

AMENDED IN ASSEMBLY SEPTEMBER 10, 2015

AMENDED IN ASSEMBLY SEPTEMBER 4, 2015

SENATE BILL

No. 107

Introduced by Committee on Budget and Fiscal Review

January 9, 2015

An act relating to the Budget Act of 2015: 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

SB 107, as amended, Committee on Budget and Fiscal Review.
~~Budget Act of 2015.~~ *General Subject: 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 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 litigation 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 brought by the successor agency or the city, county, or city and county that created the former redevelopment agency 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 specify that an agreement between a city, county, or city and county that created the former redevelopment agency and the former redevelopment agency is an enforceable obligation if that agreement requires the former redevelopment agency to repay or fulfill an outstanding loan or development obligation imposed by a grant or loan awarded or issued by a federal agency to the city, county, or city and county which subsequently loaned or provided those funds to the former redevelopment agency.

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 only to the extent 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 January 1, 2015, 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 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, 2018, 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, 2018, 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. This bill would provide that a city, county, city and county, or parking district shall not be required to reimburse or pay a successor agency for any funds spent by a former redevelopment agency, as specified, to design and construct a parking facility.

(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 a Recognized Obligation Payment Schedule 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 agreement” for the purposes described above, would specify the types of documents demonstrating valid loan agreements, and would prohibit the Department of Finance from requesting more than one of these documents to prove a valid loan agreement. 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.*

~~This bill would express the intent of the Legislature to enact statutory changes related to the Budget Act of 2015.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~-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) “Administrative cost allowance” means an amount that,~~
 18 ~~subject to the approval of the oversight board, is payable from~~
 19 ~~property tax revenues of up to~~

1 (b) (1) “Administrative cost allowance” means the maximum
2 amount of administrative costs that may be paid by a successor
3 agency from the Redevelopment Property Tax Trust Fund in a
4 fiscal year.

5 (2) ~~The administrative cost allowance shall be 5 percent of the~~
6 ~~property tax allocated to the successor agency on the Recognized~~
7 ~~Obligation Payment Schedule covering the period January 1, 2012,~~
8 ~~through June 30, 2012, and 2012. The administrative cost~~
9 ~~allowance shall be up to 3 percent of the property tax allocated to~~
10 ~~the Redevelopment Obligation Retirement Fund money that is~~
11 ~~allocated to the successor agency for each fiscal year thereafter;~~
12 ~~provided, however, that the amount thereafter ending on June 30,~~
13 ~~2016. However, the administrative cost allowance shall not be less~~
14 ~~than two hundred fifty thousand dollars (\$250,000), unless~~
15 ~~(\$250,000) in any fiscal year, unless this amount is reduced by the~~
16 ~~oversight board reduces this amount, for any fiscal year or such~~
17 ~~lesser amount as agreed to by or by agreement with the successor~~
18 ~~agency. However, the allowance amount shall exclude, and shall~~
19 ~~not apply to, any administrative costs that can be paid from bond~~
20 ~~proceeds or from sources other than property tax. Administrative~~
21 ~~cost allowances shall exclude any litigation expenses related to~~
22 ~~assets or obligations, settlements and judgments, and the costs of~~
23 ~~maintaining assets prior to disposition. Employee costs associated~~
24 ~~with work on specific project implementation activities, including,~~
25 ~~but not limited to, construction inspection, project management,~~
26 ~~or actual construction, shall be considered project-specific costs~~
27 ~~and shall not constitute administrative costs.~~

28 (3) *Commencing July 1, 2016, and for each fiscal year*
29 *thereafter, the administrative cost allowance shall be up to 3*
30 *percent of the actual property tax distributed to the successor*
31 *agency by the county auditor-controller in the preceding fiscal*
32 *year for payment of approved enforceable obligations, reduced*
33 *by the successor agency’s administrative cost allowance and loan*
34 *repayments made to the city, county, or city and county that created*
35 *the redevelopment agency that it succeeded pursuant to subdivision*
36 *(b) of Section 34191.4 during the preceding fiscal year. However,*
37 *the administrative cost allowance shall not be less than two*
38 *hundred fifty thousand dollars (\$250,000) in any fiscal year, unless*
39 *this amount is reduced by the oversight board or by agreement*
40 *between the successor agency and the department.*

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

15 (5) *The administrative cost allowance shall be approved by the*
16 *oversight board and shall be the sole funding source for any legal*
17 *expenses related to civil actions brought by the successor agency*
18 *or the city, county, or city and county that created the former*
19 *redevelopment 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. Employee costs*
22 *associated with work on specific project implementation activities,*
23 *including, but not limited to, construction inspection, project*
24 *management, or actual construction, shall be considered*
25 *project-specific costs and shall not constitute administrative costs.*

26 (c) "Designated local authority" shall mean a public entity
27 formed pursuant to subdivision (d) of Section 34173.

28 (d) (1) "Enforceable obligation" means any of the following:

29 (A) Bonds, as defined by Section 33602 and bonds issued
30 pursuant to Chapter 10.5 (commencing with Section 5850) of
31 Division 6 of Title 1 of the Government Code, including the
32 required debt service, reserve set-asides, and any other payments
33 required under the indenture or similar documents governing the
34 issuance of the outstanding bonds of the former redevelopment
35 agency. A reserve may be held when required by the bond
36 indenture or when the next property tax allocation will be
37 insufficient to pay all obligations due under the provisions of the
38 bond for the next payment due in the following half of the calendar
39 year.

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

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

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

32 (E) Any legally binding and enforceable agreement or contract
33 that is not otherwise void as violating the debt limit or public
34 policy. However, nothing in this act shall prohibit either the
35 successor agency, with the approval or at the direction of the
36 oversight board, or the oversight board itself from terminating any
37 existing agreements or contracts and providing any necessary and
38 required compensation or remediation for such termination. Titles
39 of or headings used on or in a document shall not be relevant in
40 determining the existence of an enforceable obligation.

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

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

29 (G) Amounts borrowed from, or payments owing to, the Low
30 and Moderate Income Housing Fund of a redevelopment agency,
31 which had been deferred as of the effective date of the act adding
32 this part; provided, however, that the repayment schedule is
33 approved by the oversight board. Repayments shall be transferred
34 to the Low and Moderate Income Housing Asset Fund established
35 pursuant to subdivision (d) of Section 34176 as a housing asset
36 and shall be used in a manner consistent with the affordable
37 housing requirements of the Community Redevelopment Law (Part
38 1 (commencing with Section 33000)).

39 (2) For purposes of this part, “enforceable obligation” does not
40 include any agreements, contracts, or arrangements between the

1 city, county, or city and county that created the redevelopment
2 agency and the former redevelopment agency. However, written
3 agreements entered into (A) at the time of issuance, but in no event
4 later than December 31, 2010, of indebtedness obligations, and
5 (B) solely for the purpose of securing or repaying those
6 indebtedness obligations may be deemed enforceable obligations
7 for purposes of this part. *Additionally, written agreements entered*
8 *into (A) at the time of issuance, but in no event later than June 27,*
9 *2011, of indebtedness obligations solely for the refunding or*
10 *refinancing of other indebtedness obligations that existed prior to*
11 *January 1, 2011, and (B) solely for the purpose of securing or*
12 *repaying the refunded or refinanced indebtedness obligations may*
13 *be deemed enforceable obligations for purposes of this part.*
14 Notwithstanding this paragraph, loan agreements entered into
15 between the redevelopment agency and the city, county, or city
16 and county that created it, within two years of the date of creation
17 of the redevelopment agency, may be deemed to be enforceable
18 obligations. *Notwithstanding this paragraph, an agreement entered*
19 *into by the redevelopment agency prior to June 28, 2011, is an*
20 *enforceable obligation if the agreement relates to state highway*
21 *infrastructure improvements to which the redevelopment agency*
22 *committed funds pursuant to Section 33445. Notwithstanding this*
23 *paragraph, an agreement between the city, county, or city and*
24 *county that created the former redevelopment agency and the*
25 *former redevelopment agency is an enforceable obligation if that*
26 *agreement requires the former redevelopment agency to repay or*
27 *fulfill an outstanding loan or development obligation imposed by*
28 *a grant or loan awarded or issued by a federal agency, including*
29 *the United States Department of Housing and Urban Development,*
30 *to the city, county, or city and county which subsequently loaned*
31 *or provided those funds to the former redevelopment agency.*

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

1 authorized under Part 1 (commencing with Section 33000) shall
2 not be deemed void.

