made pursuant to this paragraph shall take priority over amounts  
40 to be repaid pursuant to subdivision (b) of Section 34191.4.

1 (f) If a development includes both low- and moderate-income  
2 housing that meets the definition of a housing asset under  
3 subdivision (e) and other types of property use, including, but not  
4 limited to, commercial use, governmental use, open space, and  
5 parks, the oversight board shall consider the overall value to the  
6 community as well as the benefit to taxing entities of keeping the  
7 entire development intact or dividing the title and control over the  
8 property between the housing successor and the successor agency  
9 or other public or private agencies. The disposition of those assets  
10 may be accomplished by a revenue-sharing arrangement as  
11 approved by the oversight board on behalf of the affected taxing  
12 entities.

13 (g) (1) (A) The housing successor may designate the use of  
14 and commit indebtedness obligation proceeds that remain after the  
15 satisfaction of enforceable obligations that have been approved in  
16 a Recognized Obligation Payment Schedule and that are consistent  
17 with the indebtedness obligation covenants. The proceeds shall be  
18 derived from indebtedness obligations that were issued for the  
19 purposes of affordable housing prior to June 28, 2011, and were  
20 backed by the Low and Moderate Income Housing Fund. Enforceable  
21 obligations may be satisfied by the creation of reserves for the  
22 projects that are the subject of the enforceable obligation that  
23 are consistent with the contractual obligations for those projects,  
24 or by expending funds to complete the projects. It is the intent  
25 of the Legislature to authorize housing successors to designate the  
26 use of and commit 100 percent of indebtedness obligation proceeds  
27 described in this subparagraph.

28 (B) The housing successor shall provide notice to the successor  
29 agency of any designations of use or commitments of funds specified  
30 in subparagraph (A) that it wishes to make at least 20 days before  
31 the deadline for submission of the Recognized Obligation Payment  
32 Schedule to the oversight board. Commitments and designations shall  
33 not be valid and binding on any party until they are included in an  
34 approved and valid Recognized Obligation Payment Schedule. The  
35 review of these designations and commitments by the successor  
36 agency, oversight board, and Department of Finance shall be limited  
37 to a determination that the designations and commitments are  
38 consistent with bond covenants and that there are sufficient funds  
39 available.

1 (2) Funds shall be used and committed in a manner consistent  
 2 with the purposes of the Low and Moderate Income Housing Asset  
 3 Fund. Notwithstanding any other law, the successor agency shall  
 4 retain and expend the excess housing obligation proceeds at the  
 5 discretion of the housing successor, provided that the successor  
 6 agency ensures that the proceeds are expended in a manner  
 7 consistent with the indebtedness obligation covenants and with  
 8 any requirements relating to the tax status of those obligations.  
 9 The amount expended shall not exceed the amount of indebtedness  
 10 obligation proceeds available and such expenditure shall constitute  
 11 the creation of excess housing proceeds expenditures to be paid  
 12 from the excess proceeds. Excess housing proceeds expenditures  
 13 shall be listed separately on the Recognized Obligation Payment  
 14 Schedule submitted by the successor agency.

15 (h) This section shall not be construed to provide any stream of  
 16 tax increment financing.

17 SEC. 5. Section 34176.1 of the Health and Safety Code is  
 18 amended to read:

19 34176.1. Funds in the Low and Moderate Income Housing  
 20 Asset Fund described in subdivision (d) of Section 34176 shall be  
 21 subject to the provisions of the Community Redevelopment Law  
 22 (Part 1 (commencing with Section 33000)) relating to the Low and  
 23 Moderate Income Housing Fund, except as follows:

24 (a) Subdivision (d) of Section 33334.3 and subdivision (a) of  
 25 Section 33334.4 shall not apply. Instead, funds received from the  
 26 successor agency for items listed on the Recognized Obligation  
 27 Payment Schedule shall be expended to meet the enforceable  
 28 obligations, and the housing successor shall expend all other funds  
 29 in the Low and Moderate Income Housing Asset Fund as follows:

30 (1) For the purpose of monitoring and preserving the long-term  
 31 affordability of units subject to affordability restrictions or  
 32 covenants entered into by the redevelopment agency or the housing  
 33 successor and for the purpose of administering the activities  
 34 described in paragraphs (2) and (3), a housing successor may  
 35 expend per fiscal year up to an amount equal to 5 percent of the  
 36 statutory value of real property owned by the housing successor  
 37 and of loans and grants receivable, including real property and  
 38 loans and grants transferred to the housing successor pursuant to  
 39 Section 34176 and real property purchased and loans and grants  
 40 made by the housing successor. If this amount is less than two

1 hundred thousand dollars (\$200,000) for any given fiscal year, the  
2 housing successor may expend up to two hundred thousand dollars  
3 (\$200,000) in that fiscal year for these purposes. The Department  
4 of Housing and Community Development shall annually publish  
5 on its Internet Web site an adjustment to this amount to reflect any  
6 change in the Consumer Price Index for All Urban Consumers  
7 published by the federal Department of Labor for the preceding  
8 calendar year. For purposes of this paragraph, “statutory value of  
9 real property” means the value of properties formerly held by the  
10 former redevelopment agency as listed on the housing asset transfer  
11 form approved by the department pursuant to paragraph (2) of  
12 subdivision (a) of Section 34176, the value of the properties  
13 transferred to the housing successor pursuant to subdivision (f) of  
14 Section 34181, and the purchase price of properties purchased by  
15 the housing successor.

16 (2) Notwithstanding Section 33334.2, if the housing successor  
17 has fulfilled all obligations pursuant to Sections 33413 and 33418,  
18 the housing successor may expend up to two hundred fifty thousand  
19 dollars (\$250,000) per fiscal year for homeless prevention and  
20 rapid rehousing services for individuals and families who are  
21 homeless or would be homeless but for this assistance, including  
22 the provision of short-term or medium-term rental assistance,  
23 housing relocation and stabilization services including housing  
24 search, mediation, or outreach to property owners, credit repair,  
25 security or utility deposits, utility payments, rental assistance for  
26 a final month at a location, moving cost assistance, and case  
27 management, or other appropriate activities for homelessness  
28 prevention and rapid rehousing of persons who have become  
29 homeless.

30 (3) (A) The housing successor shall expend all funds remaining  
31 in the Low and Moderate Income Housing Asset Fund after the  
32 expenditures allowed pursuant to paragraphs (1) and (2) for the  
33 development of housing affordable to and occupied by households  
34 earning 80 percent or less of the area median income, with at least  
35 30 percent of these remaining funds expended for the development  
36 of rental housing affordable to and occupied by households earning  
37 30 percent or less of the area median income and no more than 20  
38 percent of these remaining funds expended for the development  
39 of housing affordable to and occupied by households earning  
40 between 60 percent and 80 percent of the area median income. A

1 housing successor shall demonstrate in the annual report described  
2 in subdivision (f), for 2019, and every five years thereafter, that  
3 the housing successor's expenditures from January 1, 2014, through  
4 the end of the latest fiscal year covered in the report comply with  
5 the requirements of this subparagraph.

6 (B) If the housing successor fails to comply with the extremely  
7 low income requirement in any five-year report, then the housing  
8 successor shall ensure that at least 50 percent of these remaining  
9 funds expended in each fiscal year following the latest fiscal year  
10 following the report are expended for the development of rental  
11 housing affordable to, and occupied by, households earning 30  
12 percent or less of the area median income until the housing  
13 successor demonstrates compliance with the extremely low income  
14 requirement in an annual report described in subdivision (f).

15 (C) If the housing successor exceeds the expenditure limit for  
16 households earning between 60 percent and 80 percent of the area  
17 median income in any five-year report, the housing successor shall  
18 not expend any of the remaining funds for households earning  
19 between 60 percent and 80 percent of the area median income until  
20 the housing successor demonstrates compliance with this limit in  
21 an annual report described in subdivision (f).

22 (D) For purposes of this subdivision, "development" means new  
23 construction, acquisition and rehabilitation, substantial  
24 rehabilitation as defined in Section 33413, the acquisition of  
25 long-term affordability covenants on multifamily units as described  
26 in Section 33413, or the preservation of an assisted housing  
27 development that is eligible for prepayment or termination or for  
28 which within the expiration of rental restrictions is scheduled to  
29 occur within five years as those terms are defined in Section  
30 65863.10 of the Government Code. Units described in this  
31 subparagraph may be counted towards any outstanding obligations  
32 pursuant to Section 33413, provided that the units meet the  
33 requirements of that section and are counted as provided in that  
34 section.

35 (b) Subdivision (b) of Section 33334.4 shall not apply. Instead,  
36 if the aggregate number of units of deed-restricted rental housing  
37 restricted to seniors and assisted individually or jointly by the  
38 housing successor, its former redevelopment agency, and its host  
39 jurisdiction within the previous 10 years exceeds 50 percent of the  
40 aggregate number of units of deed-restricted rental housing assisted

1 individually or jointly by the housing successor, its former  
2 redevelopment agency, and its host jurisdiction within the same  
3 time period, then the housing successor shall not expend these  
4 funds to assist additional senior housing units until the housing  
5 successor or its host jurisdiction assists, and construction has  
6 commenced, a number of units available to all persons, regardless  
7 of age, that is equal to 50 percent of the aggregate number of units  
8 of deed-restricted rental housing units assisted individually or  
9 jointly by the housing successor, its former redevelopment agency,  
10 and its host jurisdiction within the time period described above.

11 (c) (1) Program income a housing successor receives shall not  
12 be associated with a project area and, notwithstanding subdivision  
13 (g) of Section 33334.2, may be expended anywhere within the  
14 jurisdiction of the housing successor or transferred pursuant to  
15 paragraph (2) without a finding of benefit to a project area. For  
16 purposes of this paragraph, “program income” means the sources  
17 described in paragraphs (3), (4), and (5) of subdivision (e) of  
18 Section 34176 and interest earned on deposits in the account.

19 (2) Two or more housing successors within a county, within a  
20 single metropolitan statistical area, within 15 miles of each other,  
21 or that are in contiguous jurisdictions may enter into an agreement  
22 to transfer funds among their respective Low and Moderate Income  
23 Housing Asset Funds for the sole purpose of developing transit  
24 priority projects as defined in subdivisions (a) and (b) of Section  
25 21155 of the Public Resources Code, permanent supportive housing  
26 as defined in paragraph (2) of subdivision (b) of Section 50675.14,  
27 housing for agricultural employees as defined in subdivision (g)  
28 of Section 50517.5, or special needs housing as defined in federal  
29 or state law or regulation if all of the following conditions are met:

30 (A) Each participating housing successor has made a finding  
31 based on substantial evidence, after a public hearing, that the  
32 agreement to transfer funds will not cause or exacerbate racial,  
33 ethnic, or economic segregation.

34 (B) The development to be funded shall not be located in a  
35 census tract where more than 50 percent of its population is very  
36 low income, unless the development is within one-half mile of a  
37 major transit stop or high-quality transit corridor as defined in  
38 paragraph (3) of subdivision (b) of Section 21155 of the Public  
39 Resources Code.

1 (C) The completed development shall not result in a reduction  
2 in the number of housing units or a reduction in the affordability  
3 of housing units on the site where the development is to be built.

4 (D) A transferring housing successor shall not have any  
5 outstanding obligations pursuant to Section 33413.

6 (E) No housing successor may transfer more than one million  
7 dollars (\$1,000,000) per fiscal year.

8 (F) The jurisdictions of the transferring and receiving housing  
9 successors each have an adopted housing element that the  
10 Department of Housing and Community Development has found  
11 pursuant to Section 65585 of the Government Code to be in  
12 substantial compliance with the requirements of Article 10.6  
13 (commencing with Section 65580) of Chapter 3 of Division 1 of  
14 Title 7 of the Government Code and have submitted to the  
15 Department of Housing and Community Development the annual  
16 progress report required by Section 65400 of the Government Code  
17 within the preceding 12 months.

18 (G) Transferred funds shall only assist rental units affordable  
19 to, and occupied by, households earning 60 percent or less of the  
20 area median income.

21 (H) Transferred funds not encumbered within two years shall  
22 be transferred to the Department of Housing and Community  
23 Development for expenditure pursuant to the Multifamily Housing  
24 Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

25 (d) Sections 33334.10 and 33334.12 shall not apply. Instead, if  
26 a housing successor has an excess surplus, the housing successor  
27 shall encumber the excess surplus for the purposes described in  
28 paragraph (3) of subdivision (a) or transfer the funds pursuant to  
29 paragraph (2) of subdivision (c) within three fiscal years. If the  
30 housing successor fails to comply with this subdivision, the housing  
31 successor, within 90 days of the end of the third fiscal year, shall  
32 transfer any excess surplus to the Department of Housing and  
33 Community Development for expenditure pursuant to the  
34 Multifamily Housing Program or the Joe Serna, Jr. Farmworker  
35 Housing Grant Program. For purposes of this subdivision, “excess  
36 surplus” shall mean an unencumbered amount in the account that  
37 exceeds the greater of one million dollars (\$1,000,000) or the  
38 aggregate amount deposited into the account during the housing  
39 successor’s preceding four fiscal years, whichever is greater.

1 (e) Section 33334.16 shall not apply to interests in real property  
2 acquired on or after February 1, 2012. With respect to interests in  
3 real property acquired by the former redevelopment agency prior  
4 to February 1, 2012, the time periods described in Section 33334.16  
5 shall be deemed to have commenced on the date that the  
6 department approved the property as a housing asset.

7 (f) Section 33080.1 of this code and Section 12463.3 of the  
8 Government Code shall not apply. Instead, the housing successor  
9 shall conduct, and shall provide to its governing body, an  
10 independent financial audit of the Low and Moderate Income  
11 Housing Asset Fund within six months after the end of each fiscal  
12 year, which may be included in the independent financial audit of  
13 the host jurisdiction. If the housing successor is a city or county,  
14 it shall also include in its report pursuant to Section 65400 of the  
15 Government Code and post on its Internet Web site all of the  
16 following information for the previous fiscal year. If the housing  
17 successor is not a city or county, it shall also provide to its  
18 governing body and post on its Internet Web site all of the  
19 following information for the previous fiscal year:

20 (1) The amount the city, county, or city and county received  
21 pursuant to subparagraph (A) of paragraph (3) of subdivision (b)  
22 of Section 34191.4.

23 (2) The amount deposited to the Low and Moderate Income  
24 Housing Asset Fund, distinguishing between amounts deposited  
25 pursuant to subparagraphs (B) and (C) of paragraph (3) of  
26 subdivision (b) of Section 34191.4, amounts deposited for other  
27 items listed on the Recognized Obligation Payment Schedule, and  
28 other amounts deposited.

29 (3) A statement of the balance in the fund as of the close of the  
30 fiscal year, distinguishing any amounts held for items listed on the  
31 Recognized Obligation Payment Schedule from other amounts.

32 (4) A description of expenditures from the fund by category,  
33 including, but not limited to, expenditures (A) for monitoring and  
34 preserving the long-term affordability of units subject to  
35 affordability restrictions or covenants entered into by the  
36 redevelopment agency or the housing successor and administering  
37 the activities described in paragraphs (2) and (3) of subdivision  
38 (a), (B) for homeless prevention and rapid rehousing services for  
39 the development of housing described in paragraph (2) of

1 subdivision (a), and (C) for the development of housing pursuant  
2 to paragraph (3) of subdivision (a).

3 (5) As described in paragraph (1) of subdivision (a), the statutory  
4 value of real property owned by the housing successor, the value  
5 of loans and grants receivable, and the sum of these two amounts.

6 (6) A description of any transfers made pursuant to paragraph  
7 (2) of subdivision (c) in the previous fiscal year and, if still  
8 unencumbered, in earlier fiscal years and a description of and status  
9 update on any project for which transferred funds have been or  
10 will be expended if that project has not yet been placed in service.

11 (7) A description of any project for which the housing successor  
12 receives or holds property tax revenue pursuant to the Recognized  
13 Obligation Payment Schedule and the status of that project.

14 (8) For interests in real property acquired by the former  
15 redevelopment agency prior to February 1, 2012, a status update  
16 on compliance with Section 33334.16. For interests in real property  
17 acquired on or after February 1, 2012, a status update on the  
18 project.

19 (9) A description of any outstanding obligations pursuant to  
20 Section 33413 that remained to transfer to the housing successor  
21 on February 1, 2012, of the housing successor's progress in meeting  
22 those obligations, and of the housing successor's plans to meet  
23 unmet obligations. In addition, the housing successor shall include  
24 in the report posted on its Internet Web site the implementation  
25 plans of the former redevelopment agency.

26 (10) The information required by subparagraph (B) of paragraph  
27 (3) of subdivision (a).

28 (11) The percentage of units of deed-restricted rental housing  
29 restricted to seniors and assisted individually or jointly by the  
30 housing successor, its former redevelopment agency, and its host  
31 jurisdiction within the previous 10 years in relation to the aggregate  
32 number of units of deed-restricted rental housing assisted  
33 individually or jointly by the housing successor, its former  
34 redevelopment agency, and its host jurisdiction within the same  
35 time period.

36 (12) The amount of any excess surplus, the amount of time that  
37 the successor agency has had excess surplus, and the housing  
38 successor's plan for eliminating the excess surplus.

39 (13) An inventory of homeownership units assisted by the  
40 former redevelopment agency or the housing successor that are

1 subject to covenants or restrictions or to an adopted program that  
2 protects the former redevelopment agency's investment of moneys  
3 from the Low and Moderate Income Housing Fund pursuant to  
4 subdivision (f) of Section 33334.3. This inventory shall include  
5 all of the following information:

6 (A) The number of those units.

