

Assembly Bill No. 1412

Passed the Assembly May 26, 2015

Chief Clerk of the Assembly

Passed the Senate September 9, 2015

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2015, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 34191.4 of the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

AB 1412, Perea. Redevelopment: successor agencies to redevelopment agencies.

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, subject to review by oversight boards, and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation. Existing law requires the Department of Finance to issue a finding of completion to a successor agency upon confirmation by the county auditor-controller that specified payments have been fully made by the successor agency. Existing law defines “enforceable obligation” for these purposes to generally exclude any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, existing law provides that upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency are deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

This bill would additionally provide that upon application by the successor agency and approval by the oversight board, loan agreements entered into between a redevelopment agency and the City of San Joaquin, where the outstanding principal balance of the loan is \$1,250,000 or less, are enforceable obligations if the oversight board finds, among other things, that the loan was for legitimate redevelopment purposes, it was entered into more than 2 years after the creation of the former redevelopment agency and prior to January 1, 2011, and it is the only debt of the former

redevelopment agency remaining to be paid on the recognized obligation payment schedule.

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

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

SECTION 1. Section 34191.4 of the Health and Safety Code is amended to read:

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

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

(b) (1) Except as provided in subdivision (c), and notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

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

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

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

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

(c) (1) Notwithstanding subdivision (b) and subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between a redevelopment agency and the City of San Joaquin, where the outstanding principal balance of the loan is one million two hundred fifty thousand (\$1,250,000) or less, shall be deemed to be enforceable obligations if the oversight board makes all of the following findings:

(A) The loan was for legitimate redevelopment purposes.

(B) The loan was entered into more than two years after the creation of the former redevelopment agency, and prior to January 1, 2011.

(C) The loan was related to an indebtedness obligation.

(D) The loan is the only debt of the former redevelopment agency remaining to be paid on the recognized obligation payment schedule.

(E) The amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (b) of Section 34183 in the previous fiscal year was less than two hundred fifty thousand dollars (\$250,000).

(2) Repayments of a loan described in this subdivision are not subject to the requirements of paragraph (1) and subparagraph (A) of paragraph (2) of subdivision (b). The accumulated interest rate shall be recalculated from origination at the interest rate of 0.25 percent.

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

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

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

SEC. 2. The Legislature finds and declares that a special law is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California

Constitution because of the special circumstances relating to the health and safety of the residents of the City of San Joaquin.

Approved _____, 2015

Governor