3 (e) “Indebtedness obligations” means bonds, notes, certificates
4 of participation, or other evidence of indebtedness, issued or
5 delivered by the redevelopment agency, or by a joint exercise of
6 powers authority created by the redevelopment agency, to
7 third-party investors or bondholders to finance or refinance
8 redevelopment projects undertaken by the redevelopment agency
9 in compliance with the Community Redevelopment Law (Part 1
10 (commencing with Section 33000)).

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

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

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

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

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

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

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

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

38 (n) “Sponsoring entity” means the city, county, or city and
39 county, or other entity that authorized the creation of each
40 redevelopment agency.

1 (o) “Final judicial determination” means a final judicial
2 determination made by any state court that is not appealed, or by
3 a court of appellate jurisdiction that is not further appealed, in an
4 action by any party.

5 (p) From July 1, 2014, to July 1, 2018, inclusive, “housing entity
6 administrative cost allowance” means an amount of up to 1 percent
7 of the property tax allocated to the Redevelopment Obligation
8 Retirement Fund on behalf of the successor agency for each
9 applicable fiscal year, but not less than one hundred fifty thousand
10 dollars (\$150,000) per fiscal year.

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

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

29 *SEC. 3. Section 34173 of the Health and Safety Code is*
30 *amended to read:*

31 34173. (a) Successor agencies, as defined in this part, are
32 hereby designated as successor entities to the former redevelopment
33 agencies.

34 (b) Except for those provisions of the Community
35 Redevelopment Law that are repealed, restricted, or revised
36 pursuant to the act adding this part, all authority, rights, powers,
37 duties, and obligations previously vested with the former
38 redevelopment agencies, under the Community Redevelopment
39 Law, are hereby vested in the successor agencies.

1 (c) (1) If the redevelopment agency was in the form of a joint
2 powers authority, and if the joint powers agreement governing the
3 formation of the joint powers authority addresses the allocation of
4 assets and liabilities upon dissolution of the joint powers authority,
5 then each of the entities that created the former redevelopment
6 agency may be a successor agency within the meaning of this part
7 and each shall have a share of assets and liabilities based on the
8 provisions of the joint powers agreement.

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

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

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

37 (3) (A) If no local agency elects to serve as a successor agency
38 for a dissolved redevelopment agency, a public body, referred to
39 herein as a "designated local authority" shall be immediately
40 formed, pursuant to this part, in the county and shall be vested

1 with all the powers and duties of a successor agency as described
2 in this part. The Governor shall appoint three residents of the
3 county to serve as the governing board of the authority. The
4 designated local authority shall serve as successor agency until a
5 local agency elects to become the successor agency in accordance
6 with this section.

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

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

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

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

32 (g) A successor agency is a separate public entity from the public
33 agency that provides for its governance and the two entities shall
34 not merge. The liabilities of the former redevelopment agency
35 shall not be transferred to the sponsoring entity and the assets shall
36 not become assets of the sponsoring entity. A successor agency
37 has its own name, can be sued, and can sue. All litigation involving
38 a redevelopment agency shall automatically be transferred to the
39 successor agency. The separate former redevelopment agency
40 employees shall not automatically become sponsoring entity

1 employees of the sponsoring entity and the successor agency shall
2 retain its own collective bargaining status. As successor entities,
3 successor agencies succeed to the organizational status of the
4 former redevelopment agency, but without any legal authority to
5 participate in redevelopment activities, except to complete any
6 work related to an approved enforceable obligation. Each successor
7 agency shall be deemed to be a local entity for purposes of the
8 Ralph M. Brown Act (Chapter 9 (commencing with Section 54950)
9 of Part 1 of Division 2 of Title 5 of the Government Code).

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

1 *enforceable obligations approved in the Recognized Obligation*
2 *Payment Schedule.*

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

6 (i) At the request of the city, county, or city and county,
7 notwithstanding Section 33205, all land use related plans and
8 functions of the former redevelopment agency are hereby
9 transferred to the city, county, or city and county that authorized
10 the creation of a redevelopment agency; provided, however, that
11 the city, county, or city and county shall not create a new project
12 area, add territory to, or expand or change the boundaries of a
13 project area, or take any action that would increase the amount of
14 obligated property tax (formerly tax increment) necessary to fulfill
15 any existing enforceable obligation beyond what was authorized
16 as of June 27, 2011.

17 *SEC. 4. Section 34176 of the Health and Safety Code is*
18 *amended to read:*

19 34176. (a) (1) The city, county, or city and county that
20 authorized the creation of a redevelopment agency may elect to
21 retain the housing assets and functions previously performed by
22 the redevelopment agency. If a city, county, or city and county
23 elects to retain the authority to perform housing functions
24 previously performed by a redevelopment agency, all rights,
25 powers, duties, obligations, and housing assets, as defined in
26 subdivision (e), excluding any amounts on deposit in the Low and
27 Moderate Income Housing Fund and enforceable obligations
28 retained by the successor agency, shall be transferred to the city,
29 county, or city and county.

30 (2) The housing successor shall submit to the Department of
31 Finance by August 1, 2012, a list of all housing assets that contains
32 an explanation of how the assets meet the criteria specified in
33 subdivision (e). The Department of Finance shall prescribe the
34 format for the submission of the list. The list shall include assets
35 transferred between February 1, 2012, and the date upon which
36 the list is created. The department shall have up to 30 days from
37 the date of receipt of the list to object to any of the assets or
38 transfers of assets identified on the list. If the Department of
39 Finance objects to assets on the list, the housing successor may
40 request a meet and confer process within five business days of

1 receiving the department objection. If the transferred asset is
2 deemed not to be a housing asset as defined in subdivision (e), it
3 shall be returned to the successor agency. If a housing asset has
4 been previously pledged to pay for bonded indebtedness, the
5 successor agency shall maintain control of the asset in order to
6 pay for the bond debt.

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

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

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

20 (2) If there is one local housing authority in the territorial
21 jurisdiction of the former redevelopment agency, to that local
22 housing authority.

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

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

32 (d) Except as specifically provided in Section 34191.4, any
33 funds transferred to the housing successor, together with any funds
34 generated from housing assets, as defined in subdivision (e), shall
35 be maintained in a separate Low and Moderate Income Housing
36 Asset Fund which is hereby created in the accounts of the housing
37 successor.

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

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

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

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

19 (4) Any funds derived from rents or operation of properties
20 acquired for low- and moderate-income housing purposes by other
21 parties that were financed with any source of funds, including
22 residual receipt payments from developers, conditional grant
23 repayments, cost savings and proceeds from refinancing, and
24 principal and interest payments from homebuyers subject to
25 enforceable income limits.

26 (5) A stream of rents or other payments from housing tenants
27 or operators of low- and moderate-income housing financed with
28 any source of funds that are used to maintain, operate, and enforce
29 the affordability of housing or for enforceable obligations
30 associated with low- and moderate-income housing.

31 (6) (A) Repayments of loans or deferrals owed to the Low and
32 Moderate Income Housing Fund pursuant to subparagraph (G) of
33 paragraph (1) of subdivision (d) of Section 34171, which shall be
34 used consistent with the affordable housing requirements in the
35 Community Redevelopment Law (Part 1 (commencing with
36 Section 33000)).