7 (B) In the first report pursuant to this subdivision, the number  
8 of units lost to the portfolio after February 1, 2012, and the reason  
9 or reasons for those losses. For all subsequent reports, the number  
10 of the units lost to the portfolio in the last fiscal year and the reason  
11 for those losses.

12 (C) Any funds returned to the housing successor as part of an  
13 adopted program that protects the former redevelopment agency's  
14 investment of moneys from the Low and Moderate Income Housing  
15 Fund.

16 (D) Whether the housing successor has contracted with any  
17 outside entity for the management of the units and, if so, the  
18 identity of the entity.

19 SEC. 6. Section 34177 of the Health and Safety Code is  
20 amended to read:

21 34177. Successor agencies are required to do all of the  
22 following:

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

24 (1) On and after February 1, 2012, and until a Recognized  
25 Obligation Payment Schedule becomes operative, only payments  
26 required pursuant to an enforceable obligations payment schedule  
27 shall be made. The initial enforceable obligation payment schedule  
28 shall be the last schedule adopted by the redevelopment agency  
29 under Section 34169. However, payments associated with  
30 obligations excluded from the definition of enforceable obligations  
31 by paragraph (2) of subdivision (d) of Section 34171 shall be  
32 excluded from the enforceable obligations payment schedule and  
33 be removed from the last schedule adopted by the redevelopment  
34 agency under Section 34169 prior to the successor agency adopting  
35 it as its enforceable obligations payment schedule pursuant to this  
36 subdivision. The enforceable obligation payment schedule may  
37 be amended by the successor agency at any public meeting and  
38 shall be subject to the approval of the oversight board as soon as  
39 the board has sufficient members to form a quorum. In recognition  
40 of the fact that the timing of the California Supreme Court's ruling

1 in the case *California Redevelopment Association v. Matosantos*  
2 (2011) 53 Cal.4th 231 delayed the preparation by successor  
3 agencies and the approval by oversight boards of the January 1,  
4 2012, through June 30, 2012, Recognized Obligation Payment  
5 Schedule, a successor agency may amend the Enforceable  
6 Obligation Payment Schedule to authorize the continued payment  
7 of enforceable obligations until the time that the January 1, 2012,  
8 through June 30, 2012, Recognized Obligation Payment Schedule  
9 has been approved by the oversight board and by the department.  
10 The successor agency may utilize reasonable estimates and  
11 projections to support payment amounts for enforceable obligations  
12 if the successor agency submits appropriate supporting  
13 documentation of the basis for the estimate or projection to the  
14 Department of Finance and the auditor-controller.

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

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

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

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

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

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

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

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

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

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

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

36 (i) Continue to oversee development of properties until the  
37 contracted work has been completed or the contractual obligations  
38 of the former redevelopment agency can be transferred to other  
39 parties. Bond proceeds shall be used for the purposes for which

1 bonds were sold unless the purposes can no longer be achieved,  
2 in which case, the proceeds may be used to defease the bonds.

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

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

8 (2) Proposed sources of payment for the costs identified in  
9 paragraph (1).

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

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

16 (l) (1) Before each fiscal period set forth in subdivision (m) or  
17 (o), as applicable, prepare a Recognized Obligation Payment  
18 Schedule in accordance with the requirements of this paragraph.  
19 For each recognized obligation, the Recognized Obligation  
20 Payment Schedule shall identify one or more of the following  
21 sources of payment:

22 (A) Low and Moderate Income Housing Fund.

23 (B) Bond proceeds.

24 (C) Reserve balances.

25 (D) Administrative cost allowance.

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

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

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

36 (A) A Recognized Obligation Payment Schedule is prepared  
37 by the successor agency for the enforceable obligations of the  
38 former redevelopment agency. The initial schedule shall project  
39 the dates and amounts of scheduled payments for each enforceable  
40 obligation for the remainder of the time period during which the

1 redevelopment agency would have been authorized to obligate  
2 property tax increment had the a redevelopment agency not been  
3 dissolved.

4 (B) The Recognized Obligation Payment Schedule is submitted  
5 to and duly approved by the oversight board. The successor agency  
6 shall submit a copy of the Recognized Obligation Payment  
7 Schedule to the county administrative officer, the county  
8 auditor-controller, and the department at the same time that the  
9 successor agency submits the Recognized Obligation Payment  
10 Schedule to the oversight board for approval.

11 (C) A copy of the approved Recognized Obligation Payment  
12 Schedule is submitted to the county auditor-controller, the  
13 Controller's office, and the Department of Finance, and is posted  
14 on the successor agency's Internet Web site.

15 (3) The Recognized Obligation Payment Schedule shall be  
16 forward looking to the next six months or one year pursuant to  
17 subdivision (m) or (o), as applicable. The first Recognized  
18 Obligation Payment Schedule shall be submitted to the Controller's  
19 office and the department by April 15, 2012, for the period of  
20 January 1, 2012, to June 30, 2012, inclusive. This Recognized  
21 Obligation Payment Schedule shall include all payments made by  
22 the former redevelopment agency between January 1, 2012, through  
23 January 31, 2012, and shall include all payments proposed to be  
24 made by the successor agency from February 1, 2012, through  
25 June 30, 2012. Former redevelopment agency enforceable  
26 obligation payments due, and reasonable or necessary  
27 administrative costs due or incurred, prior to January 1, 2012, shall  
28 be made from property tax revenues received in the spring of 2011  
29 property tax distribution, and from other revenues and balances  
30 transferred to the successor agency.

31 (m) (1) The Recognized Obligation Payment Schedule for the  
32 period of January 1, 2013, to June 30, 2013, shall be submitted by  
33 the successor agency, after approval by the oversight board, no  
34 later than September 1, 2012. Commencing with the Recognized  
35 Obligation Payment Schedule covering the period July 1, 2013,  
36 through December 31, 2013, successor agencies shall submit an  
37 oversight board-approved Recognized Obligation Payment  
38 Schedule to the department and to the county auditor-controller  
39 no fewer than 90 days before the date of property tax distribution.  
40 The department shall make its determination of the enforceable

1 obligations and the amounts and funding sources of the enforceable  
2 obligations no later than 45 days after the Recognized Obligation  
3 Payment Schedule is submitted. Within five business days of the  
4 department's determination, a successor agency may request  
5 additional review by the department and an opportunity to meet  
6 and confer on disputed items, except for those items which are the  
7 subject of litigation disputing the department's previous or related  
8 determination. The meet and confer period may vary; an untimely  
9 submittal of a Recognized Obligation Payment Schedule may result  
10 in a meet and confer period of less than 30 days. The department  
11 shall notify the successor agency and the county auditor-controllers  
12 as to the outcome of its review at least 15 days before the date of  
13 property tax distribution.

14 (A) The successor agency shall submit a copy of the Recognized  
15 Obligation Payment Schedule to the department electronically,  
16 and the successor agency shall complete the Recognized Obligation  
17 Payment Schedule in the manner provided for by the department.  
18 A successor agency shall be in noncompliance with this paragraph  
19 if it only submits to the department an electronic message or a  
20 letter stating that the oversight board has approved a Recognized  
21 Obligation Payment Schedule.

22 (B) If a successor agency does not submit a Recognized  
23 Obligation Payment Schedule by the deadlines provided in this  
24 subdivision, the city, county, or city and county that created the  
25 redevelopment agency, if it is acting as the successor agency, shall  
26 be subject to a civil penalty equal to ten thousand dollars (\$10,000)  
27 per day for every day the schedule is not submitted to the  
28 department. The civil penalty shall be paid to the county  
29 auditor-controller for allocation to the taxing entities under Section  
30 34183. If a successor agency fails to submit a Recognized  
31 Obligation Payment Schedule by the deadline, any creditor of the  
32 successor agency or the Department of Finance or any affected  
33 taxing entity shall have standing to and may request a writ of  
34 mandate to require the successor agency to immediately perform  
35 this duty. Those actions may be filed only in the County of  
36 Sacramento and shall have priority over other civil matters.  
37 Additionally, if an agency does not submit a Recognized Obligation  
38 Payment Schedule within 10 days of the deadline, the maximum  
39 administrative cost allowance for that period shall be reduced by  
40 25 percent.

1 (C) If a successor agency fails to submit to the department an  
2 oversight board-approved Recognized Obligation Payment  
3 Schedule that complies with all requirements of this subdivision  
4 within five business days of the date upon which the Recognized  
5 Obligation Payment Schedule is to be used to determine the amount  
6 of property tax allocations, the department may determine if any  
7 amount should be withheld by the county auditor-controller for  
8 payments for enforceable obligations from distribution to taxing  
9 entities, pending approval of a Recognized Obligation Payment  
10 Schedule. The county auditor-controller shall distribute the portion  
11 of any of the sums withheld pursuant to this paragraph to the  
12 affected taxing entities in accordance with paragraph (4) of  
13 subdivision (a) of Section 34183 upon notice by the department  
14 that a portion of the withheld balances are in excess of the amount  
15 of enforceable obligations. The county auditor-controller shall  
16 distribute withheld funds to the successor agency only in  
17 accordance with a Recognized Obligation Payment Schedule  
18 approved by the department. County auditor-controllers shall lack  
19 the authority to withhold any other amounts from the allocations  
20 provided for under Section 34183 or 34188 unless required by a  
21 court order.

22 (D) (i) The Recognized Obligation Payment Schedule payments  
23 required pursuant to this subdivision may be scheduled beyond  
24 the existing Recognized Obligation Payment Schedule cycle upon  
25 a showing that a lender requires cash on hand beyond the  
26 Recognized Obligation Payment Schedule cycle.

27 (ii) When a payment is shown to be due during the Recognized  
28 Obligation Payment Schedule period, but an invoice or other billing  
29 document has not yet been received, the successor agency may  
30 utilize reasonable estimates and projections to support payment  
31 amounts for enforceable obligations if the successor agency submits  
32 appropriate supporting documentation of the basis for the estimate  
33 or projection to the department and the auditor-controller.

34 (iii) A Recognized Obligation Payment Schedule may also  
35 include appropriation of moneys from bonds subject to passage  
36 during the Recognized Obligation Payment Schedule cycle when  
37 an enforceable obligation requires the agency to issue the bonds  
38 and use the proceeds to pay for project expenditures.

39 (2) The requirements of this subdivision shall apply until  
40 December 31, 2015.

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

4 (o) (1) Commencing with the Recognized Obligation Payment  
5 Schedule covering the period from July 1, 2016, to June 30, 2017,  
6 inclusive, and for each period from July 1 to June 30, inclusive,  
7 thereafter, a successor agency shall submit an oversight  
8 board-approved Recognized Obligation Payment Schedule to the  
9 department and to the county auditor-controller no later than  
10 February 1, 2016, and each February 1 thereafter. The department  
11 shall make its determination of the enforceable obligations and  
12 the amounts and funding sources of the enforceable obligations  
13 no later than April 15, 2016, and each April 15 thereafter. Within  
14 five business days of the department’s determination, a successor  
15 agency may request additional review by the department and an  
16 opportunity to meet and confer on disputed items, except for those  
17 items which are the subject of litigation disputing the department’s  
18 previous or related determination. An untimely submittal of a  
19 Recognized Obligation Payment Schedule may result in a meet  
20 and confer period of less than 30 days. The department shall notify  
21 the successor agency and the county auditor-controller as to the  
22 outcome of its review at least 15 days before the date of the first  
23 property tax distribution for that period.

24 (A) The successor agency shall submit a copy of the Recognized  
25 Obligation Payment Schedule to the department in the manner  
26 provided for by the department.

27 (B) If a successor agency does not submit a Recognized  
28 Obligation Payment Schedule by the deadlines provided in this  
29 subdivision, the city, county, or city and county that created the  
30 redevelopment agency, if acting as the successor agency, shall be  
31 subject to a civil penalty equal to ten thousand dollars (\$10,000)  
32 per day for every day the schedule is not submitted to the  
33 department. The civil penalty shall be paid to the county  
34 auditor-controller for allocation to the taxing entities under Section  
35 34183. If a successor agency fails to submit a Recognized  
36 Obligation Payment Schedule by the deadline, any creditor of the  
37 successor agency or the department or any affected taxing entity  
38 shall have standing to, and may request a writ of mandate to,  
39 require the successor agency to immediately perform this duty.  
40 Those actions may be filed only in the County of Sacramento and

1 shall have priority over other civil matters. Additionally, if an  
2 agency does not submit a Recognized Obligation Payment Schedule  
3 within 10 days of the deadline, the maximum administrative cost  
4 for that period shall be reduced by 25 percent.

5 (C) If a successor agency fails to submit to the department an  
6 oversight board-approved Recognized Obligation Payment  
7 Schedule that complies with all requirements of this subdivision  
8 within five business days of the date upon which the Recognized  
9 Obligation Payment Schedule is to be used to determine the amount  
10 of property tax allocations, the department may determine if any  
11 amount should be withheld by the county auditor-controller for  
12 payments for enforceable obligations from distribution to taxing  
13 entities, pending approval of a Recognized Obligation Payment  
14 Schedule. The county auditor-controller shall distribute the portion  
15 of any of the sums withheld pursuant to this paragraph to the  
16 affected taxing entities in accordance with paragraph (4) of  
17 subdivision (a) of Section 34183 upon notice by the department  
18 that a portion of the withheld balances are in excess of the amount  
19 of enforceable obligations. The county auditor-controller shall  
20 distribute withheld funds to the successor agency only in  
21 accordance with a Recognized Obligation Payment Schedule  
22 approved by the department. County auditor-controllers do not  
23 have the authority to withhold any other amounts from the  
24 allocations provided for under Section 34183 or 34188 except as  
25 required by a court order.

26 (D) (i) The Recognized Obligation Payment Schedule payments  
27 required pursuant to this subdivision may be scheduled beyond  
28 the existing Recognized Obligation Payment Schedule cycle upon  
29 a showing that a lender requires cash on hand beyond the  
30 Recognized Obligation Payment Schedule cycle.

31 (ii) When a payment is shown to be due during the Recognized  
32 Obligation Payment Schedule period, but an invoice or other billing  
33 document has not yet been received, the successor agency may  
34 utilize reasonable estimates and projections to support payment  
35 amounts for enforceable obligations if the successor agency submits  
36 appropriate supporting documentation of the basis for the estimate  
37 or projection to the department and the county auditor-controller.

38 (iii) A Recognized Obligation Payment Schedule may also  
39 include a request to use proceeds from bonds expected to be issued  
40 during the Recognized Obligation Payment Schedule cycle when

1 an enforceable obligation requires the agency to issue the bonds  
2 and use the proceeds to pay for project expenditures.

3 (E) Once per Recognized Obligation Payment Schedule period,  
4 and no later than October 1, a successor agency may submit one  
5 amendment to the Recognized Obligation Payment Schedule  
6 approved by the department pursuant to this subdivision, if the  
7 oversight board makes a finding that a revision is necessary for  
8 the payment of approved enforceable obligations during the second  
9 one-half of the Recognized Obligation Payment Schedule period,  
10 which shall be defined as January 1 to June 30, inclusive. A  
11 successor agency may only amend the amount requested for  
12 payment of approved enforceable obligations. The revised  
13 Recognized Obligation Payment Schedule shall be approved by  
14 the oversight board and submitted to the department by electronic  
15 means in a manner of the department's choosing. The department  
16 shall notify the successor agency and the county auditor-controller  
17 as to the outcome of the department's review at least 15 days before  
18 the date of the property tax distribution.

19 (2) The requirements of this subdivision shall apply on and after  
20 January 1, 2016.

21 SEC. 7. Section 34177.3 of the Health and Safety Code is  
22 amended to read:

23 34177.3. (a) Successor agencies shall lack the authority to,  
24 and shall not, create new enforceable obligations or begin  
25 redevelopment work, except in compliance with an enforceable  
26 obligation, as defined by subdivision (d) of Section 34171, that  
27 existed prior to June 28, 2011.

28 (b) Notwithstanding subdivision (a), successor agencies may  
29 create enforceable obligations to conduct the work of winding  
30 down the redevelopment agency, including hiring staff, acquiring  
31 necessary professional administrative services and legal counsel,  
32 and procuring insurance. Except as required by an enforceable  
33 obligation, the work of winding down the redevelopment agency  
34 does not include planning, design, redesign, development,  
35 demolition, alteration, construction, construction financing, site  
36 remediation, site development or improvement, land clearance,  
37 seismic retrofits, and other similar work. Successor agencies may  
38 not create enforceable obligations to repay loans entered into  
39 between the redevelopment agency that it is succeeding and the  
40 city, county, or city and county that formed the redevelopment

1 agency that it is succeeding, except as provided in Chapter 9  
2 (commencing with Section 34191.1).

3 (c) Successor agencies shall lack the authority to, and shall not,  
4 transfer any powers or revenues of the successor agency to any  
5 other party, public or private, except pursuant to an enforceable  
6 obligation on a Recognized Obligation Payment Schedule approved  
7 by the department. Any such transfers of authority or revenues  
8 that are not made pursuant to an enforceable obligation on a  
9 Recognized Obligation Payment Schedule approved by the  
10 department are hereby declared to be void, and the successor  
11 agency shall take action to reverse any of those transfers. The  
12 Controller may audit any transfer of authority or revenues  
13 prohibited by this section and may order the prompt return of any  
14 money or other things of value from the receiving party.

15 (d) Redevelopment agencies that resolved to participate in the  
16 Voluntary Alternative Redevelopment Program under Chapter 6  
17 of the First Extraordinary Session of the Statutes of 2011 were and  
18 are subject to the provisions of Part 1.8 (commencing with Section  
19 34161). Any actions taken by redevelopment agencies to create  
20 obligations after June 27, 2011, are ultra vires and do not create  
21 enforceable obligations.

22 (e) The provisions of this section shall apply retroactively to  
23 any successor agency or redevelopment agency actions occurring  
24 on or after June 27, 2012.

25 SEC. 8. Section 34177.5 of the Health and Safety Code is  
26 amended to read:

27 34177.5. (a) In addition to the powers granted to each  
28 successor agency, and notwithstanding anything in the act adding  
29 this part, including, but not limited to, Sections 34162 and 34189,  
30 a successor agency shall have the authority, rights, and powers of  
31 the redevelopment agency to which it succeeded solely for the  
32 following purposes:

33 (1) For the purpose of issuing bonds or incurring other  
34 indebtedness to refund the bonds or other indebtedness of its former  
35 redevelopment agency or of the successor agency to provide  
36 savings to the successor agency, provided that (A) the total interest  
37 cost to maturity on the refunding bonds or other indebtedness plus  
38 the principal amount of the refunding bonds or other indebtedness  
39 shall not exceed the total remaining interest cost to maturity on  
40 the bonds or other indebtedness to be refunded plus the remaining

1 principal of the bonds or other indebtedness to be refunded, and  
2 (B) the principal amount of the refunding bonds or other  
3 indebtedness shall not exceed the amount required to defease the  
4 refunded bonds or other indebtedness, to establish customary debt  
5 service reserves, and to pay related costs of issuance. If the  
6 foregoing conditions are satisfied, the initial principal amount of  
7 the refunding bonds or other indebtedness may be greater than the  
8 outstanding principal amount of the bonds or other indebtedness  
9 to be refunded. The successor agency may pledge to the refunding  
10 bonds or other indebtedness the revenues pledged to the bonds or  
11 other indebtedness being refunded, and that pledge, when made  
12 in connection with the issuance of such refunding bonds or other  
13 indebtedness, shall have the same lien priority as the pledge of the  
14 bonds or other obligations to be refunded, and shall be valid,  
15 binding, and enforceable in accordance with its terms.

16 (2) For the purpose of issuing bonds or other indebtedness to  
17 finance debt service spikes, including balloon maturities, provided  
18 that (A) the existing indebtedness is not accelerated, except to the  
19 extent necessary to achieve substantially level debt service, and  
20 (B) the principal amount of the bonds or other indebtedness shall  
21 not exceed the amount required to finance the debt service spikes,  
22 including establishing customary debt service reserves and paying  
23 related costs of issuance.

24 (3) For the purpose of amending an existing enforceable  
25 obligation under which the successor agency is obligated to  
26 reimburse a political subdivision of the state for the payment of  
27 debt service on a bond or other obligation of the political  
28 subdivision, or to pay all or a portion of the debt service on the  
29 bond or other obligation of the political subdivision to provide  
30 savings to the successor agency, provided that (A) the enforceable  
31 obligation is amended in connection with a refunding of the bonds  
32 or other obligations of the political subdivision so that the  
33 enforceable obligation will apply to the refunding bonds or other  
34 refunding indebtedness of the political subdivision, (B) the total  
35 interest cost to maturity on the refunding bonds or other  
36 indebtedness plus the principal amount of the refunding bonds or  
37 other indebtedness shall not exceed the total remaining interest  
38 cost to maturity on the bonds or other indebtedness to be refunded  
39 plus the remaining principal of the bonds or other indebtedness to  
40 be refunded, and (C) the principal amount of the refunding bonds

1 or other indebtedness shall not exceed the amount required to  
2 defease the refunded bonds or other indebtedness, to establish  
3 customary debt service reserves and to pay related costs of  
4 issuance. The pledge set forth in that amended enforceable  
5 obligation, when made in connection with the execution of the  
6 amendment of the enforceable obligation, shall have the same lien  
7 priority as the pledge in the enforceable obligation prior to its  
8 amendment and shall be valid, binding, and enforceable in  
9 accordance with its terms.

10 (4) For the purpose of issuing bonds or incurring other  
11 indebtedness to make payments under enforceable obligations  
12 when the enforceable obligations include the irrevocable pledge  
13 of property tax increment, formerly tax increment revenues prior  
14 to the effective date of this part, or other funds and the obligation  
15 to issue bonds secured by that pledge. The successor agency may  
16 pledge to the bonds or other indebtedness the property tax revenues  
17 and other funds described in the enforceable obligation, and that  
18 pledge, when made in connection with the issuance of the bonds  
19 or the incurring of other indebtedness, shall be valid, binding, and  
20 enforceable in accordance with its terms. This paragraph shall not  
21 be deemed to authorize a successor agency to increase the amount  
22 of property tax revenues pledged under an enforceable obligation  
23 or to pledge any property tax revenue not already pledged pursuant  
24 to an enforceable obligation. This paragraph does not constitute a  
25 change in, but is declaratory of, the existing law.

26 (b) The refunding bonds authorized under this section may be  
27 issued under the authority of Article 11 (commencing with Section  
28 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the  
29 Government Code, and the refunding bonds may be sold at public  
30 or private sale, or to a joint powers authority pursuant to the  
31 Marks-Roos Local Bond Pooling Act (Article 4 (commencing with  
32 Section 6584) of Chapter 5 of Division 7 of Title 1 of the  
33 Government Code).

34 (c) (1) Prior to incurring any bonds or other indebtedness  
35 pursuant to this section, the successor agency may subordinate to  
36 the bonds or other indebtedness the amount required to be paid to  
37 an affected taxing entity pursuant to paragraph (1) of subdivision  
38 (a) of Section 34183, provided that the affected taxing entity has  
39 approved the subordinations pursuant to this subdivision.

1 (2) At the time the successor agency requests an affected taxing  
2 entity to subordinate the amount to be paid to it, the successor  
3 agency shall provide the affected taxing entity with substantial  
4 evidence that sufficient funds will be available to pay both the debt  
5 service on the bonds or other indebtedness and the payments  
6 required by paragraph (1) of subdivision (a) of Section 34183,  
7 when due.

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

17 (d) An action may be brought pursuant to Chapter 9  
18 (commencing with Section 860) of Title 10 of Part 2 of the Code  
19 of Civil Procedure to determine the validity of bonds or other  
20 obligations authorized by this section, the pledge of revenues to  
21 those bonds or other obligations authorized by this section, the  
22 legality and validity of all proceedings theretofore taken and, as  
23 provided in the resolution of the legislative body of the successor  
24 agency authorizing the bonds or other obligations authorized by  
25 this section, proposed to be taken for the authorization, execution,  
26 issuance, sale, and delivery of the bonds or other obligations  
27 authorized by this section, and for the payment of debt service on  
28 the bonds or the payment of amounts under other obligations  
29 authorized by this section. Subdivision (c) of Section 33501 shall  
30 not apply to any such action. The department shall be notified of  
31 the filing of any action as an affected party.

32 (e) Notwithstanding any other law, including, but not limited  
33 to, Section 33501, an action to challenge the issuance of bonds,  
34 the incurrence of indebtedness, the amendment of an enforceable  
35 obligation, or the execution of a financing agreement by a successor  
36 agency shall be brought within 30 days after the date on which the  
37 oversight board approves the resolution of the successor agency  
38 approving the issuance of bonds, the incurrence of indebtedness,  
39 the amendment of an enforceable obligation, or the execution of  
40 a financing agreement authorized under this section.

1 (f) The actions authorized in this section shall be subject to the  
2 approval of the oversight board, as provided in Section 34180.  
3 Additionally, an oversight board may direct the successor agency  
4 to commence any of the transactions described in subdivision (a)  
5 so long as the successor agency is able to recover its related costs  
6 in connection with the transaction. After a successor agency, with  
7 approval of the oversight board, issues any bonds, incurs any  
8 indebtedness, or executes an amended enforceable obligation  
9 pursuant to subdivision (a), the oversight board shall not  
10 unilaterally approve any amendments to or early termination of  
11 the bonds, indebtedness, or enforceable obligation. If, under the  
12 authority granted to it by subdivision (h) of Section 34179, the  
13 department either reviews and approves or fails to request review  
14 within five business days of an oversight board approval of an  
15 action authorized by this section, the scheduled payments on the  
16 bonds or other indebtedness shall be listed in the Recognized  
17 Obligation Payment Schedule and shall not be subject to further  
18 review and approval by the department or the Controller. The  
19 department may extend its review time to 60 days for actions  
20 authorized in this section and may seek the assistance of the  
21 Treasurer in evaluating proposed actions under this section.

22 (g) Any bonds, indebtedness, or amended enforceable obligation  
23 authorized by this section shall be considered indebtedness incurred  
24 by the dissolved redevelopment agency, with the same legal effect  
25 as if the bonds, indebtedness, financing agreement, or amended  
26 enforceable obligation had been issued, incurred, or entered into  
27 prior to June 28, 2011, in full conformity with the applicable  
28 provisions of the Community Redevelopment Law that existed  
29 prior to that date, shall be included in the successor agency's  
30 Recognized Obligation Payment Schedule, and shall be secured  
31 by a pledge of, and lien on, and shall be repaid from moneys  
32 deposited from time to time in the Redevelopment Property Tax  
33 Trust Fund established pursuant to subdivision (c) of Section  
34 34172, as provided in paragraph (2) of subdivision (a) of Section  
35 34183. Property tax revenues pledged to any bonds, indebtedness,  
36 or amended enforceable obligations authorized by this section are  
37 taxes allocated to the successor agency pursuant to subdivision (b)  
38 of Section 33670 and Section 16 of Article XVI of the California  
39 Constitution.

1 (h) The successor agency shall make diligent efforts to ensure  
2 that the lowest long-term cost financing is obtained. The financing  
3 shall not provide for any bullets or spikes and shall not use variable  
4 rates. The successor agency shall make use of an independent  
5 financial advisor in developing financing proposals and shall make  
6 the work products of the financial advisor available to the  
7 department at its request.

8 (i) If an enforceable obligation provides for an irrevocable  
9 commitment of revenue and where allocation of such revenues is  
10 expected to occur over time, the successor agency may petition  
11 the department by electronic means and in a manner of the  
12 department's choosing to provide written confirmation that its  
13 determination of such enforceable obligation as approved in a  
14 Recognized Obligation Payment Schedule is final and conclusive,  
15 and reflects the department's approval of subsequent payments  
16 made pursuant to the enforceable obligation. The successor agency  
17 shall provide a copy of the petition to the county auditor-controller  
18 at the same time it is submitted to the department. The department  
19 shall have 100 days from the date of the request for a final and  
20 conclusive determination to provide written confirmation of  
21 approval or denial of the request. For any pending final and  
22 conclusive determination requests submitted prior to June 30, 2015,  
23 the department shall have until September 30, 2015, to provide  
24 written confirmation of approval or denial of the request. If the  
25 confirmation of approval is granted, then the department's review  
26 of such payments in future Recognized Obligation Payment  
27 Schedules shall be limited to confirming that they are required by  
28 the prior enforceable obligation.

29 (j) The successor agency may request that the department  
30 provide a written determination to waive the two-year statute of  
31 limitations on an action to review the validity of the adoption or  
32 amendment of a redevelopment plan pursuant to subdivision (c)  
33 of Section 33500 or on any findings or determinations made by  
34 the agency pursuant to subdivision (d) of Section 33500. The  
35 department at its discretion may provide a waiver if it determines  
36 it is necessary for the agency to fulfill an enforceable obligation.

37 SEC. 9. Section 34177.7 is added to the Health and Safety  
38 Code, to read:

39 34177.7. (a) (1) In addition to the powers granted to each  
40 successor agency, and notwithstanding anything in the act adding

1 this part, including, but not limited to, Sections 34162 and 34189,  
2 the successor agency to the Redevelopment Agency of the City  
3 and County of San Francisco shall have the authority, rights, and  
4 powers of the Redevelopment Agency to which it succeeded solely  
5 for the purpose of issuing bonds or incurring other indebtedness  
6 to finance:

7 (A) The affordable housing required by the Mission Bay North  
8 Owner Participation Agreement, the Mission Bay South Owner  
9 Participation Agreement, the Disposition and Development  
10 Agreement for Hunters Point Shipyard Phase 1, the Candlestick  
11 Point-Hunters Point Shipyard Phase 2 Disposition and  
12 Development Agreement, and the Transbay Implementation  
13 Agreement.

14 (B) The infrastructure required by the Transbay Implementation  
15 Agreement.

16 (2) The successor agency to the Redevelopment Agency of the  
17 City and County of San Francisco may pledge to the bonds or other  
18 indebtedness the property tax revenues available in the successor  
19 agency's Redevelopment Property Tax Trust Fund that are not  
20 otherwise obligated.

21 (b) Bonds issued pursuant to this section may be sold pursuant  
22 to either a negotiated or a competitive sale. The bonds issued or  
23 other indebtedness obligations incurred pursuant to this section  
24 may be issued or incurred on a parity basis with outstanding bonds  
25 or other indebtedness obligations of the successor agency to the  
26 Redevelopment Agency of the City and County of San Francisco  
27 and may pledge the revenues pledged to those outstanding bonds  
28 or other indebtedness obligations to the issuance of bonds or other  
29 obligations pursuant to this section. The pledge, when made in  
30 connection with the issuance of bonds or other indebtedness  
31 obligations under this section, shall have the same lien priority as  
32 the pledge of outstanding bonds or other indebtedness obligations,  
33 and shall be valid, binding, and enforceable in accordance with its  
34 terms.

35 (c) (1) Prior to issuing any bonds or incurring other  
36 indebtedness pursuant to this section, the successor agency to the  
37 Redevelopment Agency of the City and County of San Francisco  
38 may subordinate to the bonds or other indebtedness the amount  
39 required to be paid to an affected taxing entity pursuant to  
40 paragraph (1) of subdivision (a) of Section 34183, provided that

1 the affected taxing entity has approved the subordinations pursuant  
2 to this subdivision.

3 (2) At the time the agency requests an affected taxing entity to  
4 subordinate the amount to be paid to it, the agency shall provide  
5 the affected taxing entity with substantial evidence that sufficient  
6 funds will be available to pay both the debt service on the bonds  
7 or other indebtedness and the payments required by paragraph (1)  
8 of subdivision (a) of Section 34183, when due.

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

18 (d) An action may be brought pursuant to Chapter 9  
19 (commencing with Section 860) of Title 10 of Part 2 of the Code  
20 of Civil Procedure to determine the validity of bonds or other  
21 obligations authorized by this section, the pledge of revenues to  
22 those bonds or other obligations authorized by this section, the  
23 legality and validity of all proceedings theretofore taken and, as  
24 provided in the resolution of the legislative body of the successor  
25 agency to the Redevelopment Agency of the City and County of  
26 San Francisco authorizing the bonds or other indebtedness  
27 obligations authorized by this section, proposed to be taken for  
28 the authorization, execution, issuance, sale, and delivery of the  
29 bonds or other obligations authorized by this section, and for the  
30 payment of debt service on the bonds or the payment of amounts  
31 under other obligations authorized by this section. Subdivision (c)  
32 of Section 33501 shall not apply to any such action. The department  
33 shall be notified of the filing of any action as an affected party.

34 (e) Notwithstanding any other law, including, but not limited  
35 to, Section 33501, an action to challenge the issuance of bonds or  
36 the incurrence of indebtedness by the successor agency to the  
37 Redevelopment Agency of the City and County of San Francisco  
38 shall be brought within 30 days after the date on which the  
39 oversight board approves the resolution of the agency approving

1 the issuance of bonds or the incurrence of indebtedness under this  
2 section.

3 (f) The actions authorized in this section shall be subject to the  
4 approval of the oversight board, as provided in Section 34180.  
5 Additionally, the oversight board may direct the successor agency  
6 to the Redevelopment Agency of the City and County of San  
7 Francisco to commence any of the transactions described in  
8 subdivision (a) so long as the agency is able to recover its related  
9 costs in connection with the transaction. After the agency, with  
10 approval of the oversight board, issues any bonds or incurs any  
11 indebtedness pursuant to subdivision (a), the oversight board shall  
12 not unilaterally approve any amendments to or early termination  
13 of the bonds or indebtedness. If, under the authority granted to it  
14 by subdivision (h) of Section 34179, the department either reviews  
15 and approves or fails to request review within five business days  
16 of an oversight board approval of an action authorized by this  
17 section, the scheduled payments on the bonds or other indebtedness  
18 shall be listed in the Recognized Obligation Payment Schedule  
19 and shall not be subject to further review and approval by the  
20 department or the Controller. The department may extend its review  
21 time to 60 days for actions authorized in this section and may seek  
22 the assistance of the Treasurer in evaluating proposed actions under  
23 this section.

24 (g) Any bonds or other indebtedness authorized by this section  
25 shall be considered indebtedness incurred by the dissolved  
26 redevelopment agency, with the same legal effect as if the bonds  
27 or other indebtedness had been issued, incurred, or entered into  
28 prior to June 28, 2011, in full conformity with the applicable  
29 provisions of the Community Redevelopment Law that existed  
30 prior to that date, shall be included in the successor agency to the  
31 Redevelopment Agency of the City and County of San Francisco's  
32 Recognized Obligation Payment Schedule, and shall be secured  
33 by a pledge of, and lien on, and shall be repaid from moneys  
34 deposited from time to time in the Redevelopment Property Tax  
35 Trust Fund established pursuant to subdivision (c) of Section  
36 34172, as provided in paragraph (2) of subdivision (a) of Section  
37 34183. Property tax revenues pledged to any bonds or other  
38 indebtedness obligations authorized by this section are taxes  
39 allocated to the successor agency pursuant to subdivision (b) of

1 Section 33670 and Section 16 of Article XVI of the California  
2 Constitution.

3 (h) The successor agency to the Redevelopment Agency of the  
4 City and County of San Francisco shall make diligent efforts to  
5 ensure that the lowest long-term cost financing is obtained. The  
6 financing shall not provide for any bullets or spikes and shall not  
7 use variable rates. The agency shall make use of an independent  
8 financial advisor in developing financing proposals and shall make  
9 the work products of the financial advisor available to the  
10 department at its request.