37 (B) Loan or deferral repayments shall not be made prior to the
38 2013–14 fiscal year. Beginning in the 2013–14 fiscal year, the
39 maximum repayment amount authorized each fiscal year for
40 repayments made pursuant to this paragraph and subdivision (b)

1 of Section 34191.4 combined shall be equal to one-half of the
2 increase between the amount distributed to taxing entities pursuant
3 to paragraph (4) of subdivision (a) of Section 34183 in that fiscal
4 year and the amount distributed to taxing entities pursuant to that
5 paragraph in the 2012–13 base year. Loan or deferral repayments
6 made pursuant to this paragraph shall take priority over amounts
7 to be repaid pursuant to subdivision (b) of Section 34191.4.

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

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

35 (B) The housing successor shall provide notice to the successor
36 agency of any designations of use or commitments of funds
37 specified in subparagraph (A) that it wishes to make at least 20
38 days before the deadline for submission of the Recognized
39 Obligation Payment Schedule to the oversight board. Commitments
40 and designations shall not be valid and binding on any party until

1 they are included in an approved and valid Recognized Obligation
2 Payment Schedule. The review of these designations and
3 commitments by the successor agency, oversight board, and
4 Department of Finance shall be limited to a determination that the
5 designations and commitments are consistent with bond covenants
6 and that there are sufficient funds available.

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

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

23 *SEC. 5. Section 34176.1 of the Health and Safety Code is*
24 *amended to read:*

25 34176.1. Funds in the Low and Moderate Income Housing
26 Asset Fund described in subdivision (d) of Section 34176 shall be
27 subject to the provisions of the Community Redevelopment Law
28 (Part 1 (commencing with Section 33000)) relating to the Low and
29 Moderate Income Housing Fund, except as follows:

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

36 (1) For the purpose of monitoring and preserving the long-term
37 affordability of units subject to affordability restrictions or
38 covenants entered into by the redevelopment agency or the housing
39 successor and for the purpose of administering the activities
40 described in paragraphs (2) and (3), a housing successor may

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

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

36 (3) (A) The housing successor shall expend all funds remaining
37 in the Low and Moderate Income Housing Asset Fund after the
38 expenditures allowed pursuant to paragraphs (1) and (2) for the
39 development of housing affordable to and occupied by households
40 earning 80 percent or less of the area median income, with at least

1 30 percent of these remaining funds expended for the development
2 of rental housing affordable to and occupied by households earning
3 30 percent or less of the area median income and no more than 20
4 percent of these remaining funds expended for the development
5 of housing affordable to and occupied by households earning
6 between 60 percent and 80 percent of the area median income. A
7 housing successor shall demonstrate in the annual report described
8 in subdivision (f), for 2019, and every five years thereafter, that
9 the housing successor's expenditures from January 1, 2014, through
10 the end of the latest fiscal year covered in the report comply with
11 the requirements of this subparagraph.

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

21 (C) If the housing successor exceeds the expenditure limit for
22 households earning between 60 percent and 80 percent of the area
23 median income in any five-year report, the housing successor shall
24 not expend any of the remaining funds for households earning
25 between 60 percent and 80 percent of the area median income until
26 the housing successor demonstrates compliance with this limit in
27 an annual report described in subdivision (f).

28 (D) For purposes of this subdivision, "development" means new
29 construction, acquisition and rehabilitation, substantial
30 rehabilitation as defined in Section 33413, the acquisition of
31 long-term affordability covenants on multifamily units as described
32 in Section 33413, or the preservation of an assisted housing
33 development that is eligible for prepayment or termination or for
34 which within the expiration of rental restrictions is scheduled to
35 occur within five years as those terms are defined in Section
36 65863.10 of the Government Code. Units described in this
37 subparagraph may be counted towards any outstanding obligations
38 pursuant to Section 33413, provided that the units meet the
39 requirements of that section and are counted as provided in that
40 section.

1 (b) Subdivision (b) of Section 33334.4 shall not apply. Instead,
2 if the aggregate number of units of deed-restricted rental housing
3 restricted to seniors and assisted individually or jointly by the
4 housing successor, its former redevelopment agency, and its host
5 jurisdiction within the previous 10 years exceeds 50 percent of the
6 aggregate number of units of deed-restricted rental housing assisted
7 individually or jointly by the housing successor, its former
8 redevelopment agency, and its host jurisdiction within the same
9 time period, then the housing successor shall not expend these
10 funds to assist additional senior housing units until the housing
11 successor or its host jurisdiction assists, and construction has
12 commenced, a number of units available to all persons, regardless
13 of age, that is equal to 50 percent of the aggregate number of units
14 of deed-restricted rental housing units assisted individually or
15 jointly by the housing successor, its former redevelopment agency,
16 and its host jurisdiction within the time period described above.

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

25 (2) Two or more housing successors within a county, within a
26 single metropolitan statistical area, within 15 miles of each other,
27 or that are in contiguous jurisdictions may enter into an agreement
28 to transfer funds among their respective Low and Moderate Income
29 Housing Asset Funds for the sole purpose of developing transit
30 priority projects as defined in subdivisions (a) and (b) of Section
31 21155 of the Public Resources Code, permanent supportive housing
32 as defined in paragraph (2) of subdivision (b) of Section 50675.14,
33 housing for agricultural employees as defined in subdivision (g)
34 of Section 50517.5, or special needs housing as defined in federal
35 or state law or regulation if all of the following conditions are met:

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

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

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

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

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

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

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

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

31 (d) Sections 33334.10 and 33334.12 shall not apply. Instead, if
32 a housing successor has an excess surplus, the housing successor
33 shall encumber the excess surplus for the purposes described in
34 paragraph (3) of subdivision (a) or transfer the funds pursuant to
35 paragraph (2) of subdivision (c) within three fiscal years. If the
36 housing successor fails to comply with this subdivision, the housing
37 successor, within 90 days of the end of the third fiscal year, shall
38 transfer any excess surplus to the Department of Housing and
39 Community Development for expenditure pursuant to the
40 Multifamily Housing Program or the Joe Serna, Jr. Farmworker

1 Housing Grant Program. For purposes of this subdivision, “excess
2 surplus” shall mean an unencumbered amount in the account that
3 exceeds the greater of one million dollars (\$1,000,000) or the
4 aggregate amount deposited into the account during the housing
5 successor’s preceding four fiscal years, whichever is greater.

6 (e) Section 33334.16 shall not apply to interests in real property
7 acquired on or after February 1, 2012. With respect to interests in
8 real property acquired by the former redevelopment agency prior
9 to February 1, 2012, the time periods described in Section 33334.16
10 shall be deemed to have commenced on the date that the
11 ~~Department of Finance~~ *department* approved the property as a
12 housing asset.

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

26 (1) *The amount the city, county, or city and county received*
27 *pursuant to subparagraph (A) of paragraph (3) of subdivision (b)*
28 *of Section 34191.4.*

29 ~~(1)~~

30 (2) *The amount deposited to the Low and Moderate Income*
31 *Housing Asset Fund, distinguishing any between amounts deposited*
32 *pursuant to subparagraphs (B) and (C) of paragraph (3) of*
33 *subdivision (b) of Section 34191.4, amounts deposited for other*
34 *items listed on the Recognized Obligation Payment Schedule from*
35 *Schedule, and other amounts deposited.*

36 ~~(2)~~

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

40 ~~(3)~~

1 (4) A description of expenditures from the fund by category,
2 including, but not limited to, expenditures (A) for monitoring and
3 preserving the long-term affordability of units subject to
4 affordability restrictions or covenants entered into by the
5 redevelopment agency or the housing successor and administering
6 the activities described in paragraphs (2) and (3) of subdivision
7 (a), (B) for homeless prevention and rapid rehousing services for
8 the development of housing described in paragraph (2) of
9 subdivision (a), and (C) for the development of housing pursuant
10 to paragraph (3) of subdivision (a).

11 ~~(4)~~
12 (5) As described in paragraph (1) of subdivision (a), the statutory
13 value of real property owned by the housing successor, the value
14 of loans and grants receivable, and the sum of these two amounts.

15 ~~(5)~~
16 (6) A description of any transfers made pursuant to paragraph
17 (2) of subdivision (c) in the previous fiscal year and, if still
18 unencumbered, in earlier fiscal years and a description of and status
19 update on any project for which transferred funds have been or
20 will be expended if that project has not yet been placed in service.

21 ~~(6)~~
22 (7) A description of any project for which the housing successor
23 receives or holds property tax revenue pursuant to the Recognized
24 Obligation Payment Schedule and the status of that project.

25 ~~(7)~~
26 (8) For interests in real property acquired by the former
27 redevelopment agency prior to February 1, 2012, a status update
28 on compliance with Section 33334.16. For interests in real property
29 acquired on or after February 1, 2012, a status update on the
30 project.

31 ~~(8)~~
32 (9) A description of any outstanding obligations pursuant to
33 Section 33413 that remained to transfer to the housing successor
34 on February 1, 2012, of the housing successor's progress in meeting
35 those obligations, and of the housing successor's plans to meet
36 unmet obligations. In addition, the housing successor shall include
37 in the report posted on its Internet Web site the implementation
38 plans of the former redevelopment agency.

39 ~~(9)~~

1 (10) The information required by subparagraph (B) of paragraph
2 (3) of subdivision (a).

3 ~~(10)~~

4 (11) The percentage of units of deed-restricted rental housing
5 restricted to seniors and assisted individually or jointly by the
6 housing successor, its former redevelopment agency, and its host
7 jurisdiction within the previous 10 years in relation to the aggregate
8 number of units of deed-restricted rental housing assisted
9 individually or jointly by the housing successor, its former
10 redevelopment agency, and its host jurisdiction within the same
11 time period.

12 ~~(11)~~

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

16 ~~(12)~~

17 (13) An inventory of homeownership units assisted by the
18 former redevelopment agency or the housing successor that are
19 subject to covenants or restrictions or to an adopted program that
20 protects the former redevelopment agency's investment of moneys
21 from the Low and Moderate Income Housing Fund pursuant to
22 subdivision (f) of Section 33334.3. This inventory shall include
23 all of the following information:

24 (A) The number of those units.

25 (B) In the first report pursuant to this subdivision, the number
26 of units lost to the portfolio after February 1, 2012, and the reason
27 or reasons for those losses. For all subsequent reports, the number
28 of the units lost to the portfolio in the last fiscal year and the reason
29 for those losses.

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

34 (D) Whether the housing successor has contracted with any
35 outside entity for the management of the units and, if so, the
36 identity of the entity.

37 *SEC. 6. Section 34177 of the Health and Safety Code is*
38 *amended to read:*

39 34177. Successor agencies are required to do all of the
40 following:

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

2 (1) On and after February 1, 2012, and until a Recognized
3 Obligation Payment Schedule becomes operative, only payments
4 required pursuant to an enforceable obligations payment schedule
5 shall be made. The initial enforceable obligation payment schedule
6 shall be the last schedule adopted by the redevelopment agency
7 under Section 34169. However, payments associated with
8 obligations excluded from the definition of enforceable obligations
9 by paragraph (2) of subdivision (d) of Section 34171 shall be
10 excluded from the enforceable obligations payment schedule and
11 be removed from the last schedule adopted by the redevelopment
12 agency under Section 34169 prior to the successor agency adopting
13 it as its enforceable obligations payment schedule pursuant to this
14 subdivision. The enforceable obligation payment schedule may
15 be amended by the successor agency at any public meeting and
16 shall be subject to the approval of the oversight board as soon as
17 the board has sufficient members to form a quorum. In recognition
18 of the fact that the timing of the California Supreme Court's ruling
19 in the case California Redevelopment Association v. Matosantos
20 (2011) 53 Cal.4th 231 delayed the preparation by successor
21 agencies and the approval by oversight boards of the January 1,
22 2012, through June 30, 2012, Recognized Obligation Payment
23 Schedule, a successor agency may amend the Enforceable
24 Obligation Payment Schedule to authorize the continued payment
25 of enforceable obligations until the time that the January 1, 2012,
26 through June 30, 2012, Recognized Obligation Payment Schedule
27 has been approved by the oversight board and by the ~~Department~~
28 ~~of Finance~~ *department*. The successor agency may utilize
29 reasonable estimates and projections to support payment amounts
30 for enforceable obligations if the successor agency submits
31 appropriate supporting documentation of the basis for the estimate
32 or projection to the Department of Finance and the
33 auditor-controller.

34 (2) ~~The Department of Finance department, the county~~
35 ~~auditor-controller~~, and the Controller shall each have the authority
36 to require any documents associated with the enforceable
37 obligations to be provided to them in a manner of their choosing.
38 Any taxing entity, the department, and the Controller shall each
39 have standing to file a judicial action to prevent a violation under
40 this part and to obtain injunctive or other appropriate relief.

1 (3) Commencing on the date the Recognized Obligation Payment
2 Schedule is valid pursuant to subdivision (l), only those payments
3 listed in the Recognized Obligation Payment Schedule may be
4 made by the successor agency from the funds specified in the
5 Recognized Obligation Payment Schedule. In addition, after it
6 becomes valid, the Recognized Obligation Payment Schedule shall
7 supersede the Statement of Indebtedness, which shall no longer
8 be prepared nor have any effect under the Community
9 Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

23 (c) Perform obligations required pursuant to any enforceable
24 obligation.

25 (d) Remit unencumbered balances of redevelopment agency
26 funds to the county auditor-controller for distribution to the taxing
27 entities, including, but not limited to, the unencumbered balance
28 of the Low and Moderate Income Housing Fund of a former
29 redevelopment agency. In making the distribution, the county
30 auditor-controller shall utilize the same methodology for allocation
31 and distribution of property tax revenues provided in Section
32 34188.

33 (e) Dispose of assets and properties of the former redevelopment
34 agency as directed by the oversight board; provided, however, that
35 the oversight board may instead direct the successor agency to
36 transfer ownership of certain assets pursuant to subdivision (a) of
37 Section 34181. The disposal is to be done expeditiously and in a
38 manner aimed at maximizing value. Proceeds from asset sales and
39 related funds that are no longer needed for approved development
40 projects or to otherwise wind down the affairs of the agency, each

1 as determined by the oversight board, shall be transferred to the
2 county auditor-controller for distribution as property tax proceeds
3 under Section 34188. The requirements of this subdivision shall
4 not apply to a successor agency that has been issued a finding of
5 completion by the ~~Department of Finance~~ *department* pursuant to
6 Section 34179.7.

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

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

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

16 (i) Continue to oversee development of properties until the
17 contracted work has been completed or the contractual obligations
18 of the former redevelopment agency can be transferred to other
19 parties. Bond proceeds shall be used for the purposes for which
20 bonds were sold unless the purposes can no longer be achieved,
21 in which case, the proceeds may be used to defease the bonds.

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

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

27 (2) Proposed sources of payment for the costs identified in
28 paragraph (1).

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

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

35 (l) (1) Before each ~~period, fiscal six-month~~ *fiscal period set*
36 *forth in subdivision (m) or (o), as applicable*, prepare a Recognized
37 Obligation Payment Schedule in accordance with the requirements
38 of this paragraph. For each recognized obligation, the Recognized
39 Obligation Payment Schedule shall identify one or more of the
40 following sources of payment:

- 1 (A) Low and Moderate Income Housing Fund.
- 2 (B) Bond proceeds.
- 3 (C) Reserve balances.
- 4 (D) Administrative cost allowance.
- 5 (E) The Redevelopment Property Tax Trust Fund, but only to
- 6 the extent no other funding source is available or when payment
- 7 from property tax revenues is required by an enforceable obligation
- 8 or by the provisions of this part.