11 SEC. 10. Section 34178 of the Health and Safety Code is  
12 amended to read:

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

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

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

29 (2) A written agreement between a redevelopment agency and  
30 the city, county, or city and county that created it that provided  
31 loans or other startup funds for the redevelopment agency that  
32 were entered into within two years of the formation of the  
33 redevelopment agency.

34 (3) A joint exercise of powers agreement ~~entered into no later~~  
35 ~~than December 31, 2010,~~ in which the redevelopment agency is a  
36 member of the joint powers authority. However, upon assignment  
37 to the successor agency by operation of the act adding this part,  
38 the successor agency's rights, duties, and performance obligations  
39 under that joint exercise of powers agreement shall be limited by

1 the constraints imposed on successor agencies by the act adding  
2 this part.

3 (4) A duly authorized written agreement entered into at the time  
4 of issuance, but in no event later than June 27, 2011, of  
5 indebtedness obligations solely for the refunding or refinancing  
6 of other indebtedness obligations that existed prior to January 1,  
7 2011, and solely for the purpose of securing or repaying the  
8 refunded and refinanced indebtedness obligations.

9 (c) An oversight board shall not approve any agreements  
10 between the successor agency and the city, county, or city and  
11 county that formed the redevelopment agency that it is succeeding,  
12 except for agreements for the limited purposes set forth in  
13 subdivision (b) of Section 34177.3. A successor agency shall not  
14 enter or reenter into any agreements with the city, county, or city  
15 and county that formed the redevelopment agency that it is  
16 succeeding, except for agreements for the limited purposes set  
17 forth in subdivision (b) of Section 34177.3. A successor agency  
18 or an oversight board shall not exercise the powers granted by  
19 subdivision (a) to restore funding for any item that was denied or  
20 reduced by the department. This subdivision shall apply  
21 retroactively to all agreements entered or reentered pursuant to  
22 this section on and after June 27, 2012. Any agreement entered or  
23 reentered pursuant to this section on and after June 27, 2012, that  
24 does not comply with this subdivision is ultra vires and void, and  
25 does not create an enforceable obligation. The Legislature finds  
26 and declares that this subdivision is necessary to promote the  
27 expeditious wind down of redevelopment agency affairs.

28 SEC. 11. Section 34179 of the Health and Safety Code is  
29 amended to read:

30 34179. (a) Each successor agency shall have an oversight  
31 board composed of seven members. The members shall elect one  
32 of their members as the chairperson and shall report the name of  
33 the chairperson and other members to the Department of Finance  
34 on or before May 1, 2012. Members shall be selected as follows:

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

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

38 (3) (A) One member appointed by the largest special district,  
39 by property tax share, with territory in the territorial jurisdiction  
40 of the former redevelopment agency, which is of the type of special

1 district that is eligible to receive property tax revenues pursuant  
2 to Section 34188.

3 (B) On or after the effective date of this subparagraph, the  
4 county auditor-controller may determine which is the largest special  
5 district for purposes of this section.

6 (4) One member appointed by the county superintendent of  
7 education to represent schools if the superintendent is elected. If  
8 the county superintendent of education is appointed, then the  
9 appointment made pursuant to this paragraph shall be made by the  
10 county board of education.

11 (5) One member appointed by the Chancellor of the California  
12 Community Colleges to represent community college districts in  
13 the county.

14 (6) One member of the public appointed by the county board  
15 of supervisors.

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

34 (8) If the county or a joint powers agency formed the  
35 redevelopment agency, then the largest city by acreage in the  
36 territorial jurisdiction of the former redevelopment agency may  
37 select one member. If there are no cities with territory in a project  
38 area of the redevelopment agency, the county superintendent of  
39 education may appoint an additional member to represent the  
40 public.

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

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

23 (11) Each appointing authority identified in this subdivision  
24 may, but is not required to, appoint alternate representatives to  
25 serve on the oversight board as may be necessary to attend any  
26 meeting of the oversight board in the event that the appointing  
27 authority's primary representative is unable to attend any meeting  
28 for any reason. If an alternate representative attends any meeting  
29 in place of the primary representative, the alternative representative  
30 shall have the same participatory and voting rights as all other  
31 attending members of the oversight board.

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

36 (c) The oversight board may direct the staff of the successor  
37 agency to perform work in furtherance of the oversight board's  
38 and the successor agency's duties and responsibilities under this  
39 part. The successor agency shall pay for all of the costs of meetings  
40 of the oversight board and may include such costs in its

1 administrative budget. Oversight board members shall serve  
2 without compensation or reimbursement for expenses.

3 (d) Oversight board members are protected by the immunities  
4 applicable to public entities and public employees governed by  
5 Part 1 (commencing with Section 810) and Part 2 (commencing  
6 with Section 814) of Division 3.6 of Title 1 of the Government  
7 Code.

8 (e) A majority of the total membership of the oversight board  
9 shall constitute a quorum for the transaction of business. A majority  
10 vote of the total membership of the oversight board is required for  
11 the oversight board to take action. The oversight board shall be  
12 deemed to be a local entity for purposes of the Ralph M. Brown  
13 Act, the California Public Records Act, and the Political Reform  
14 Act of 1974. All actions taken by the oversight board shall be  
15 adopted by resolution.

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

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

21 (h) (1) The department may review an oversight board action  
22 taken pursuant to this part. Written notice and information about  
23 all actions taken by an oversight board shall be provided to the  
24 department as an approved resolution by electronic means and in  
25 a manner of the department's choosing. Without abrogating the  
26 department's authority to review all matters related to the  
27 Recognized Obligation Payment Schedule pursuant to Section  
28 34177, oversight boards are not required to submit the following  
29 oversight board actions for department approval:

30 (A) Meeting minutes and agendas.

31 (B) Administrative budgets.

32 (C) Changes in oversight board members, or the selection of an  
33 oversight board chair or vice chair.

34 (D) Transfers of governmental property pursuant to an approved  
35 Long Range Property Management Plan.

36 (E) Transfers of property to be retained by the sponsoring entity  
37 for future development pursuant to an approved long-range  
38 property management plan.

39 (2) An oversight board action submitted in a manner specified  
40 by the department shall become effective five business days after

1 submission, unless the department requests a review of the action.  
2 Each oversight board shall designate an official to whom the  
3 department may make those requests and who shall provide the  
4 department with the telephone number and e-mail contact  
5 information for the purpose of communicating with the department  
6 pursuant to this subdivision. Except as otherwise provided in this  
7 part, in the event that the department requests a review of a given  
8 oversight board action, it shall have 40 days from the date of its  
9 request to approve the oversight board action or return it to the  
10 oversight board for reconsideration and the oversight board action  
11 shall not be effective until approved by the department. In the  
12 event that the department returns the oversight board action to the  
13 oversight board for reconsideration, the oversight board shall  
14 resubmit the modified action for department approval and the  
15 modified oversight board action shall not become effective until  
16 approved by the department. If the department reviews a  
17 Recognized Obligation Payment Schedule, the department may  
18 eliminate or modify any item on that schedule prior to its approval.  
19 The county auditor-controller shall reflect the actions of the  
20 department in determining the amount of property tax revenues to  
21 allocate to the successor agency. The department shall provide  
22 notice to the successor agency and the county auditor-controller  
23 as to the reasons for its actions. To the extent that an oversight  
24 board continues to dispute a determination with the department,  
25 one or more future recognized obligation schedules may reflect  
26 any resolution of that dispute. The department may also agree to  
27 an amendment to a Recognized Obligation Payment Schedule to  
28 reflect a resolution of a disputed item; however, this shall not affect  
29 a past allocation of property tax or create a liability for any affected  
30 taxing entity.

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

1 (j) Except as specified in subdivision (q), commencing on and  
2 after July 1, 2017, in each county where more than one oversight  
3 board was created by operation of the act adding this part, there  
4 shall be only one oversight board, which shall be staffed by the  
5 county auditor-controller, by another county entity selected by the  
6 county auditor-controller, or by a city within the county that the  
7 county auditor-controller may select after consulting with the  
8 department. Pursuant to Section 34183, the county  
9 auditor-controller may recover directly from the Redevelopment  
10 Property Tax Trust Fund, and distribute to the appropriate city or  
11 county entity, reimbursement for all costs incurred by it or by the  
12 city or county pursuant to this subdivision, which shall include  
13 any associated start-up costs. However, if only one successor  
14 agency exists within the county, the county auditor-controller may  
15 designate the successor agency to staff the oversight board. The  
16 oversight board is appointed as follows:

17 (1) One member may be appointed by the county board of  
18 supervisors.

19 (2) One member may be appointed by the city selection  
20 committee established pursuant to Section 50270 of the  
21 Government Code. In a city and county, the mayor may appoint  
22 one member.

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

27 (4) One member may be appointed by the county superintendent  
28 of education to represent schools if the superintendent is elected.  
29 If the county superintendent of education is appointed, then the  
30 appointment made pursuant to this paragraph shall be made by the  
31 county board of education.

32 (5) One member may be appointed by the Chancellor of the  
33 California Community Colleges to represent community college  
34 districts in the county.

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

37 (7) One member may be appointed by the recognized employee  
38 organization representing the largest number of successor agency  
39 employees in the county.

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

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

9 (m) Any oversight board for a given successor agency, with the  
10 exception of countywide oversight boards, shall cease to exist  
11 when the successor agency has been formally dissolved pursuant  
12 to Section 34187. A county oversight board shall cease to exist  
13 when all successor agencies subject to its oversight have been  
14 formally dissolved pursuant to Section 34187.

15 (n) An oversight board may direct a successor agency to provide  
16 additional legal or financial advice than what was given by agency  
17 staff.

18 (o) An oversight board is authorized to contract with the county  
19 or other public or private agencies for administrative support.

20 (p) On matters within the purview of the oversight board,  
21 decisions made by the oversight board supersede those made by  
22 the successor agency or the staff of the successor agency.

23 (q) (1) Commencing on and after July 1, 2017, in each county  
24 where more than 40 oversight boards were created by operation  
25 of the act adding this part, there shall be five oversight boards,  
26 which shall each be staffed in the same manner as specified in  
27 subdivision (j). The membership of each oversight board shall be  
28 as specified in paragraphs (1) through (7), inclusive, of subdivision  
29 (j).

30 (2) The oversight boards shall be numbered one through five,  
31 and their respective jurisdictions shall encompass the territory  
32 located within the respective borders of the first through fifth  
33 county board of supervisors districts, as those borders existed on  
34 July 1, 2016. Except as specified in paragraph (3), each oversight  
35 board shall have jurisdiction over each successor agency located  
36 within its borders.

37 (3) If a successor agency has territory located within more than  
38 one county board of supervisors' district, the county board of  
39 supervisors shall, no later than July 15, 2016, determine which  
40 oversight board shall have jurisdiction over that successor agency.

1 The county board of supervisors or their designee shall report this  
2 information to the successor agency and the department by the  
3 aforementioned date.

4 (4) The successor agency to the former redevelopment agency  
5 created by a county where more than 40 oversight boards were  
6 created by operation of the act adding this part, shall be under the  
7 jurisdiction of the oversight board with the fewest successor  
8 agencies under its jurisdiction.

9 SEC. 12. Section 34179.7 of the Health and Safety Code is  
10 amended to read:

11 34179.7. Upon full payment of the amounts determined in  
12 subdivision (d) or (e) of Section 34179.6 as reported by the county  
13 auditor-controller pursuant to subdivision (g) of Section 34179.6  
14 and of any amounts due as determined by Section 34183.5, or upon  
15 a final judicial determination of the amounts due and confirmation  
16 that those amounts have been paid by the county auditor-controller,  
17 or upon entering into a written installment payment plan with the  
18 department for payment of the amounts due, the department shall  
19 issue, within five business days, a finding of completion of the  
20 requirements of Section 34179.6 to the successor agency.

21 (a) Notwithstanding any other of law, if a successor agency fails  
22 by December 31, 2015, to pay, or to enter into a written installment  
23 payment plan with the department for the payment of, the amounts  
24 determined in subdivision (d) or (e) of Section 34179.6, or the  
25 amounts determined by Section 34183.5, the successor agency  
26 shall never receive a finding of completion.

27 (b) If a successor agency, city, county, or city and county pays,  
28 or enters into a written installment payment plan with the  
29 department for the payment of the amounts determined in  
30 subdivision (d) or (e) of Section 34179.6 or the amounts determined  
31 by Section 34183.5, and the successor agency, city, county, or city  
32 and county subsequently receives a final judicial determination  
33 that reduces or eliminates the amounts determined, an enforceable  
34 obligation for the reimbursement of the excess amounts paid shall  
35 be created and the obligation to make any payments in excess of  
36 the amount determined by a final judicial determination shall be  
37 canceled and be of no further force or effect.

38 (c) If, upon consultation with the county auditor-controller, the  
39 department finds that a successor agency, city, county, or city and  
40 county has failed to fully make one or more payments agreed to

1 in the written installment payment plan, the following shall occur  
2 unless the county auditor-controller reports within 10 business  
3 days that the successor agency, city, county, or city and county  
4 has made the entirety of the incomplete payment or payments:

5 (1) Section 34191.3, subdivision (b) of Section 34191.4, and  
6 Section 34191.5 shall not apply to the successor agency.

7 (2) Oversight board actions taken under subdivision (b) of  
8 Section 34191.4 shall no longer be effective. Any loan agreements  
9 entered into between the redevelopment agency and the city,  
10 county, or city and county that created the redevelopment agency  
11 that were deemed enforceable obligations pursuant to such  
12 oversight board actions shall no longer be enforceable obligations.

13 (3) If the department has approved a long-range property  
14 management plan for the successor agency, that plan shall no  
15 longer be effective. Any property that has not been disposed of  
16 through the plan prior to the nonpayment discussed in paragraph  
17 (3) shall be disposed of pursuant to Section 34181.

18 (4) If applicable, the successor agency's Last and Final  
19 Recognized Obligation Payment Schedule shall cease to be  
20 effective. However, to ensure the flow of lawful payments to third  
21 parties is not impeded, the Last and Final Recognized Obligation  
22 Payment Schedule shall remain operative until the successor  
23 agency's next Recognized Obligation Payment Schedule is  
24 approved and becomes operative pursuant to Section 34177.

25 (d) Subdivision (c) shall not be construed to prevent the  
26 department from working with a successor agency, city, county,  
27 or city and county to amend the terms of a written installment  
28 payment plan if the department determines the amendments are  
29 necessitated by the successor agency's, city's, county's, or city  
30 and county's fiscal situation.

31 SEC. 13. Section 34179.9 is added to the Health and Safety  
32 Code, to read:

33 34179.9. (a) The city, county, or city and county that created  
34 the former redevelopment agency shall return to the successor  
35 agency all assets transferred to the city, county, or city and county  
36 ordered returned pursuant to Section 34167.5.

37 (b) (1) The city, county, or city and county that created the  
38 former redevelopment agency shall return to the successor agency  
39 all cash and cash equivalents transferred to the city, county, or city

1 and county that were not required by an enforceable obligation as  
2 determined pursuant to Sections 34179.5 and 34179.6.

3 (2) Any amounts required to be returned to the successor agency  
4 under Sections 34179.5 and 34179.6, and paragraph (1) of this  
5 subdivision, that were transferred to the city, county, or city and  
6 county that created the former redevelopment agency as repayment  
7 for an advance of funds made by the city, county, or city and  
8 county to the former redevelopment agency or successor agency  
9 that was needed to pay the former redevelopment agency's debt  
10 service or passthrough payments may be placed on a Recognized  
11 Obligation Payment Schedule by the successor agency for payment  
12 as an enforceable obligation subject to the following conditions:

13 (A) The transfer to the city, county, or city and county by the  
14 former redevelopment agency or successor agency as repayment  
15 for the advance of funds occurred within 30 days of receipt of a  
16 duly scheduled property tax distribution to the former  
17 redevelopment agency by the county auditor-controller.

18 (B) The loan from the city, county, or city and county was  
19 necessary because the former redevelopment agency or successor  
20 agency had insufficient funds to pay for the former redevelopment  
21 agency's debt service or passthrough payments.

22 (3) Paragraph (2) shall not apply if:

23 (A) The former redevelopment agency had insufficient funds  
24 as a result of an unauthorized transfer of cash or cash equivalents  
25 to the city, county, or city and county that created the former  
26 redevelopment agency.

27 (B) The successor agency has received a finding of completion  
28 as of the effective date of the act that added this section.

29 (C) The successor agency, the city, county, or city and county  
30 that created the former redevelopment agency, or the successor  
31 agency's oversight board, is currently or was previously a party  
32 to outstanding litigation contesting the department's determination  
33 under subdivision (d) or (e) of Section 34179.6.

34 (c) The city, county, or city and county that created the former  
35 redevelopment agency shall return to the successor agency any  
36 money or assets transferred to the city, county, or city and county  
37 by the successor agency that were not authorized pursuant to an  
38 effective oversight board action or Recognized Obligation Payment  
39 Schedule determination.