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

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

15 (A) A Recognized Obligation Payment Schedule is prepared
16 by the successor agency for the enforceable obligations of the
17 former redevelopment agency. The initial schedule shall project
18 the dates and amounts of scheduled payments for each enforceable
19 obligation for the remainder of the time period during which the
20 redevelopment agency would have been authorized to obligate
21 property tax increment had the a redevelopment agency not been
22 dissolved.

23 (B) The Recognized Obligation Payment Schedule is submitted
24 to and duly approved by the oversight board. The successor agency
25 shall submit a copy of the Recognized Obligation Payment
26 Schedule to the county administrative officer, the county
27 auditor-controller, and the ~~Department of Finance~~ *department* at
28 the same time that the successor agency submits the Recognized
29 Obligation Payment Schedule to the oversight board for approval.

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

34 (3) The Recognized Obligation Payment Schedule shall be
35 forward looking to the next six ~~months~~ *months or one year*
36 *pursuant to subdivision (m) or (o), as applicable*. The first
37 Recognized Obligation Payment Schedule shall be submitted to
38 the Controller's office and the ~~Department of Finance~~ *department*
39 by April 15, 2012, for the period of January 1, 2012, to June 30,
40 2012, inclusive. This Recognized Obligation Payment Schedule

1 shall include all payments made by the former redevelopment
2 agency between January 1, 2012, through January 31, 2012, and
3 shall include all payments proposed to be made by the successor
4 agency from February 1, 2012, through June 30, 2012. Former
5 redevelopment agency enforceable obligation payments due, and
6 reasonable or necessary administrative costs due or incurred, prior
7 to January 1, 2012, shall be made from property tax revenues
8 received in the spring of 2011 property tax distribution, and from
9 other revenues and balances transferred to the successor agency.

10 (m) (1) The Recognized Obligation Payment Schedule for the
11 period of January 1, 2013, to June 30, 2013, shall be submitted by
12 the successor agency, after approval by the oversight board, no
13 later than September 1, 2012. Commencing with the Recognized
14 Obligation Payment Schedule covering the period July 1, 2013,
15 through December 31, 2013, successor agencies shall submit an
16 oversight board-approved Recognized Obligation Payment
17 Schedule to the ~~Department of Finance~~ *department* and to the
18 county auditor-controller no fewer than 90 days before the date of
19 property tax distribution. The ~~Department of Finance~~ *department*
20 shall make its determination of the enforceable obligations and
21 the amounts and funding sources of the enforceable obligations
22 no later than 45 days after the Recognized Obligation Payment
23 Schedule is submitted. Within five business days of the
24 department's determination, a successor agency may request
25 additional review by the department and an opportunity to meet
26 and confer on disputed ~~items~~: *items, except for those items which*
27 *are the subject of litigation disputing the department's previous*
28 *or related determination.* The meet and confer period may vary;
29 an untimely submittal of a Recognized Obligation Payment
30 Schedule may result in a meet and confer period of less than 30
31 days. The department shall notify the successor agency and the
32 county auditor-controllers as to the outcome of its review at least
33 15 days before the date of property tax distribution.

34 (†)

35 (A) The successor agency shall submit a copy of the Recognized
36 Obligation Payment Schedule to the ~~Department of Finance~~
37 *department* electronically, and the successor agency shall complete
38 the Recognized Obligation Payment Schedule in the manner
39 provided for by the department. A successor agency shall be in
40 noncompliance with this paragraph if it only submits to the

1 department an electronic message or a letter stating that the
2 oversight board has approved a Recognized Obligation Payment
3 Schedule.

4 ~~(2)~~

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

24 ~~(3)~~

25 (C) If a successor agency fails to submit to the department an
26 oversight board-approved Recognized Obligation Payment
27 Schedule that complies with all requirements of this subdivision
28 within five business days of the date upon which the Recognized
29 Obligation Payment Schedule is to be used to determine the amount
30 of property tax allocations, the department may determine if any
31 amount should be withheld by the county auditor-controller for
32 payments for enforceable obligations from distribution to taxing
33 entities, pending approval of a Recognized Obligation Payment
34 Schedule. The county auditor-controller shall distribute the portion
35 of any of the sums withheld pursuant to this paragraph to the
36 affected taxing entities in accordance with paragraph (4) of
37 subdivision (a) of Section 34183 upon notice by the department
38 that a portion of the withheld balances are in excess of the amount
39 of enforceable obligations. The county auditor-controller shall
40 distribute withheld funds to the successor agency only in

1 accordance with a Recognized Obligation Payment Schedule
2 approved by the department. County auditor-controllers shall lack
3 the authority to withhold any other amounts from the allocations
4 provided for under Section 34183 or 34188 unless required by a
5 court order.

6 ~~(4)(A)~~

7 (D) (i) The Recognized Obligation Payment Schedule payments
8 required pursuant to this subdivision may be scheduled beyond
9 the existing Recognized Obligation Payment Schedule cycle upon
10 a showing that a lender requires cash on hand beyond the
11 Recognized Obligation Payment Schedule cycle.

12 ~~(B)~~

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

20 ~~(C)~~

21 (iii) A Recognized Obligation Payment Schedule may also
22 include appropriation of moneys from bonds subject to passage
23 during the Recognized Obligation Payment Schedule cycle when
24 an enforceable obligation requires the agency to issue the bonds
25 and use the proceeds to pay for project expenditures.

26 (2) *The requirements of this subdivision shall apply until*
27 *December 31, 2015.*

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

31 (o) (1) *Commencing with the Recognized Obligation Payment*
32 *Schedule covering the period from July 1, 2016, to June 30, 2017,*
33 *inclusive, and for each period from July 1 to June 30, inclusive,*
34 *thereafter, a successor agency shall submit an oversight*
35 *board-approved Recognized Obligation Payment Schedule to the*
36 *department and to the county auditor-controller no later than*
37 *February 1, 2016, and each February 1 thereafter. The department*
38 *shall make its determination of the enforceable obligations and*
39 *the amounts and funding sources of the enforceable obligations*
40 *no later than April 15, 2016, and each April 15 thereafter. Within*

1 *five business days of the department's determination, a successor*
2 *agency may request additional review by the department and an*
3 *opportunity to meet and confer on disputed items, except for those*
4 *items which are the subject of litigation disputing the department's*
5 *previous or related determination. An untimely submittal of a*
6 *Recognized Obligation Payment Schedule may result in a meet*
7 *and confer period of less than 30 days. The department shall notify*
8 *the successor agency and the county auditor-controller as to the*
9 *outcome of its review at least 15 days before the date of the first*
10 *property tax distribution for that period.*

11 *(A) The successor agency shall submit a copy of the Recognized*
12 *Obligation Payment Schedule to the department in the manner*
13 *provided for by the department.*

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

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

1 *Schedule. The county auditor-controller shall distribute the portion*
2 *of any of the sums withheld pursuant to this paragraph to the*
3 *affected taxing entities in accordance with paragraph (4) of*
4 *subdivision (a) of Section 34183 upon notice by the department*
5 *that a portion of the withheld balances are in excess of the amount*
6 *of enforceable obligations. The county auditor-controller shall*
7 *distribute withheld funds to the successor agency only in*
8 *accordance with a Recognized Obligation Payment Schedule*
9 *approved by the department. County auditor-controllers do not*
10 *have the authority to withhold any other amounts from the*
11 *allocations provided for under Section 34183 or 34188 except as*
12 *required by a court order.*

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

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

26 *(iii) A Recognized Obligation Payment Schedule may also*
27 *include a request to use proceeds from bonds expected to be issued*
28 *during the Recognized Obligation Payment Schedule cycle when*
29 *an enforceable obligation requires the agency to issue the bonds*
30 *and use the proceeds to pay for project expenditures.*