1 SEC. 14. Section 34180 of the Health and Safety Code is  
2 amended to read:

3 34180. All of the following successor agency actions shall first  
4 be approved by the oversight board:

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

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

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

19 (d) Merging of project areas.

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

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

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

36 (g) Establishment of the Recognized Obligation Payment  
37 Schedule.

38 (h) A request by the successor agency to enter or reenter into  
39 an agreement with the city, county, or city and county that formed  
40 the redevelopment agency that it is succeeding pursuant to Section

1 34178. An oversight board shall not have the authority to  
2 reestablish loan agreements between the successor agency and the  
3 city, county, or city and county that formed the redevelopment  
4 agency except as provided in Chapter 9 (commencing with Section  
5 34191.1). Any actions to establish or reestablish any other  
6 agreements that are authorized under this part, with the city, county,  
7 or city and county that formed the redevelopment agency are  
8 invalid until they are included in an approved and valid Recognized  
9 Obligation Payment Schedule.

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

13 (j) Any document submitted by a successor agency to an  
14 oversight board for approval by any provision of this part shall  
15 also be submitted to the county administrative officer, the county  
16 auditor-controller, and the Department of Finance at the same time  
17 that the successor agency submits the document to the oversight  
18 board.

19 SEC. 15. Section 34181 of the Health and Safety Code is  
20 amended to read:

21 34181. The oversight board shall direct the successor agency  
22 to do all of the following:

23 (a) (1) Dispose of all assets and properties of the former  
24 redevelopment agency; provided, however, that the oversight board  
25 may instead direct the successor agency to transfer ownership of  
26 those assets that were constructed and used for a governmental  
27 purpose, such as roads, school buildings, parks, police and fire  
28 stations, libraries, parking facilities and lots dedicated solely to  
29 public parking, and local agency administrative buildings, to the  
30 appropriate public jurisdiction pursuant to any existing agreements  
31 relating to the construction or use of such an asset. Any  
32 compensation to be provided to the successor agency for the  
33 transfer of the asset shall be governed by the agreements relating  
34 to the construction or use of that asset. Disposal shall be done  
35 expeditiously and in a manner aimed at maximizing value. Asset  
36 disposition may be accomplished by a distribution of income to  
37 taxing entities proportionate to their property tax share from one  
38 or more properties that may be transferred to a public or private  
39 agency for management pursuant to the direction of the oversight  
40 board.

1 (2) “Parking facilities and lots dedicated solely to public  
2 parking” do not include properties that generate revenues in excess  
3 of reasonable maintenance costs of the properties.

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

6 (c) Transfer housing assets pursuant to Section 34176.

7 (d) Terminate any agreement, between the dissolved  
8 redevelopment agency and any public entity located in the same  
9 county, obligating the redevelopment agency to provide funding  
10 for any debt service obligations of the public entity or for the  
11 construction, or operation of facilities owned or operated by such  
12 public entity, in any instance where the oversight board has found  
13 that early termination would be in the best interests of the taxing  
14 entities.

15 (e) Determine whether any contracts, agreements, or other  
16 arrangements between the dissolved redevelopment agency and  
17 any private parties should be terminated or renegotiated to reduce  
18 liabilities and increase net revenues to the taxing entities, and  
19 present proposed termination or amendment agreements to the  
20 oversight board for its approval. The board may approve any  
21 amendments to or early termination of those agreements if it finds  
22 that amendments or early termination would be in the best interests  
23 of the taxing entities.

24 (f) All actions taken pursuant to subdivisions (a) and (c) shall  
25 be approved by resolution of the oversight board at a public  
26 meeting after at least 10 days’ notice to the public of the specific  
27 proposed actions. The actions shall be subject to review by the  
28 department pursuant to Section 34179 except that the department  
29 may extend its review period by up to 60 days. If the department  
30 does not object to an action subject to this section, and if no action  
31 challenging an action is commenced within 60 days of the approval  
32 of the action by the oversight board, the action of the oversight  
33 board shall be considered final and can be relied upon as conclusive  
34 by any person. If an action is brought to challenge an action  
35 involving title to or an interest in real property, a notice of  
36 pendency of action shall be recorded by the claimant as provided  
37 in Title 4.5 (commencing with Section 405) of Part 2 of the Code  
38 of Civil Procedure within a 60-day period.

39 SEC. 16. Section 34183 of the Health and Safety Code is  
40 amended to read:

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

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

35 (B) Notwithstanding subdivision (b) of Section 33670, that  
36 portion of the taxes in excess of the amount identified in  
37 subdivision (a) of Section 33670, which are attributable to a  
38 property tax rate approved by the voters of a city, county, city and  
39 county, or special district to make payments in support of pension  
40 programs or in support of capital projects and programs related to

1 the State Water Project, and levied in addition to the property tax  
2 rate limited by subdivision (a) of Section 1 of Article XIII A of  
3 the California Constitution, shall be allocated to, and when  
4 collected shall be paid into, the fund of that taxing entity, unless  
5 the amounts in question are pledged as security for the payment  
6 of any indebtedness obligation, as defined in subdivision (e) of  
7 Section 34171, and needed for payment thereof. Notwithstanding  
8 any other law, all allocations of revenues above one cent (\$0.01)  
9 derived from the imposition of a property tax rate, approved by  
10 the voters of a city, county, city and county, or special district to  
11 make payments in support of pension programs or in support of  
12 capital projects and programs related to the State Water Project  
13 and levied in addition to the property tax rate limited by subdivision  
14 (a) of Section 1 of Article XIII A of the California Constitution,  
15 made by any county auditor-controller prior to June 15, 2015, are  
16 valid and shall not be affected by this section. A city, county, city  
17 and county, county auditor-controller, successor agency,  
18 department, or affected taxing entity shall not be subject to any  
19 claim for money, damages, or reallocated revenues based on any  
20 allocation of such revenues above one cent (\$0.01) prior to June  
21 15, 2015.

22 (2) Second, on June 1, 2012, and each January 2 and June 1  
23 thereafter, to each successor agency for payments listed in its  
24 Recognized Obligation Payment Schedule for the six-month fiscal  
25 period beginning January 1, 2012, and July 1, 2012, and each  
26 January 2 and June 1 thereafter, in the following order of priority:

27 (A) Debt service payments scheduled to be made for tax  
28 allocation bonds.

29 (B) Payments scheduled to be made on revenue bonds, but only  
30 to the extent the revenues pledged for them are insufficient to make  
31 the payments and only if the agency's tax increment revenues were  
32 also pledged for the repayment of the bonds.

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

36 (3) Third, on June 1, 2012, and each January 2 and June 1  
37 thereafter, to each successor agency for the administrative cost  
38 allowance, as defined in Section 34171, for administrative costs  
39 set forth in an approved administrative budget for those payments  
40 required to be paid from former tax increment revenues.

1 (4) Fourth, on June 1, 2012, and each January 2 and June 1  
2 thereafter, any moneys remaining in the Redevelopment Property  
3 Tax Trust Fund after the payments and transfers authorized by  
4 paragraphs (1) to (3), inclusive, shall be distributed to local  
5 agencies and school entities in accordance with Section 34188.  
6 The only exception shall be for moneys remaining in the  
7 Redevelopment Property Tax Trust Fund that are attributable to a  
8 property tax rate approved by the voters of a city, county, city and  
9 county, or special district to make payments in support of pension  
10 programs or in support of capital projects and programs related to  
11 the State Water Project, and levied in addition to the property tax  
12 rate limited by subdivision (a) of Section I of Article XIII A of the  
13 California Constitution. The county auditor-controller shall return  
14 these particular remaining moneys to the levying taxing entity.

15 (b) If the successor agency reports, no later than April 1, 2012,  
16 and May 1, 2012, and each December 1 and May 1 thereafter, to  
17 the county auditor-controller that the total amount available to the  
18 successor agency from the Redevelopment Property Tax Trust  
19 Fund allocation to that successor agency's Redevelopment  
20 Obligation Retirement Fund, from other funds transferred from  
21 each redevelopment agency, and from funds that have or will  
22 become available through asset sales and all redevelopment  
23 operations, are insufficient to fund the payments required by  
24 paragraphs (1) to (3), inclusive, of subdivision (a) in the next  
25 six-month fiscal period, the county auditor-controller shall notify  
26 the Controller and the Department of Finance no later than 10 days  
27 from the date of that notification. The county auditor-controller  
28 shall verify whether the successor agency will have sufficient funds  
29 from which to service debts according to the Recognized  
30 Obligation Payment Schedule and shall report the findings to the  
31 Controller. If the Controller concurs that there are insufficient  
32 funds to pay required debt service, the amount of the deficiency  
33 shall be deducted first from the amount remaining to be distributed  
34 to taxing entities pursuant to paragraph (4), and if that amount is  
35 exhausted, from amounts available for distribution for  
36 administrative costs in paragraph (3). If an agency, pursuant to the  
37 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,  
38 33681.15, or 33688 or as expressly provided in a passthrough  
39 agreement entered into pursuant to Section 33401, made  
40 passthrough payment obligations subordinate to debt service

1 payments required for enforceable obligations, funds for servicing  
2 bond debt may be deducted from the amounts for passthrough  
3 payments under paragraph (1), as provided in those sections, but  
4 only to the extent that the amounts remaining to be distributed to  
5 taxing entities pursuant to paragraph (4) and the amounts available  
6 for distribution for administrative costs in paragraph (3) have all  
7 been exhausted.

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

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

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

33 SEC. 17. Section 34186 of the Health and Safety Code is  
34 amended to read:

35 34186. (a) (1) Differences between actual payments and past  
36 estimated obligations on recognized obligation payment schedules  
37 shall be reported in subsequent recognized obligation payment  
38 schedules and shall adjust the amount to be transferred to the  
39 Redevelopment Obligation Retirement Fund pursuant to this part.  
40 These estimates and accounts, as well as cash balances, shall be

1 subject to review by the county auditor-controller. The  
2 county-auditor controller's review shall be subject to the  
3 department's review and approval.

4 (2) Audits initiated by the Controller pursuant to this section  
5 prior to July 1, 2015, shall be continued by the Controller and  
6 completed no later than June 30, 2016. Nothing in this section  
7 shall be construed in a manner which precludes, or in any way  
8 restricts, the Controller from conducting audits of successor  
9 agencies pursuant to Section 12410 of the Government Code.

10 (b) Differences between actual passthrough obligations and  
11 property tax amounts and the amounts used by the county  
12 auditor-controller in determining the amounts to be allocated under  
13 Sections 34183 and 34188 for a prior six-month or annual period,  
14 whichever is applicable, shall be applied as adjustments to the  
15 property tax and passthrough amounts in subsequent periods as  
16 they become known. County auditor-controllers shall not delay  
17 payments under this part to successor agencies or taxing entities  
18 based on pending transactions, disputes, or for any other reason,  
19 other than a court order, and shall use the Recognized Obligation  
20 Payment Schedule approved by the department and the most  
21 current data for passthroughs and property tax available prior to  
22 the statutory distribution dates to make the allocations required on  
23 the dates required.

24 (c) Commencing on October 1, 2018, and each October 1  
25 thereafter, the differences between actual payments and past  
26 estimated obligations on a Recognized Obligation Payment  
27 Schedule shall be submitted by the successor agency to the county  
28 auditor-controller for review. The county auditor-controller shall  
29 provide to the department in a manner of the department's choosing  
30 a review of the differences between actual payments and past  
31 estimated obligations, including cash balances, no later than  
32 February 1, 2019, and each February 1 thereafter.

33 SEC. 18. Section 34187 of the Health and Safety Code is  
34 amended to read:

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

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

3 (2) Notwithstanding paragraph (1), the department may authorize  
4 a successor agency to retain property tax that otherwise would be  
5 distributed to affected taxing entities pursuant to this subdivision,  
6 to the extent the department determines the successor agency  
7 requires those funds for the payment of enforceable obligations.  
8 Upon making a determination, the department shall provide the  
9 county auditor-controller with information detailing the amounts  
10 that it has authorized the successor agency to retain. Upon  
11 determining the successor agency no longer requires additional  
12 funds pursuant to this subdivision, the department shall notify the  
13 successor agency and the county auditor-controller. The county  
14 auditor-controller shall then distribute the funds in question to the  
15 affected taxing entities in accordance with the provisions of the  
16 Revenue and Taxation Code.

17 (b) When all of the enforceable obligations have been retired  
18 or paid off, all real property has been disposed of pursuant to  
19 Section 34181 or 34191.4, and all outstanding litigation has been  
20 resolved, the successor agency shall, within 30 days of meeting  
21 the aforementioned criteria, submit to the oversight board a request,  
22 with a copy of the request to the county auditor-controller, to  
23 formally dissolve the successor agency. The oversight board shall  
24 approve the request within 30 days, and shall submit the request  
25 to the department.

26 (c) If a redevelopment agency was not allocated property tax  
27 revenue pursuant to either subdivision (b) of Section 16 of Article  
28 XVI of the California Constitution or Section 33670 prior to  
29 February 1, 2012, the successor agency shall, no later than  
30 September 1, 2015, submit to the oversight board a request to  
31 formally dissolve the successor agency. The oversight board shall  
32 approve this request within 30 days, and shall submit the request  
33 to the department.

34 (d) The department shall have 30 days to approve or deny a  
35 request submitted pursuant to subdivisions (b) or (c).

36 (e) When the department has approved a request to formally  
37 dissolve a successor agency, the successor agency shall take both  
38 of the following steps within 100 days of the department's  
39 notification:

1 (1) Dispose of all remaining assets as directed by the oversight  
2 board. Any proceeds from the disposition of assets shall be  
3 transferred to the county auditor-controller for distribution to the  
4 affected taxing entities pursuant to Section 34183.

5 (2) Notify the oversight board that it has complied with  
6 paragraph (1).

7 (f) Upon receipt of the notification required in paragraph (2) of  
8 subdivision (e), the oversight board shall verify all obligations  
9 have been retired or paid off, all outstanding litigation has been  
10 resolved, and all remaining assets have been disposed of with any  
11 proceeds remitted to the county auditor-controller for distribution  
12 to the affected taxing entities. Within 14 days of verification, the  
13 oversight board shall adopt a final resolution of dissolution for the  
14 successor agency, which shall be effective immediately. This  
15 resolution shall be submitted to the sponsoring entity, the county  
16 auditor-controller, the State Controller's Office, and the department  
17 by electronic means and in a manner of each entity's choosing.

18 (g) Subdivisions (b) to (f), inclusive, does not apply to those  
19 entities specifically recognized as already dissolved by the  
20 department by August 1, 2015.

21 (h) When all enforceable obligations have been retired or paid  
22 off as specified in subdivision (b), all passthrough payment  
23 obligations required pursuant to Sections 33401, 33492.140, 33607,  
24 33607.5, 33607.7, and 33676, or any passthrough agreement  
25 between a redevelopment agency and a taxing entity that was  
26 entered into prior to January 1, 1994, shall cease, and no property  
27 tax shall be allocated to the Redevelopment Property Tax Trust  
28 Fund for that agency. The Legislature finds and declares that this  
29 subdivision is declaratory of existing law.

30 (i) When a successor agency is finally dissolved under  
31 subdivision (b), with respect to any existing community facilities  
32 district formed by a redevelopment agency, the legislative body  
33 of the city or county that formed the redevelopment agency shall  
34 become the legislative body of the community facilities district,  
35 and any existing obligations of the former redevelopment agency  
36 or its successor agency, in its capacity as the legislative body of  
37 the community facilities district, shall become the obligations of  
38 the new legislative body of the community facilities district. This  
39 subdivision shall not be construed to result in the continued

1 payment of any of the passthrough payment obligations identified  
2 in subdivision (h).

3 SEC. 19. Section 34189 of the Health and Safety Code is  
4 amended to read:

5 34189. (a) Commencing on the effective date of this part, all  
6 provisions of the Community Redevelopment Law that depend on  
7 the allocation of tax increment to redevelopment agencies,  
8 including, but not limited to, Sections 33445, 33640, 33641, and  
9 33645, and subdivision (b) of Section 33670, shall be inoperative.  
10 Solely for the purposes of the payment of enforceable obligations  
11 defined by subparagraph (A) to (G), inclusive, of paragraph (1) of  
12 subdivision (d) of Section 34171 and subdivision (b) of Section  
13 34191.4, and for no other purpose whatsoever, a successor agency  
14 is not subject to the limitations relating to time, number of tax  
15 dollars, or any other matters set forth in Sections 33333.2, 33333.4,  
16 and 33333.6. Notwithstanding any other provision in this section,  
17 this subdivision shall not result in the restoration or continuation  
18 of funding for projects whose contractual terms specified that  
19 project funding would cease once the limitations specified in any  
20 of Section 33333.2, 33333.4, or 33333.6 were realized.

21 (b) To the extent that a provision of Part 1 (commencing with  
22 Section 33000), Part 1.5 (commencing with Section 34000), Part  
23 1.6 (commencing with Section 34050), and Part 1.7 (commencing  
24 with Section 34100) conflicts with this part, the provisions of this  
25 part shall control. Further, if a provision of Part 1 (commencing  
26 with Section 33000), Part 1.5 (commencing with Section 34000),  
27 Part 1.6 (commencing with Section 34050), or Part 1.7  
28 (commencing with Section 34100) provides an authority that the  
29 act adding this part is restricting or eliminating, the restriction and  
30 elimination provisions of the act adding this part shall control.

31 (c) It is intended that the provisions of this part shall be read in  
32 a manner as to avoid duplication of payments.