31 *(E) Once per Recognized Obligation Payment Schedule period,*
32 *and no later than October 1, a successor agency may submit one*
33 *amendment to the Recognized Obligation Payment Schedule*
34 *approved by the department pursuant to this subdivision, if the*
35 *oversight board makes a finding that a revision is necessary for*
36 *the payment of approved enforceable obligations during the second*
37 *one-half of the Recognized Obligation Payment Schedule period,*
38 *which shall be defined as January 1 to June 30, inclusive. A*
39 *successor agency may only amend the amount requested for*
40 *payment of approved enforceable obligations. The revised*

1 *Recognized Obligation Payment Schedule shall be approved by*
2 *the oversight board and submitted to the department by electronic*
3 *means in a manner of the department's choosing. The department*
4 *shall notify the successor agency and the county auditor-controller*
5 *as to the outcome of the department's review at least 15 days before*
6 *the date of the property tax distribution.*

7 (2) *The requirements of this subdivision shall apply on and after*
8 *January 1, 2016.*

9 *SEC. 7. Section 34177.3 of the Health and Safety Code is*
10 *amended to read:*

11 34177.3. (a) *Successor agencies shall lack the authority to,*
12 *and shall not, create new enforceable obligations—under the*
13 *authority of the Community Redevelopment Law (Part 1*
14 *(commencing with Section 33000)) or begin new redevelopment*
15 *work, except in compliance with an enforceable—obligation*
16 *obligation, as defined by subdivision (d) of Section 34171, that*
17 *existed prior to June 28, 2011.*

18 (b) ~~Successor~~ *Notwithstanding subdivision (a), successor*
19 *agencies may create enforceable obligations to conduct the work*
20 *of winding down the redevelopment agency, including hiring staff,*
21 *acquiring necessary professional administrative services and legal*
22 *counsel, and procuring insurance. Except as required by an*
23 *enforceable obligation, the work of winding down the*
24 *redevelopment agency does not include planning, design, redesign,*
25 *development, demolition, alteration, construction, construction*
26 *financing, site remediation, site development or improvement, land*
27 *clearance, seismic retrofits, and other similar work. Successor*
28 *agencies may not create enforceable obligations to repay loans*
29 *entered into between the redevelopment agency that it is succeeding*
30 *and the city, county, or city and county that formed the*
31 *redevelopment agency that it is succeeding, except as provided in*
32 *Chapter 9 (commencing with Section 34191.1).*

33 (c) *Successor agencies shall lack the authority to, and shall not,*
34 *transfer any powers or revenues of the successor agency to any*
35 *other party, public or private, except pursuant to an enforceable*
36 *obligation on a Recognized Obligation Payment Schedule approved*
37 *by the department. Any such transfers of authority or revenues*
38 *that are not made pursuant to an enforceable obligation on a*
39 *Recognized Obligation Payment Schedule approved by the*
40 ~~Department of Finance~~ *department are hereby declared to be void,*

1 and the successor agency shall take action to reverse any of those
2 transfers. The Controller may audit any transfer of authority or
3 revenues prohibited by this section and may order the prompt
4 return of any money or other things of value from the receiving
5 party.

6 (d) Redevelopment agencies that resolved to participate in the
7 Voluntary Alternative Redevelopment Program under Chapter 6
8 of the First Extraordinary Session of the Statutes of 2011 were and
9 are subject to the provisions of Part 1.8 (commencing with Section
10 34161). Any actions taken by redevelopment agencies to create
11 obligations after June 27, 2011, are ultra vires and do not create
12 enforceable obligations.

13 (e) ~~The Legislature finds and declares that the provisions of this~~
14 ~~section are declaratory of existing law. shall apply retroactively~~
15 ~~to any successor agency or redevelopment agency actions~~
16 ~~occurring on or after June 27, 2012.~~

17 *SEC. 8. Section 34177.5 of the Health and Safety Code is*
18 *amended to read:*

19 34177.5. (a) In addition to the powers granted to each
20 successor agency, and notwithstanding anything in the act adding
21 this part, including, but not limited to, Sections 34162 and 34189,
22 a successor agency shall have the authority, rights, and powers of
23 the redevelopment agency to which it succeeded solely for the
24 following purposes:

25 (1) For the purpose of issuing bonds or incurring other
26 indebtedness to refund the bonds or other indebtedness of its former
27 redevelopment agency or of the successor agency to provide
28 savings to the successor agency, provided that (A) the total interest
29 cost to maturity on the refunding bonds or other indebtedness plus
30 the principal amount of the refunding bonds or other indebtedness
31 shall not exceed the total remaining interest cost to maturity on
32 the bonds or other indebtedness to be refunded plus the remaining
33 principal of the bonds or other indebtedness to be refunded, and
34 (B) the principal amount of the refunding bonds or other
35 indebtedness shall not exceed the amount required to defease the
36 refunded bonds or other indebtedness, to establish customary debt
37 service reserves, and to pay related costs of issuance. If the
38 foregoing conditions are satisfied, the initial principal amount of
39 the refunding bonds or other indebtedness may be greater than the
40 outstanding principal amount of the bonds or other indebtedness

1 to be refunded. The successor agency may pledge to the refunding
2 bonds or other indebtedness the revenues pledged to the bonds or
3 other indebtedness being refunded, and that pledge, when made
4 in connection with the issuance of such refunding bonds or other
5 indebtedness, shall have the same lien priority as the pledge of the
6 bonds or other obligations to be refunded, and shall be valid,
7 binding, and enforceable in accordance with its terms.

8 (2) For the purpose of issuing bonds or other indebtedness to
9 finance debt service spikes, including balloon maturities, provided
10 that (A) the existing indebtedness is not accelerated, except to the
11 extent necessary to achieve substantially level debt service, and
12 (B) the principal amount of the bonds or other indebtedness shall
13 not exceed the amount required to finance the debt service spikes,
14 including establishing customary debt service reserves and paying
15 related costs of issuance.

16 (3) For the purpose of amending an existing enforceable
17 obligation under which the successor agency is obligated to
18 reimburse a political subdivision of the state for the payment of
19 debt service on a bond or other obligation of the political
20 subdivision, or to pay all or a portion of the debt service on the
21 bond or other obligation of the political subdivision to provide
22 savings to the successor agency, provided that (A) the enforceable
23 obligation is amended in connection with a refunding of the bonds
24 or other obligations of the political subdivision so that the
25 enforceable obligation will apply to the refunding bonds or other
26 refunding indebtedness of the political subdivision, (B) the total
27 interest cost to maturity on the refunding bonds or other
28 indebtedness plus the principal amount of the refunding bonds or
29 other indebtedness shall not exceed the total remaining interest
30 cost to maturity on the bonds or other indebtedness to be refunded
31 plus the remaining principal of the bonds or other indebtedness to
32 be refunded, and (C) the principal amount of the refunding bonds
33 or other indebtedness shall not exceed the amount required to
34 defease the refunded bonds or other indebtedness, to establish
35 customary debt service reserves and to pay related costs of
36 issuance. The pledge set forth in that amended enforceable
37 obligation, when made in connection with the execution of the
38 amendment of the enforceable obligation, shall have the same lien
39 priority as the pledge in the enforceable obligation prior to its

1 amendment and shall be valid, binding, and enforceable in
2 accordance with its terms.

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

19 (b) The refunding bonds authorized under this section may be
20 issued under the authority of Article 11 (commencing with Section
21 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the
22 Government Code, and the refunding bonds may be sold at public
23 or private sale, or to a joint powers authority pursuant to the
24 Marks-Roos Local Bond Pooling Act (Article 4 (commencing with
25 Section 6584) of Chapter 5 of Division 7 of Title 1 of the
26 Government Code).

27 (c) (1) Prior to incurring any bonds or other indebtedness
28 pursuant to this section, the successor agency may subordinate to
29 the bonds or other indebtedness the amount required to be paid to
30 an affected taxing entity pursuant to paragraph (1) of subdivision
31 (a) of Section 34183, provided that the affected taxing entity has
32 approved the subordinations pursuant to this subdivision.

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

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

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

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

35 (f) The actions authorized in this section shall be subject to the
36 approval of the oversight board, as provided in Section 34180.
37 Additionally, an oversight board may direct the successor agency
38 to commence any of the transactions described in subdivision (a)
39 so long as the successor agency is able to recover its related costs
40 in connection with the transaction. After a successor agency, with

1 approval of the oversight board, issues any bonds, incurs any
2 indebtedness, or executes an amended enforceable obligation
3 pursuant to subdivision (a), the oversight board shall not
4 unilaterally approve any amendments to or early termination of
5 the bonds, indebtedness, or enforceable obligation. If, under the
6 authority granted to it by subdivision (h) of Section 34179, the
7 ~~Department of Finance~~ *department* either reviews and approves
8 or fails to request review within five business days of an oversight
9 board approval of an action authorized by this section, the
10 scheduled payments on the bonds or other indebtedness shall be
11 listed in the Recognized Obligation Payment Schedule and shall
12 not be subject to further review and approval by the department
13 or the Controller. The department may extend its review time to
14 60 days for actions authorized in this section and may seek the
15 assistance of the Treasurer in evaluating proposed actions under
16 this section.

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

35 (h) The successor agency shall make diligent efforts to ensure
36 that the lowest long-term cost financing is obtained. The financing
37 shall not provide for any bullets or spikes and shall not use variable
38 rates. The successor agency shall make use of an independent
39 financial advisor in developing financing proposals and shall make

1 the work products of the financial advisor available to the
2 ~~Department of Finance~~ *department* at its request.

3 (i) If an enforceable obligation provides for an irrevocable
4 commitment of ~~property tax~~ revenue and where allocation of such
5 revenues is expected to occur over time, the successor agency may
6 petition the ~~Department~~ *department by electronic means and in a*
7 *manner of Finance the department's choosing* to provide written
8 confirmation that its determination of such enforceable obligation
9 as approved in a Recognized Obligation Payment Schedule is final
10 and conclusive, and reflects the department's approval of
11 subsequent payments made pursuant to the enforceable obligation.
12 *The successor agency shall provide a copy of the petition to the*
13 *county auditor-controller at the same time it is submitted to the*
14 *department. The department shall have 100 days from the date of*
15 *the request for a final and conclusive determination to provide*
16 *written confirmation of approval or denial of the request. For any*
17 *pending final and conclusive determination requests submitted*
18 *prior to June 30, 2015, the department shall have until December*
19 *31, 2015, to provide written confirmation of approval or denial*
20 *of the request. If the confirmation of approval is granted, then the*
21 *department's review of such payments in future Recognized*
22 *Obligation Payment Schedules shall be limited to confirming that*
23 *they are required by the prior enforceable obligation.*

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

32 *SEC. 9. Section 34177.7 is added to the Health and Safety*
33 *Code, to read:*

34 *34177.7. (a) (1) In addition to the powers granted to each*
35 *successor agency, and notwithstanding anything in the act adding*
36 *this part, including, but not limited to, Sections 34162 and 34189,*
37 *the successor agency to the Redevelopment Agency of the City and*
38 *County of San Francisco shall have the authority, rights, and*
39 *powers of the Redevelopment Agency to which it succeeded solely*

1 *for the purpose of issuing bonds or incurring other indebtedness*
2 *to finance:*

3 *(A) The affordable housing required by the Mission Bay North*
4 *Owner Participation Agreement, the Mission Bay South Owner*
5 *Participation Agreement, the Disposition and Development*
6 *Agreement for Hunters Point Shipyard Phase 1, the Candlestick*
7 *Point-Hunters Point Shipyard Phase 2 Disposition and*
8 *Development Agreement, and the Transbay Implementation*
9 *Agreement.*

10 *(B) The infrastructure required by the Transbay Implementation*
11 *Agreement.*

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

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

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

39 *(2) At the time the agency requests an affected taxing entity to*
40 *subordinate the amount to be paid to it, the agency shall provide*

1 *the affected taxing entity with substantial evidence that sufficient*
2 *funds will be available to pay both the debt service on the bonds*
3 *or other indebtedness and the payments required by paragraph*
4 *(1) of subdivision (a) of Section 34183, when due.*

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

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

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

38 *(f) The actions authorized in this section shall be subject to the*
39 *approval of the oversight board, as provided in Section 34180.*
40 *Additionally, the oversight board may direct the successor agency*

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

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

37 (h) The successor agency to the Redevelopment Agency of the
38 City and County of San Francisco shall make diligent efforts to
39 ensure that the lowest long-term cost financing is obtained. The
40 financing shall not provide for any bullets or spikes and shall not

1 use variable rates. The agency shall make use of an independent
2 financial advisor in developing financing proposals and shall make
3 the work products of the financial advisor available to the
4 department at its request.

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

7 34178. (a) Commencing on the operative date of this part,
8 agreements, contracts, or arrangements between the city or county,
9 or city and county that created the redevelopment agency and the
10 redevelopment agency are invalid and shall not be binding on the
11 successor agency; provided, however, that a successor entity
12 wishing to enter or reenter into agreements with the city, county,
13 or city and county that formed the redevelopment agency that it
14 is succeeding may do so upon obtaining the approval of its
15 oversight board. ~~A successor agency or an oversight board shall
16 not exercise the powers granted by this subdivision to restore
17 funding for an enforceable obligation that was deleted or reduced
18 by the Department of Finance pursuant to subdivision (h) of Section
19 34179 unless it reflects the decisions made during the meet and
20 confer process with the Department of Finance or pursuant to a
21 court order. the upon obtaining subject to the restrictions identified
22 in subdivision (c), and upon obtaining the approval of its oversight
23 board.~~

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

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

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

35 (3) A joint exercise of powers agreement in which the
36 redevelopment agency is a member of the joint powers authority.
37 However, upon assignment to the successor agency by operation
38 of the act adding this part, the successor agency's rights, duties,
39 and performance obligations under that joint exercise of powers

1 agreement shall be limited by the constraints imposed on successor
2 agencies by the act adding 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 or*
18 *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*
23 *or reentered pursuant to this section on and after June 27, 2012,*
24 *that does not comply with this subdivision is ultra vires and void,*
25 *and does not create an enforceable obligation. The Legislature*
26 *finds and declares that this subdivision is necessary to promote*
27 *the 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 alternate 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*
33 *an 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 ~~(h) The Department of Finance may review an~~

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

38 (i) Oversight boards shall have fiduciary responsibilities to
39 holders of enforceable obligations and the taxing entities that
40 benefit from distributions of property tax and other revenues

1 pursuant to Section 34188. Further, the provisions of Division 4
2 (commencing with Section 1000) of the Government Code shall
3 apply to oversight boards. Notwithstanding Section 1099 of the
4 Government Code, or any other law, any individual may
5 simultaneously be appointed to up to five oversight boards and
6 may hold an office in a city, county, city and county, special
7 district, school district, or community college district.

8 ~~(j) Commencing~~—*Except as specified in subdivision (q),*
9 *commencing on and after July 1, 2016, 2018,* in each county where
10 more than one oversight board was created by operation of the act
11 adding this part, there shall be only one oversight board, which
12 *shall be staffed by the county auditor-controller, by another county*
13 *entity selected by the county auditor-controller, or by a city within*
14 *the county that the county auditor-controller may select after*
15 *consulting with the department. Pursuant to Section 34183, the*
16 *county auditor-controller may recover directly from the*
17 *Redevelopment Property Tax Trust Fund, and distribute to the*
18 *appropriate city or county entity, reimbursement for all costs*
19 *incurred by it or by the city or county pursuant to this subdivision,*
20 *which shall include any associated startup costs. However, if only*
21 *one successor agency exists within the county, the county*
22 *auditor-controller may designate the successor agency to staff the*
23 *oversight board. The oversight board is appointed as follows:*

24 (1) One member may be appointed by the county board of
25 supervisors.