33 SEC. 20. Section 34191.3 of the Health and Safety Code is  
34 amended to read:

35 34191.3. (a) Notwithstanding Section 34191.1, the  
36 requirements specified in subdivision (e) of Section 34177 and  
37 subdivision (a) of Section 34181 shall be suspended, except as  
38 those provisions apply to the transfers for governmental use, until  
39 the Department of Finance has approved a long-range property  
40 management plan pursuant to subdivision (b) of Section 34191.5,

1 at which point the plan shall govern, and supersede all other  
2 provisions relating to, the disposition and use of the real property  
3 assets of the former redevelopment agency. If the department has  
4 not approved a plan by January 1, 2016, subdivision (e) of Section  
5 34177 and subdivision (a) of Section 34181 shall be operative with  
6 respect to that successor agency.

7 (b) If the department has approved a successor agency's  
8 long-range property management plan prior to January 1, 2016,  
9 the successor agency may amend its long-range property  
10 management plan once, solely to allow for retention of real  
11 properties that constitute "parking facilities and lots dedicated  
12 solely to public parking" for governmental use pursuant to Section  
13 34181. An amendment to a successor agency's long-range property  
14 management plan under this subdivision shall be submitted to its  
15 oversight board for review and approval pursuant to Section 34179,  
16 and any such amendment shall be submitted to the department  
17 prior to July 1, 2016.

18 SEC. 21. Section 34191.4 of the Health and Safety Code is  
19 amended to read:

20 34191.4. The following provisions shall apply to any successor  
21 agency that has been issued a finding of completion by the  
22 department:

23 (a) All real property and interests in real property identified in  
24 subparagraph (C) of paragraph (5) of subdivision (c) of Section  
25 34179.5 shall be transferred to the Community Redevelopment  
26 Property Trust Fund of the successor agency upon approval by the  
27 Department of Finance of the long-range property management  
28 plan submitted by the successor agency pursuant to subdivision  
29 (b) of Section 34191.5 unless that property is subject to the  
30 requirements of any existing enforceable obligation.

31 (b) (1) Notwithstanding subdivision (d) of Section 34171, upon  
32 application by the successor agency and approval by the oversight  
33 board, loan agreements entered into between the redevelopment  
34 agency and the city, county, or city and county that created the  
35 redevelopment agency shall be deemed to be enforceable  
36 obligations provided that the oversight board makes a finding that  
37 the loan was for legitimate redevelopment purposes.

38 (2) For purpose of this section, "loan agreements" shall mean  
39 loans for money entered into between the former redevelopment  
40 agency and the city, county, or city and county that created the

1 former redevelopment agency under which the city, county, or city  
2 and county that created the former redevelopment agency  
3 transferred money to the former redevelopment agency for use by  
4 the former redevelopment agency for a lawful purpose, and where  
5 the former redevelopment agency was obligated to repay the money  
6 it received pursuant to a required repayment schedule.

7 (3) If the oversight board finds that the loan is an enforceable  
8 obligation, any interest on the remaining principal amount of the  
9 loan that was previously unpaid after the original effective date of  
10 the loan shall be recalculated from the date of the oversight board's  
11 finding on a quarterly basis, at a simple interest rate of 3 percent.  
12 The recalculated loan shall be repaid to the city, county, or city  
13 and county in accordance with a defined schedule over a reasonable  
14 term of years. Moneys repaid shall be applied first to the principal,  
15 and second to the interest. The annual loan repayments provided  
16 for in the recognized obligation payment schedules shall be subject  
17 to all of the following limitations:

18 (A) Loan repayments shall not be made prior to the 2013–14  
19 fiscal year. Beginning in the 2013–14 fiscal year, the maximum  
20 repayment amount authorized each fiscal year for repayments  
21 made pursuant to this subdivision and paragraph (7) of subdivision  
22 (e) of Section 34176 combined shall be equal to one-half of the  
23 increase between the amount distributed to the taxing entities  
24 pursuant to paragraph (4) of subdivision (a) of Section 34183 in  
25 that fiscal year and the amount distributed to taxing entities  
26 pursuant to that paragraph in the 2012–13 base year, provided,  
27 however, that calculation of the amount distributed to taxing  
28 entities during the 2012–13 base year shall not include any amounts  
29 distributed to taxing entities pursuant to the due diligence review  
30 process established in Sections 34179.5 to 34179.8, inclusive.  
31 Loan or deferral repayments made pursuant to this subdivision  
32 shall be second in priority to amounts to be repaid pursuant to  
33 paragraph (7) of subdivision (e) of Section 34176.

34 (B) Repayments received by the city, county, or city and county  
35 that formed the redevelopment agency shall first be used to retire  
36 any outstanding amounts borrowed and owed to the Low and  
37 Moderate Income Housing Fund of the former redevelopment  
38 agency for purposes of the Supplemental Educational Revenue  
39 Augmentation Fund and shall be distributed to the Low and  
40 Moderate Income Housing Asset Fund established by subdivision

1 (d) of Section 34176. Distributions to the Low and Moderate  
2 Income Housing Asset Fund are subject to the reporting  
3 requirements of subdivision (f) of Section 34176.1.

4 (C) Twenty percent of any loan repayment shall be deducted  
5 from the loan repayment amount and shall be transferred to the  
6 Low and Moderate Income Housing Asset Fund, after all  
7 outstanding loans from the Low and Moderate Income Housing  
8 Fund for purposes of the Supplemental Educational Revenue  
9 Augmentation Fund have been paid. Transfers to the Low and  
10 Moderate Income Housing Asset Fund are subject to the reporting  
11 requirements of subdivision (f) of Section 34176.1.

12 (c) (1) (A) Notwithstanding Section 34177.3 or any other  
13 conflicting provision of law, bond proceeds derived from bonds  
14 issued on or before December 31, 2010, in excess of the amounts  
15 needed to satisfy approved enforceable obligations shall thereafter  
16 be expended in a manner consistent with the original bond  
17 covenants. Enforceable obligations may be satisfied by the creation  
18 of reserves for projects that are the subject of the enforceable  
19 obligation and that are consistent with the contractual obligations  
20 for those projects, or by expending funds to complete the projects.  
21 An expenditure made pursuant to this paragraph shall constitute  
22 the creation of excess bond proceeds obligations to be paid from  
23 the excess proceeds. Excess bond proceeds obligations shall be  
24 listed separately on the Recognized Obligation Payment Schedule  
25 submitted by the successor agency. The expenditure of bond  
26 proceeds described in this subparagraph pursuant to an excess  
27 bond proceeds obligation shall only require the approval by the  
28 oversight board of the successor agency.

29 (B) If remaining bond proceeds derived from bonds issued on  
30 or before December 31, 2010, cannot be spent in a manner  
31 consistent with the bond covenants pursuant to subparagraph (A),  
32 the proceeds shall be used at the earliest date permissible under  
33 the applicable bond covenants to defease the bonds or to purchase  
34 those same outstanding bonds on the open market for cancellation.

35 (2) Bond proceeds derived from bonds issued on or after January  
36 1, 2011, in excess of the amounts needed to satisfy approved  
37 enforceable obligations, shall be used in a manner consistent with  
38 the original bond covenants, subject to the following provisions:

1 (A) No more than 15 percent of the proceeds derived from the  
2 bonds may be expended, unless the successor agency meets the  
3 criteria specified in subparagraph (B).

4 (B) If the successor agency has an approved Last and Final  
5 Recognized Obligation Payment Schedule pursuant to Section  
6 34191.6, the agency may expend no more than 30 percent of the  
7 proceeds derived from the bonds, subject to the following  
8 adjustments:

9 (i) If the bonds were issued during the period of January 1, 2011,  
10 to January 31, 2011, inclusive, the successor agency may expend  
11 an additional 25 percent of the proceeds derived from the bonds,  
12 for a total authorized expenditure of no more than 55 percent.

13 (ii) If the bonds were issued during the period of February 1,  
14 2011, to February 28, 2011, inclusive, the successor agency may  
15 expend an additional 20 percent of the proceeds derived from the  
16 bonds, for a total authorized expenditure of no more than 50  
17 percent.

18 (iii) If the bonds were issued during the period of March 1,  
19 2011, to March 31, 2011, inclusive, the successor agency may  
20 expend an additional 15 percent of the proceeds derived from the  
21 bonds, for a total authorized expenditure of no more than 45  
22 percent.

23 (iv) If the bonds were issued during the period of April 1, 2011,  
24 to April 30, 2011, inclusive, the successor agency may expend an  
25 additional 10 percent of the proceeds derived from the bonds, for  
26 a total authorized expenditure of no more than 40 percent.

27 (v) If the bonds were issued during the period of May 1, 2011,  
28 to May 31, 2011, inclusive, the successor agency may expend an  
29 additional 5 percent of the proceeds derived from the bonds, for a  
30 total authorized expenditure of no more than 35 percent.

31 (C) Remaining bond proceeds that cannot be spent pursuant to  
32 subparagraphs (A) and (B) shall be used at the at the earliest date  
33 permissible under the applicable bond covenants to defease the  
34 bonds or to purchase those same outstanding bonds on the open  
35 market for cancellation.

36 (D) The expenditure of bond proceeds described in this  
37 paragraph shall only require the approval by the oversight board  
38 of the successor agency.

39 (3) If a successor agency provides the oversight board and the  
40 department with documentation that proves, to the satisfaction of

1 both entities, that bonds were approved by the former  
2 redevelopment agency prior to January 31, 2011, but the issuance  
3 of the bonds was delayed by the actions of a third-party  
4 metropolitan regional transportation authority beyond January 31,  
5 2011, the successor agency may expend the associated bond  
6 proceeds in accordance with clause (i) of subparagraph (B) of  
7 paragraph (2) of this section.

8 (4) Any proceeds derived from bonds issued by a former  
9 redevelopment agency after December 31, 2010, that were issued,  
10 in part, to refund or refinance tax-exempt bonds issued by the  
11 former redevelopment agency on or before December 31, 2010,  
12 and which are in excess of the amount needed to refund or  
13 refinance the bonds issued on or before December 31, 2010, may  
14 be expended by the successor agency in accordance with clause  
15 (i) of subparagraph (B) of paragraph (2) of this section. The  
16 authority provided in this paragraph is conditioned on the successor  
17 agency providing to its oversight board and the department the  
18 resolution by the former redevelopment agency approving the  
19 issuance of the bonds issued after December 31, 2010.

20 (d) This section shall apply retroactively to actions occurring  
21 on or after June 28, 2011. The amendment of this section by the  
22 act adding this subdivision shall not result in the denial of a loan  
23 under subdivision (b) that has been previously approved by the  
24 department prior to the effective date of the act adding this  
25 subdivision. Additionally, the amendment of this section by the  
26 act adding this subdivision shall not impact the judgments, writs  
27 of mandate, and orders entered by the Sacramento Superior Court  
28 in the following lawsuits: (1) City of Watsonville v. California  
29 Department of Finance, et al. (Sac. Superior Ct. Case No.  
30 34-2014-80001910); (2) City of Glendale v. California Department  
31 of Finance, et al. (Sac. Superior Ct. Case No. 34-2014-80001924).

32 SEC. 22. Section 34191.5 of the Health and Safety Code is  
33 amended to read:

34 34191.5. (a) There is hereby established a Community  
35 Redevelopment Property Trust Fund, administered by the successor  
36 agency, to serve as the repository of the former redevelopment  
37 agency's real properties identified in subparagraph (C) of paragraph  
38 (5) of subdivision (c) of Section 34179.5.

39 (b) The successor agency shall prepare a long-range property  
40 management plan that addresses the disposition and use of the real

1 properties of the former redevelopment agency. If the former  
2 redevelopment agency did not have real properties, the successor  
3 agency shall prepare a long-range property management plan  
4 certifying that the successor agency does not have real properties  
5 of the former redevelopment agency for disposition or use. The  
6 plan shall be submitted to the oversight board and the Department  
7 of Finance for approval no later than six months following the  
8 issuance to the successor agency of the finding of completion.

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

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

13 (A) The date of the acquisition of the property and the value of  
14 the property at that time, and an estimate of the current value of  
15 the property.

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

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

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

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

25 (F) The history of environmental contamination, including  
26 designation as a brownfield site, any related environmental studies,  
27 and history of any remediation efforts.

28 (G) A description of the property's potential for transit-oriented  
29 development and the advancement of the planning objectives of  
30 the successor agency.

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

33 (2) Address the use or disposition of all of the properties in the  
34 trust. Permissible uses include the retention of the property for  
35 governmental use pursuant to subdivision (a) of Section 34181,  
36 the retention of the property for future development, the sale of  
37 the property, or the use of the property to fulfill an enforceable  
38 obligation. The plan shall separately identify and list properties in  
39 the trust dedicated to governmental use purposes and properties  
40 retained for purposes of fulfilling an enforceable obligation. With

1 respect to the use or disposition of all other properties, all of the  
 2 following shall apply:

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

6 (ii) For purposes of this subparagraph, the term “identified in  
 7 an approved redevelopment plan” includes properties listed in a  
 8 community plan or a five-year implementation plan.

9 (iii) The department or an oversight board may require approval  
 10 of a compensation agreement or agreements, as described in  
 11 subdivision (f) of Section 34180, prior to any transfer of property  
 12 pursuant to this subparagraph, provided, however, that a  
 13 compensation agreement or agreements may be developed and  
 14 executed subsequent to the approval process of a long-range  
 15 property management plan.

16 (B) If the plan directs the liquidation of the property or the use  
 17 of revenues generated from the property, such as lease or parking  
 18 revenues, for any purpose other than to fulfill an enforceable  
 19 obligation or other than that specified in subparagraph (A), the  
 20 proceeds shall be distributed as property tax to the taxing entities.

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

25 (d) The department shall only consider whether the long-range  
 26 property management plan makes a good faith effort to address  
 27 the requirements set forth in subdivision (c).

28 (e) The department shall approve long-range property  
 29 management plans as expeditiously as possible.

30 (f) Actions to implement the disposition of property pursuant  
 31 to an approved long-range property management plan shall not  
 32 require review by the department.

33 SEC. 23. Section 34191.6 is added to the Health and Safety  
 34 Code, to read:

35 34191.6. (a) Beginning August 1, 2015, successor agencies  
 36 may submit a Last and Final Recognized Obligation Payment  
 37 Schedule for approval by the oversight board and the department  
 38 if all of the following conditions are met:

39 (1) The remaining debt of a successor agency is limited to  
 40 administrative costs and payments pursuant to enforceable

1 obligations with defined payment schedules including, but not  
2 limited to, debt service, loan agreements, and contracts.

3 (2) All remaining obligations have been previously listed on a  
4 Recognized Obligation Payment Schedule and approved for  
5 payment by the department pursuant to subdivision (m) or (o) of  
6 Section 34177.

7 (3) The successor agency is not a party to outstanding or  
8 unresolved litigation. Notwithstanding this provision, successor  
9 agencies that are party to Los Angeles Unified School Dist. v.  
10 County of Los Angeles (2010) 181 Cal.App.4th 414 or Los Angeles  
11 Unified School District v. County of Los Angeles (2013) 217  
12 Cal.App.4th 597, may submit a Last and Final Recognized  
13 Obligation Payment Schedule.

14 (b) A successor agency that meets the conditions in subdivision  
15 (a) may submit a Last and Final Recognized Obligation Payment  
16 Schedule to its oversight board for approval at any time. The  
17 successor agency may then submit the oversight board-approved  
18 Last and Final Recognized Obligation Payment Schedule to the  
19 department and only in a manner provided by the department. The  
20 Last and Final Recognized Obligation Payment Schedule shall not  
21 be effective until reviewed and approved by the department as  
22 provided for in subdivision (c). The successor agency shall also  
23 submit a copy of the oversight board-approved Last and Final  
24 Recognized Obligation Payment Schedule to the county  
25 administrative officer, the county auditor-controller, and post it to  
26 the successor agency's Internet Web site at the same time that the  
27 successor agency submits the Last and Final Recognized Obligation  
28 Payment Schedule to the department.

29 (1) The Last and Final Recognized Obligation Payment Schedule  
30 shall list the remaining enforceable obligations of the successor  
31 agency in the following order:

32 (A) Enforceable obligations to be funded from the  
33 Redevelopment Property Tax Trust Fund.

34 (B) Enforceable obligations to be funded from bond proceeds  
35 or enforceable obligations required to be funded from other legally  
36 or contractually dedicated or restricted funding sources.

37 (C) Loans or deferrals authorized for repayment pursuant to  
38 subparagraph (G) of paragraph (1) of subdivision (d) of Section  
39 34171 or Section 34191.4.

1 (2) The Last and Final Recognized Obligation Payment Schedule  
2 shall include the total outstanding obligation and a schedule of  
3 remaining payments for each enforceable obligation listed pursuant  
4 to subparagraphs (A) and (B) of paragraph (1), and the total  
5 outstanding obligation and interest rate of 4 percent, for loans or  
6 deferrals listed pursuant to subparagraph (C) of paragraph (1).

7 (c) The department shall have 100 days to review the Last and  
8 Final Recognized Obligation Payment Schedule submitted pursuant  
9 to subdivision (b). The department may make any amendments or  
10 changes to the Last and Final Recognized Obligation Payment  
11 Schedule, provided the amendments or changes are agreed to by  
12 the successor agency in writing. If the successor agency and the  
13 department cannot come to an agreement on the proposed  
14 amendments or changes, the department shall issue a letter denying  
15 the Last and Final Recognized Obligation Payment Schedule. All  
16 Last and Final Recognized Obligation Payment Schedules approved  
17 by the Department shall become effective on the first day of the  
18 subsequent Redevelopment Property Tax Trust Fund distribution  
19 period. If the Last and Final Recognized Obligation Payment  
20 Schedule is approved less than 15 days before the date of the  
21 property tax distribution, the Last and Final Recognized Obligation  
22 Payment Schedule shall not be effective until the subsequent  
23 Redevelopment Property Tax Trust Fund distribution period.

24 (1) Upon approval by the department, the Last and Final  
25 Recognized Obligation Payment Schedule shall establish the  
26 maximum amount of Redevelopment Property Tax Trust Funds  
27 to be distributed to the successor agency for each remaining fiscal  
28 year until all obligations have been fully paid.

29 (2) (A) Successor agencies may submit no more than two  
30 requests to the department to amend the approved Last and Final  
31 Recognized Obligation Payment Schedule. Requests shall first be  
32 approved by the oversight board and then submitted to the  
33 department for review. A request shall not be effective until  
34 reviewed and approved by the department. The request shall be  
35 provided to the department by electronic means and in a manner  
36 of the department's choosing. The department shall have 100 days  
37 from the date received to approve or deny the successor agency's  
38 request. All amended Last and Final Recognized Obligation  
39 Payment Schedules approved by the department shall become  
40 effective in the subsequent Redevelopment Property Tax Trust

1 Fund distribution period. If an amended Last and Final Recognized  
2 Obligation Payment Schedule is approved less than 15 days before  
3 the date of the property tax distribution, the Last and Final  
4 Recognized Obligation Payment Schedule shall not be effective  
5 until the subsequent Redevelopment Property Tax Trust Fund  
6 distribution period.

7 (B) Notwithstanding paragraph (2), there shall be no limitation  
8 on the number of Last and Final Recognized Obligation Payment  
9 Schedule amendment requests that may be submitted to the  
10 department by successor agencies that are party to either of the  
11 cases specified in paragraph (3) of subdivision (a), provided those  
12 additional amendments are submitted for the sole purpose of  
13 complying with final judicial determinations in those cases.

14 (3) Any revenues, interest, and earnings of the successor agency  
15 not authorized for use pursuant to the approved Last and Final  
16 Recognized Obligation Payment Schedule shall be remitted to the  
17 county auditor-controller for distribution to the affected taxing  
18 entities. Notwithstanding Sections 34191.3 and 34191.5, proceeds  
19 from the disposition of real property subsequent to the approval  
20 of the Last and Final Recognized Obligation Payment Schedule  
21 that are not necessary for the payment of an enforceable obligation  
22 shall be remitted to the county auditor-controller for distribution  
23 to the affected taxing entities.

24 (4) A successor agency shall not expend more than the amount  
25 approved for each enforceable obligation listed and approved on  
26 the Last and Final Recognized Obligation Payment Schedule.

27 (5) If a successor agency receives insufficient funds to pay for  
28 the enforceable obligations approved in the Last and Final  
29 Recognized Obligation Payment Schedule in any given period,  
30 the city, county, or city and county that created the redevelopment  
31 agency may loan or grant funds to a successor agency for that  
32 period at the successor agency's request for the sole purpose of  
33 paying for approved items on the Last and Final Recognized  
34 Obligation Payment Schedule that would otherwise go unpaid.  
35 Any loans provided pursuant to this paragraph by the city, county,  
36 or city and county that created the redevelopment agency shall not  
37 include an interest component. Additionally, at the request of the  
38 department, the county treasurer may loan any funds from the  
39 county treasury to the Redevelopment Property Tax Trust Fund  
40 of the successor agency for the purpose of paying an item approved

1 on the Last and Final Recognized Obligation Payment Schedule  
2 in order to ensure prompt payments of successor agency debts.  
3 Any loans provided pursuant to this paragraph by the county  
4 treasurer shall not include an interest component. A loan made  
5 under this section shall be repaid from the source of funds approved  
6 for payment of the underlying enforceable obligation in the Last  
7 and Final Recognized Obligation Payment Schedule once sufficient  
8 funds become available from that source. Payment of the loan shall  
9 not increase the total amount of Redevelopment Property Tax Trust  
10 Fund received by the successor agency as approved on the Last  
11 and Final Recognized Obligation Payment Schedule.

12 (6) Notwithstanding paragraph (6) of subdivision (e) of Section  
13 34176 and subparagraph (A) of paragraph (3) of subdivision (b)  
14 of Section 34191.4, commencing on the date the Last and Final  
15 Recognized Obligation Payment Schedule becomes effective:

16 (A) The maximum repayment amount of the total principal and  
17 interest on loans and deferrals authorized for repayment pursuant  
18 to subparagraph (G) of paragraph (1) of subdivision (d) of Section  
19 34171 or Section 34191.4 and listed and approved in the Last and  
20 Final Recognized Obligation Payment Schedule shall be 15 percent  
21 of the moneys remaining in the Redevelopment Property Tax Trust  
22 Fund after the allocation of moneys in each six-month period  
23 pursuant to Section 34183 prior to the distributions under paragraph  
24 (4) of subdivision (a) of Section 34183.

25 (B) If the calculation performed pursuant to subparagraph (A)  
26 results in a lower repayment amount than would result from  
27 application of the calculation specified in subparagraph (A) of  
28 paragraph (3) of subdivision (b) of Section 34191.4, the successor  
29 agency may calculate its Last and Final Recognized Obligation  
30 Payment Schedule loan repayments using the latter calculation.

31 (7) Commencing on the effective date of the approved Last and  
32 Final Recognized Obligation Payment Schedule, the successor  
33 agency shall not prepare or transmit Recognized Obligation  
34 Payment Schedules pursuant to Section 34177.

35 (8) Commencing on the effective date of the approved Last and  
36 Final Recognized Obligation Payment Schedule, oversight board  
37 resolutions shall not be submitted to the department pursuant to  
38 subdivision (h) of Section 34179. This paragraph shall not apply  
39 to oversight board resolutions necessary for refunding bonds  
40 pursuant to Section 34177.5, long-range property management

1 plans pursuant to Section 34191.5, amendments to the Last and  
2 Final Recognized Obligation Payment Schedule under paragraph  
3 (2) of subdivision (c), and the final oversight board resolutions  
4 pursuant to Section 34187.

5 (d) The county auditor-controller shall do the following:

6 (1) Review the Last and Final Recognized Obligation Payment  
7 Schedule and provide any objection to the inclusion of any items  
8 or amounts to the department.

9 (2) After the Last and Final Recognized Obligation Payment  
10 Schedule is approved by the department, the county  
11 auditor-controller shall continue to allocate moneys in the  
12 Redevelopment Property Tax Trust Fund pursuant to Section  
13 34183; however, the allocation from the Redevelopment Property  
14 Tax Trust Funds in each fiscal period, after deducting  
15 auditor-controller administrative costs, shall be according to the  
16 following order of priority:

17 (A) Allocations pursuant to paragraph (1) of subdivision (a) of  
18 Section 34183.

19 (B) Debt service payments scheduled to be made for tax  
20 allocation bonds that are listed and approved in the Last and Final  
21 Recognized Obligation Payment Schedule.

22 (C) Payments scheduled to be made on revenue bonds that are  
23 listed and approved in the Last and Final Recognized Obligation  
24 Payment Schedule, but only to the extent the revenues pledged for  
25 them are insufficient to make the payments and only if the agency's  
26 tax increment revenues were also pledged for the repayment of  
27 bonds.

28 (D) Payments scheduled for debts and obligations listed and  
29 approved in the Last and Final Recognized Obligation Payment  
30 Schedule to be paid from the Redevelopment Property Tax Trust  
31 Fund pursuant to subparagraph (A) of paragraph (1) of subdivision  
32 (b) and subdivision (c).

33 (E) Payments listed and approved pursuant to subparagraph (A)  
34 of paragraph (1) of subdivision (b) and subdivision (c) that were  
35 authorized but unfunded in prior periods.

36 (F) Repayment in the amount specified in paragraph (6) of  
37 subdivision (c) of loans and deferrals listed and approved on the  
38 Last and Final Recognized Obligation Payment Schedule pursuant  
39 to subparagraph (C) of paragraph (1) of subdivision (b) and  
40 subdivision (c).

1 (G) Any moneys remaining in the Redevelopment Property Tax  
2 Trust Fund after the payments and transfers authorized by  
3 subparagraphs (A) to (F), inclusive, shall be distributed to taxing  
4 entities in accordance with paragraph (4) of subdivision (a) of  
5 Section 34183.

6 (3) If the successor agency reports to the county  
7 auditor-controller that the total available amounts in the  
8 Redevelopment Property Tax Trust Fund will be insufficient to  
9 fund their current or future fiscal year obligations, and if the county  
10 auditor-controller concurs that there are insufficient funds to pay  
11 the required obligations, the county auditor-controller may  
12 distribute funds pursuant to subdivision (b) of Section 34183.

13 (4) The county auditor-controller shall no longer distribute  
14 property tax to the Redevelopment Property Tax Trust Fund once  
15 the aggregate amount of property tax allocated to the successor  
16 agency equals the total outstanding obligation approved in the Last  
17 and Final Recognized Obligation Payment Schedule.

18 (e) Successor agencies with a Last and Final Recognized  
19 Payment Schedule approved by the department may amend or  
20 modify existing contracts, agreements, or other arrangements  
21 identified on the Last and Final Recognized Obligation Payment  
22 Schedule which the department has already determined to be  
23 enforceable obligations, provided:

24 (1) The outstanding payments owing from the successor agency  
25 are not accelerated or increased in any way.

26 (2) Any amendment to extend terms shall not include an  
27 extension beyond the last scheduled payment for the enforceable  
28 obligations listed and approved on the Last and Final Recognized  
29 Obligation Payment Schedule.

30 (3) This subdivision shall not be construed as authorizing  
31 successor agencies to create new or additional enforceable  
32 obligations or otherwise increase, directly or indirectly, the amount  
33 of Redevelopment Property Tax Trust Funds allocated to the  
34 successor agency by the county auditor-controller.

35 SEC. 24. Section 96.11 of the Revenue and Taxation Code is  
36 amended to read:

37 96.11. Notwithstanding any other provision of this article, for  
38 purposes of property tax revenue allocations, the county auditor  
39 of a county for which a negative sum was calculated pursuant to  
40 subdivision (a) of former Section 97.75 as that section read on

1 September 19, 1983, shall, in reducing the amount of property tax  
2 revenue that otherwise would be allocated to the county by an  
3 amount attributable to that negative sum, do all of the following:

4 (a) For the 2011–12 fiscal year, apply a reduction amount that  
5 is equal to the lesser of either of the following:

6 (1) The reduction amount that was determined for the 2010–11  
7 fiscal year.

8 (2) The reduction amount that is determined for the 2011–12  
9 fiscal year.

10 (b) For the 2012–13 fiscal year, apply a reduction amount that  
11 is equal to the lesser of either of the following:

12 (1) The reduction amount that was determined in subdivision  
13 (a) for the 2011–12 fiscal year.

14 (2) The reduction amount that is determined for the 2012–13  
15 fiscal year.

16 (c) For the 2013–14 fiscal year and for the 2014–15 fiscal year,  
17 apply a reduction amount that is determined on the basis of the  
18 reduction amount applied for the immediately preceding fiscal  
19 year.

20 (d) For the 2015–16 fiscal year and each fiscal year thereafter,  
21 the county auditor shall not apply a reduction amount.

22 SEC. 25. Section 96.24 is added to the Revenue and Taxation  
23 Code, to read:

24 96.24. Notwithstanding any other law, the property tax  
25 apportionment factors applied in allocating property tax revenues  
26 in the County of San Benito for each fiscal year through the  
27 2000–01 fiscal year, inclusive, are deemed to be correct.  
28 Notwithstanding the audit time limits specified in paragraph (3)  
29 of subdivision (c) of Section 96.1, the county auditor shall make  
30 the allocation adjustments identified in the State Controller’s audit  
31 of the County of San Benito for the 2001–02 fiscal year pursuant  
32 to the other provisions of paragraph (3) of subdivision (c) of  
33 Section 96.1. For the 2002–03 fiscal year and each fiscal year  
34 thereafter, property tax apportionment factors applied in allocating  
35 property tax revenues in the County of San Benito shall be  
36 determined on the basis of property tax apportionment factors for  
37 prior fiscal years that have been fully corrected and adjusted,  
38 pursuant to the review and recommendation of the Controller, as  
39 would be required in the absence of the preceding sentences.

1 SEC. 26. Section 98 of the Revenue and Taxation Code is  
2 amended to read:

3 98. (a) In each county, other than the County of Ventura,  
4 having within its boundaries a qualifying city, the computations  
5 made pursuant to Section 96.1 or its predecessor section, for the  
6 1989–90 fiscal year and each fiscal year thereafter, shall be  
7 modified as follows:

8 With respect to tax rate areas within the boundaries of a  
9 qualifying city, there shall be excluded from the aggregate amount  
10 of “property tax revenue allocated pursuant to this chapter to local  
11 agencies, other than for a qualifying city, in the prior fiscal year,”  
12 an amount equal to the sum of the amounts calculated pursuant to  
13 the TEA formula.

14 (b) (1) Except as otherwise provided in this section, each  
15 qualifying city shall, for the 1989–90 fiscal year and each fiscal  
16 year thereafter, be allocated by the auditor an amount determined  
17 pursuant to the TEA formula.

18 (2) For each qualifying city, the auditor shall, for the 1989–90  
19 fiscal year and each fiscal year thereafter, allocate the amount  
20 determined pursuant to the TEA formula to all tax rate areas within  
21 that city in proportion to each tax rate area’s share of the total  
22 assessed value in the city for the applicable fiscal year, and the  
23 amount so determined shall be subtracted from the county’s  
24 proportionate share of property tax revenue for that fiscal year  
25 within those tax rate areas.

26 (3) After making the allocations pursuant to paragraphs (1) and  
27 (2), but before making the calculations pursuant to Section 96.5  
28 or its predecessor section, the auditor shall, for all tax rate areas  
29 in the qualifying city, calculate the proportionate share of property  
30 tax revenue allocated pursuant to this section and Section 96.1, or  
31 their predecessor sections, in the 1989–90 fiscal year and each  
32 fiscal year thereafter to each jurisdiction in the tax rate area.

33 (4) In lieu of making the allocations of annual tax increment  
34 pursuant to subdivision (e) of Section 96.5 or its predecessor  
35 section, the auditor shall, for the 1989–90 fiscal year and each  
36 fiscal year thereafter, allocate the amount of property tax revenue  
37 determined pursuant to subdivision (d) of Section 96.5 or its  
38 predecessor section to jurisdictions in the tax rate area using the  
39 proportionate shares derived pursuant to paragraph (3).

1 (5) For purposes of the calculations made pursuant to Section  
2 96.1 or its predecessor section, in the 1990–91 fiscal year and each  
3 fiscal year thereafter, the amounts that would have been allocated  
4 to qualifying cities pursuant to this subdivision shall be deemed  
5 to be the “amount of property tax revenue allocated in the prior  
6 fiscal year.”

7 (c) “TEA formula” means the Tax Equity Allocation formula,  
8 and shall be calculated by the auditor for each qualifying city as  
9 follows:

10 (1) For the 1988–89 fiscal year and each fiscal year thereafter,  
11 the auditor shall determine the total amount of property tax revenue  
12 to be allocated to all jurisdictions in all tax rate areas within the  
13 qualifying city, before the allocation and payment of funds in that  
14 fiscal year to a community redevelopment agency within the  
15 qualifying city, as provided in subdivision (b) of Section 33670  
16 of the Health and Safety Code.

17 (2) The auditor shall determine the total amount of funds  
18 allocated in each fiscal year to a community redevelopment agency  
19 in accordance with subdivision (b) of Section 33670 of the Health  
20 and Safety Code.

21 (3) The auditor shall determine the total amount of funds paid  
22 in each fiscal year by a community redevelopment agency within  
23 the city to jurisdictions other than the city pursuant to subdivision  
24 (b) of Section 33401 and Section 33676 of the Health and Safety  
25 Code, and the cost to the redevelopment agency of any land or  
26 facilities transferred and any amounts paid to jurisdictions other  
27 than the city to assist in the construction or reconstruction of  
28 facilities pursuant to an agreement entered into under Section  
29 33401 or 33445.5 of the Health and Safety Code.

30 (4) The auditor shall subtract the amount determined in  
31 paragraph (3) from the amount determined in paragraph (2).

32 (5) The auditor shall subtract the amount determined in  
33 paragraph (4) from the amount determined in paragraph (1).

34 (6) The amount computed in paragraph (5) shall be multiplied  
35 by the following percentages in order to determine the TEA  
36 formula amount to be distributed to the qualifying city in each  
37 fiscal year:

38 (A) For the first fiscal year in which the qualifying city receives  
39 a distribution pursuant to this section, 1 percent of the amount  
40 determined in paragraph (5).

1 (B) For the second fiscal year in which the qualifying city  
2 receives a distribution pursuant to this section, 2 percent of the  
3 amount determined in paragraph (5).

4 (C) For the third fiscal year in which the qualifying city receives  
5 a distribution pursuant to this section, 3 percent of the amount  
6 determined in paragraph (5).

7 (D) For the fourth fiscal year in which the qualifying city  
8 receives a distribution pursuant to this section, 4 percent of the  
9 amount determined in paragraph (5).

10 (E) For the fifth fiscal year in which the qualifying city receives  
11 a distribution pursuant to this section, 5 percent of the amount  
12 determined in paragraph (5).

13 (F) For the sixth fiscal year in which the qualifying city receives  
14 a distribution pursuant to this section, 6 percent of the amount  
15 determined in paragraph (5).

16 (G) For the seventh fiscal year and each fiscal year thereafter  
17 in which the city receives a distribution pursuant to this section,  
18 7 percent of the amount determined in paragraph (5).

19 (d) “Qualifying city” means any city, except a qualifying city  
20 as defined in Section 98.1, that incorporated prior to June 5, 1987,  
21 and had an amount of property tax revenue allocated to it pursuant  
22 to subdivision (a) of Section 96.1 or its predecessor section in the  
23 1988–89 fiscal year that is less than 7 percent of the amount of  
24 property tax revenue computed as follows:

25 (1) The auditor shall determine the total amount of property tax  
26 revenue allocated to the city in the 1988–89 fiscal year.

27 (2) The auditor shall subtract the amount in the 1988–89 fiscal  
28 year determined in paragraph (3) of subdivision (c) from the  
29 amount determined in paragraph (2) of subdivision (c).

30 (3) The auditor shall subtract the amount determined in  
31 paragraph (2) from the amount of property tax revenue determined  
32 in paragraph (1) of subdivision (c).

33 (4) The auditor shall divide the amount of property tax revenue  
34 determined in paragraph (1) of this subdivision by the amount of  
35 property tax revenue determined in paragraph (3) of this  
36 subdivision.

37 (5) If the quotient determined in paragraph (4) of this subdivision  
38 is less than 0.07, the city is a qualifying city. If the quotient  
39 determined in that paragraph is equal to or greater than 0.07, the  
40 city is not a qualifying city.

1 (e) The auditor may assess each qualifying city its proportional  
2 share of the actual costs of making the calculations required by  
3 this section, and may deduct that assessment from the amount  
4 allocated pursuant to subdivision (b). For purposes of this  
5 subdivision, a qualifying city's proportional share of the auditor's  
6 actual costs shall not exceed the proportion it receives of the total  
7 amounts excluded in the county pursuant to subdivision (a).

8 (f) Notwithstanding subdivision (b), in any fiscal year in which  
9 a qualifying city is to receive a distribution pursuant to this section,  
10 the auditor shall reduce the actual amount distributed to the  
11 qualifying city by the sum of the following:

12 (1) The amount of property tax revenue that was exchanged  
13 between the county and the qualifying city as a result of negotiation  
14 pursuant to Section 99.03.

15 (2) (A) The amount of revenue not collected by the qualifying  
16 city in the first fiscal year following the city's reduction after  
17 January 1, 1988, of the tax rate or tax base of any locally imposed  
18 tax, except any tax that was imposed after January 1, 1988. In the  
19 case of a tax that existed before January 1, 1988, this clause shall  
20 apply only with respect to an amount attributable to a reduction  
21 of the rate or base to a level lower than the rate or base applicable  
22 on January 1, 1988. The amount so computed by the auditor shall  
23 constitute a reduction in the amount of property tax revenue  
24 distributed to the qualifying city pursuant to this section in each  
25 succeeding fiscal year. That amount shall be aggregated with any  
26 additional amount computed pursuant to this clause as the result  
27 of the city's reduction in any subsequent year of the tax rate or tax  
28 base of the same or any other locally imposed general or special  
29 tax.

30 (B) No reduction may be made pursuant to subparagraph (A)  
31 in the case in which a local tax is reduced or eliminated as a result  
32 of either a court decision or the approval or rejection of a ballot  
33 measure by the voters.

34 (3) The amount of property tax revenue received pursuant to  
35 this chapter in excess of the amount allocated for the 1986–87  
36 fiscal year by all special districts that are governed by the city  
37 council of the qualifying city or whose governing body is the same  
38 as the city council of the qualifying city with respect to all tax rate  
39 areas within the boundaries of the qualifying city.

40 Notwithstanding this paragraph:

1 (A) Commencing with the 1994–95 fiscal year, the auditor shall  
2 not reduce the amount distributed to a qualifying city under this  
3 section by reason of that city becoming the successor agency to a  
4 special district, that is dissolved, merged with that city, or becomes  
5 a subsidiary district of that city, on or after July 1, 1994.

6 (B) Commencing with the 1997–98 fiscal year, the auditor shall  
7 not reduce the amount distributed to a qualifying city under this  
8 section by reason of that city withdrawing from a county free  
9 library system pursuant to Section 19116 of the Education Code.

10 (4) Any amount of property tax revenues that has been  
11 exchanged pursuant to Section 56842 of the Government Code,  
12 as that section read on January 1, 1998, between the City of Rancho  
13 Mirage and a community services district, the formation of which  
14 was initiated on or after March 6, 1997, pursuant to Chapter 4  
15 (commencing with Section 56800) of Part 3 of Division 3 of Title  
16 5 of the Government Code.

17 (g) Notwithstanding any other provision of this section, in no  
18 event may the auditor reduce the amount of ad valorem property  
19 tax revenue otherwise allocated to a qualifying city pursuant to  
20 this section on the basis of any additional ad valorem property tax  
21 revenues received by that city pursuant to a services for revenue  
22 agreement. For purposes of this subdivision, a “services for revenue  
23 agreement” means any agreement between a qualifying city and  
24 the county in which it is located, entered into by joint resolution  
25 of that city and that county, under which additional service  
26 responsibilities are exchanged in consideration for additional  
27 property tax revenues.

28 (h) In any fiscal year in which a qualifying city is to receive a  
29 distribution pursuant to this section, the auditor shall increase the  
30 actual amount distributed to the qualifying city by the amount of  
31 property tax revenue allocated to the qualifying city pursuant to  
32 Section 19116 of the Education Code.

33 (i) If the auditor determines that the amount to be distributed to  
34 a qualifying city pursuant to subdivision (b), as modified by  
35 subdivisions (e), (f), and (g) would result in a qualifying city having  
36 proceeds of taxes in excess of its appropriation limit, the auditor  
37 shall reduce the amount, on a dollar-for-dollar basis, by the amount  
38 that exceeds the city’s appropriations limit.

1 (j) The amount not distributed to the tax rate areas of a  
2 qualifying city as a result of this section shall be distributed by the  
3 auditor to the county.

4 (k) Notwithstanding any other provision of this section, no  
5 qualifying city shall be distributed an amount pursuant to this  
6 section that is less than the amount the city would have been  
7 allocated without the application of the TEA formula.

8 (l) Notwithstanding any other provision of this section, the  
9 auditor shall not distribute any amount determined pursuant to this  
10 section to any qualifying city that has in the prior fiscal year used  
11 any revenues or issued bonds for the construction, acquisition, or  
12 development, of any facility which is defined in Section 103(b)(4),  
13 103(b)(5), or 103(b)(6) of the Internal Revenue Code of 1954 prior  
14 to the enactment of the Tax Reform Act of 1986 (Public Law  
15 99-514) and is no longer eligible for tax-exempt financing.

16 (m) (1) The amendments made to this section, and the repeal  
17 of Section 98.04, by the act that added this subdivision shall apply  
18 for the 2006–07 fiscal year and each fiscal year thereafter.

19 (2) For the 2006–07 fiscal year and for each fiscal year  
20 thereafter, all of the following apply:

21 (A) The auditor of the County of Santa Clara shall do both of  
22 the following:

23 (i) Reduce the total amount of ad valorem property tax revenue  
24 otherwise required to be allocated to qualifying cities in that county  
25 by the ERAF reimbursement amount. This reduction for each  
26 qualifying city in the county for each fiscal year shall be the  
27 percentage share, of the total reduction required by this clause for  
28 all qualifying cities in the county for the 2006–07 fiscal year, that  
29 is equal to the proportion that the total amount of additional ad  
30 valorem property tax revenue that is required to be allocated to  
31 the qualifying city as a result of the act that added this subdivision  
32 bears to the total amount of additional ad valorem property tax  
33 revenue that is required to be allocated to all qualifying cities in  
34 the county as a result of the act that added this subdivision.

35 (ii) Increase the total amount of ad valorem property tax revenue  
36 otherwise required to be allocated to the county Educational  
37 Revenue Augmentation Fund by the ERAF reimbursement amount.

38 (B) For purposes of this subdivision, “ERAF reimbursement  
39 amount” means an amount equal to the difference between the  
40 following two amounts:

1 (i) The portion of the annual tax increment that would have been  
2 allocated from the county to the county Educational Revenue  
3 Augmentation Fund for the applicable fiscal year if the act that  
4 added this subdivision had not been enacted.

5 (ii) The portion of the annual tax increment that is allocated  
6 from the county to the county Educational Revenue Augmentation  
7 Fund for the applicable fiscal year.

8 (n) Notwithstanding subdivision (m) and except as provided in  
9 paragraph (2), for the 2015–16 fiscal year and for each fiscal year  
10 thereafter, all of the following shall apply:

11 (1) The auditor of the County of Santa Clara shall do both of  
12 the following:

13 (A) (i) Reduce the total amount of ad valorem property tax  
14 revenue otherwise required to be allocated to qualifying cities in  
15 that county by the percentage specified in clause (ii) of the ERAF  
16 reimbursement amount. This reduction for each qualifying city in  
17 the county for each fiscal year shall be the percentage share, of  
18 the total reduction required by this clause for all qualifying cities  
19 in the county for the 2015–16 fiscal year, that is equal to the  
20 proportion that the total amount of additional ad valorem property  
21 tax revenue that is required to be allocated to the qualifying city  
22 as a result of the act that added this subdivision bears to the total  
23 amount of additional ad valorem property tax revenue that is  
24 required to be allocated to all qualifying cities in the county as a  
25 result of the act that added this subdivision.

26 (ii) (I) For the first fiscal year in which qualifying cities receive  
27 an allocation pursuant to this subdivision, 80 percent.

28 (II) For the second fiscal year in which qualifying cities receive  
29 an allocation pursuant to this subdivision, 60 percent.

30 (III) For the third fiscal year in which qualifying cities receive  
31 an allocation pursuant to this subdivision, 40 percent.

32 (IV) For the fourth fiscal year in which qualifying cities receive  
33 an allocation pursuant to this subdivision, 20 percent.

34 (V) For the fifth fiscal year in which qualifying cities receive  
35 an allocation pursuant to this subdivision, and for each fiscal year  
36 thereafter in which a qualifying city receives an allocation pursuant  
37 to this subdivision, zero percent.

38 (B) Increase the total amount of ad valorem property tax revenue  
39 otherwise required to be allocated to the county Educational

1 Revenue Augmentation Fund by the percentage specified in clause  
2 (ii) of subparagraph (A) of the ERAF reimbursement amount.

3 (2) The auditor of the County of Santa Clara shall not adjust  
4 the ERAF reimbursement amount by the percentages specified in  
5 clause (ii) of subparagraph (A) of paragraph (1) in any fiscal year  
6 in which the amount of moneys required to be applied by the state  
7 for the support of school districts and community college districts  
8 is determined pursuant to paragraph (1) of subdivision (b) of  
9 Section 8 of Article XVI of the California Constitution.

10 (3) For purposes of this subdivision, “ERAF reimbursement  
11 amount” has the same meaning as defined in subparagraph (B) of  
12 paragraph (2) of subdivision (m).

13 SEC. 27. The Legislature hereby finds and declares all of the  
14 following:

15 (a) The Department of Finance has provided written  
16 confirmation to the successor agency to the Redevelopment Agency  
17 of the City and County of San Francisco (successor agency) that  
18 the following projects are finally and conclusively approved as  
19 enforceable obligations:

20 (1) The Mission Bay North Owner Participation Agreement.

21 (2) The Mission Bay South Owner Participation Agreement.

22 (3) The Disposition and Development Agreement for Hunters  
23 Point Shipyard Phase 1.

24 (4) The Candlestick Point-Hunters Point Shipyard Phase 2  
25 Disposition and Development Agreement.

26 (5) The Transbay Implementation Agreement.

27 (b) The enforceable obligations described in subdivision (a)  
28 require the successor agency to fund and develop affordable  
29 housing, including 1,200 units in Transbay, 1,445 units in Mission  
30 Bay North and Mission Bay South, and 1,358 units in Candlestick  
31 Point-Hunters Point Shipyard Phases 1 and 2. In addition, the  
32 successor agency is required to fund and develop public  
33 infrastructure in the Transbay Redevelopment Project Area  
34 pursuant to the Transbay Implementation Agreement, which is  
35 necessary to improve the area surrounding the Transbay Transit  
36 Center.

37 (c) Due to insufficient property tax revenues in the  
38 Redevelopment Property Tax Trust Fund, of the total number of  
39 affordable housing units that the successor agency is obligated to  
40 fund and develop under the enforceable obligations described in

1 subdivision (a), the successor agency has been able to finance the  
2 construction of only 642 units. Additionally, the successor agency  
3 has not been able to fulfill its public infrastructure obligation under  
4 the Transbay Implementation Agreement.

5 (d) The successor agency can more expeditiously construct the  
6 3,361 additional units of required affordable housing and the  
7 necessary infrastructure improvements if it is able to issue bonds  
8 or incur other indebtedness secured by property tax revenues  
9 available in the Redevelopment Property Tax Trust Fund to finance  
10 these obligations.

11 (e) It is the intent of the Legislature to authorize the successor  
12 agency to issue bonds or incur other indebtedness for the purpose  
13 of financing the construction of affordable housing and  
14 infrastructure required under the enforceable obligations described  
15 in subdivision (a). These bonds or other indebtedness may be  
16 secured by property tax revenues available in the successor  
17 agency's Redevelopment Property Tax Trust Fund from those  
18 project areas that generated tax increment for the Redevelopment  
19 Agency of the City and County of San Francisco upon its  
20 dissolution, if the revenues are not otherwise obligated.

21 (f) Authorizing the successor agency to issue bonds or incur  
22 other indebtedness to finance the enforceable obligations described  
23 in subdivision (a) will financially benefit the affected taxing  
24 entities, insofar as it will ensure that funds which would otherwise  
25 flow to those entities as "residual" payments pursuant to paragraph  
26 (4) of subdivision (a) of Section 34183 of the Health and Safety  
27 Code will not be redirected to fund these enforceable obligations.  
28 Instead, the enforceable obligations will be funded with the  
29 proceeds of the bonds or debt issuances.

30 (g) The housing situation in the City and County of San  
31 Francisco is unique, in that median rents and sales prices are among  
32 the highest in the state. Because of this, the City and County of  
33 San Francisco is currently facing an affordable housing crisis.

34 SEC. 28. (a) For the 2015–16 fiscal year, the sum of  
35 twenty-three million seven hundred fifty thousand dollars  
36 (\$23,750,000) is hereby appropriated from the General Fund to  
37 the Department of Forestry and Fire Protection. Provision of these  
38 funds to the department shall be contingent on the County of  
39 Riverside agreeing to forgive amounts owed to it by the Cities of  
40 Eastvale, Jurupa Valley, Menifee, and Wildomar for services

1 rendered to the cities between the respective dates of their  
2 incorporation, and June 30, 2015. The county's agreement to  
3 forgive these funds shall be forwarded to the Chairperson of the  
4 Joint Legislative Budget Committee and to the Director of Finance  
5 no later than August 1, 2015. The county's agreement shall be  
6 accompanied by a summary of the actual amount owed to the  
7 county by each of the cities for the period between the date of their  
8 incorporation and June 30, 2015. The agreement reflects a valid  
9 public purpose which benefits the cities, the county, and its citizens.

10 (b) Within 30 days of receiving notification from the county as  
11 specified in subdivision (a), the Director of Finance shall do all of  
12 the following:

13 (1) Verify the accuracy of the county's summary of the amounts  
14 owed to it by the three cities.

15 (2) Direct the Controller to transmit to the department, from the  
16 appropriation provided in subdivision (a), an amount that  
17 corresponds to the amount that the Director of Finance has verified  
18 pursuant to paragraph (1).

19 (3) Initiate steps to reduce the amount of reimbursements  
20 provided to the department in the Budget Act of 2015 by an amount  
21 that corresponds to the amount provided to the department pursuant  
22 to paragraph (2).

23 SEC. 29. (a) The Legislature finds and declares that the special  
24 law contained in Section 9 of this measure is necessary and that a  
25 general law cannot be made applicable within the meaning of  
26 Section 16 of Article IV of the California Constitution because of  
27 the unique circumstances relating to affordable housing in the City  
28 and County of San Francisco in conjunction with the affordable  
29 housing and infrastructure requirements of the enforceable  
30 obligations specified in this act.

31 (b) The Legislature finds and declares that the special law  
32 contained in Section 25 of this measure is necessary and that a  
33 general law cannot be made applicable within the meaning of  
34 Section 16 of Article IV of the California Constitution because of  
35 the uniquely severe fiscal difficulties being suffered by the County  
36 of San Benito.

37 (c) The Legislature finds and declares that the special law  
38 contained in Section 26 of this measure is necessary and that a  
39 general law cannot be made applicable within the meaning of  
40 Section 16 of Article IV of the California Constitution because of

1 the unique fiscal pressures being experienced by qualifying cities,  
2 as defined in Section 98 of the Revenue and Taxation Code, in the  
3 County of Santa Clara.

4 SEC. 30. If the Commission on State Mandates determines  
5 that this act contains costs mandated by the state, reimbursement  
6 to local agencies and school districts for those costs shall be made  
7 pursuant to Part 7 (commencing with Section 17500) of Division  
8 4 of Title 2 of the Government Code.

9 SEC. 31. This act is a bill providing for appropriations related  
10 to the Budget Bill within the meaning of subdivision (e) of Section  
11 12 of Article IV of the California Constitution, has been identified  
12 as related to the budget in the Budget Bill, and shall take effect  
13 immediately.

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