26 (2) One member may be appointed by the city selection
27 committee established pursuant to Section 50270 of the
28 Government Code. In a city and county, the mayor may appoint
29 one member.

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

34 (4) One member may be appointed by the county superintendent
35 of education to represent schools if the superintendent is elected.
36 If the county superintendent of education is appointed, then the
37 appointment made pursuant to this paragraph shall be made by the
38 county board of education.

1 (5) One member may be appointed by the Chancellor of the
2 California Community Colleges to represent community college
3 districts in the county.

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

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

9 (k) The Governor may appoint individuals to fill any oversight
10 board member position described in subdivision (j) that has not
11 been filled by July 15, ~~2016~~, 2018, or any member position that
12 remains vacant for more than 60 days.

13 (l) Commencing on and after July 1, ~~2016~~, 2018, in each county
14 where only one oversight board was created by operation of the
15 act adding this part, then there will be no change to the composition
16 of that oversight board as a result of the operation of subdivision
17 ~~(b)~~ (j).

18 (m) Any oversight board for a given successor *agency, with the*
19 *exception of countywide oversight boards, shall cease to exist when*
20 *the successor agency has been formally dissolved pursuant to*
21 *Section 34187. A county oversight board shall cease to exist when*
22 *all of the indebtedness of the dissolved redevelopment agency has*
23 *been repaid; successor agencies subject to its oversight have been*
24 *formally dissolved pursuant to Section 34187.*

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

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

30 (p) On matters within the purview of the oversight board,
31 decisions made by the oversight board supersede those made by
32 the successor agency or the staff of the successor agency.

33 (q) (1) *Commencing on and after July 1, 2018, in each county*
34 *where more than 40 oversight boards were created by operation*
35 *of the act adding this part, there shall be five oversight boards,*
36 *which shall each be staffed in the same manner as specified in*
37 *subdivision (j). The membership of each oversight board shall be*
38 *as specified in paragraphs (1) through (7), inclusive, of subdivision*
39 *(j).*

1 (2) *The oversight boards shall be numbered one through five,*
2 *and their respective jurisdictions shall encompass the territory*
3 *located within the respective borders of the first through fifth*
4 *county board of supervisors districts, as those borders existed on*
5 *July 1, 2018. Except as specified in paragraph (3), each oversight*
6 *board shall have jurisdiction over each successor agency located*
7 *within its borders.*

8 (3) *If a successor agency has territory located within more than*
9 *one county board of supervisors' district, the county board of*
10 *supervisors shall, no later than July 15, 2018, determine which*
11 *oversight board shall have jurisdiction over that successor agency.*
12 *The county board of supervisors or their designee shall report this*
13 *information to the successor agency and the department by the*
14 *forementioned date.*

15 (4) *The successor agency to the former redevelopment agency*
16 *created by a county where more than 40 oversight boards were*
17 *created by operation of the act adding this part, shall be under*
18 *the jurisdiction of the oversight board with the fewest successor*
19 *agencies under its jurisdiction.*

20 *SEC. 12. Section 34179.7 of the Health and Safety Code is*
21 *amended to read:*

22 34179.7. *Upon full payment of the amounts determined in*
23 *subdivision (d) or (e) of Section 34179.6 as reported by the county*
24 *auditor-controller pursuant to subdivision (g) of Section 34179.6*
25 *and of any amounts due as determined by Section 34183.5, or upon*
26 *a final judicial determination of the amounts due and confirmation*
27 *that those amounts have been paid by the county auditor-controller,*
28 *or upon entering into a written installment payment plan with the*
29 *department for payment of the amounts due, the department shall*
30 *issue, within five business days, a finding of completion of the*
31 *requirements of Section 34179.6 to the successor agency.*

32 (a) *Notwithstanding any other of law, if a successor agency*
33 *fails by December 31, 2015, to pay, or to enter into a written*
34 *installment payment plan with the department for the payment of,*
35 *the amounts determined in subdivision (d) or (e) of Section*
36 *34179.6, or the amounts determined by Section 34183.5, the*
37 *successor agency shall never receive a finding of completion.*

38 (b) *If a successor agency, city, county, or city and county pays,*
39 *or enters into a written installment payment plan with the*
40 *department for the payment of the amounts determined in*

1 subdivision (d) or (e) of Section 34179.6 or the amounts determined
2 by Section 34183.5, and the successor agency, city, county, or city
3 and county subsequently receives a final judicial determination
4 that reduces or eliminates the amounts determined, an enforceable
5 obligation for the reimbursement of the excess amounts paid shall
6 be created and the obligation to make any payments in excess of
7 the amount determined by a final judicial determination shall be
8 canceled and be of no further force or effect.

9 (c) If, upon consultation with the county auditor-controller, the
10 department finds that a successor agency, city, county, or city and
11 county has failed to fully make one or more payments agreed to
12 in the written installment payment plan, the following shall occur
13 unless the county auditor-controller reports within 10 business
14 days that the successor agency, city, county, or city and county
15 has made the entirety of the incomplete payment or payments:

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

18 (2) Oversight board actions taken under subdivision (b) of
19 Section 34191.4 shall no longer be effective. Any loan agreements
20 entered into between the redevelopment agency and the city,
21 county, or city and county that created the redevelopment agency
22 that were deemed enforceable obligations pursuant to such
23 oversight board actions shall no longer be enforceable obligations.

24 (3) If the department has approved a long-range property
25 management plan for the successor agency, that plan shall no
26 longer be effective. Any property that has not been disposed of
27 through the plan prior to the nonpayment discussed in this
28 subdivision shall be disposed of pursuant to Section 34181.

29 (4) If applicable, the successor agency's Last and Final
30 Recognized Obligation Payment Schedule shall cease to be
31 effective. However, to ensure the flow of lawful payments to third
32 parties is not impeded, the Last and Final Recognized Obligation
33 Payment Schedule shall remain operative until the successor
34 agency's next Recognized Obligation Payment Schedule is
35 approved and becomes operative pursuant to Section 34177.

36 (d) Subdivision (c) shall not be construed to prevent the
37 department from working with a successor agency, city, county,
38 or city and county to amend the terms of a written installment
39 payment plan if the department determines the amendments are

1 *necessitated by the successor agency's, city's, county's, or city*
2 *and county's fiscal situation.*

3 *SEC. 13. Section 34179.9 is added to the Health and Safety*
4 *Code, to read:*

5 *34179.9. (a) The city, county, or city and county that created*
6 *the former redevelopment agency shall return to the successor*
7 *agency all assets transferred to the city, county, or city and county*
8 *ordered returned pursuant to Section 34167.5.*

9 *(b) (1) The city, county, or city and county that created the*
10 *former redevelopment agency shall return to the successor agency*
11 *all cash and cash equivalents transferred to the city, county, or*
12 *city and county that were not required by an enforceable obligation*
13 *as determined pursuant to Sections 34179.5 and 34179.6.*

14 *(2) Any amounts required to be returned to the successor agency*
15 *under Sections 34179.5 and 34179.6, and paragraph (1) of this*
16 *subdivision, that were transferred to the city, county, or city and*
17 *county that created the former redevelopment agency as repayment*
18 *for an advance of funds made by the city, county, or city and county*
19 *to the former redevelopment agency or successor agency that was*
20 *needed to pay the former redevelopment agency's debt service or*
21 *passthrough payments may be placed on a Recognized Obligation*
22 *Payment Schedule by the successor agency for payment as an*
23 *enforceable obligation subject to the following conditions:*

24 *(A) The transfer to the city, county, or city and county by the*
25 *former redevelopment agency or successor agency as repayment*
26 *for the advance of funds occurred within 30 days of receipt of a*
27 *duly scheduled property tax distribution to the former*
28 *redevelopment agency by the county auditor-controller.*

29 *(B) The loan from the city, county, or city and county was*
30 *necessary because the former redevelopment agency or successor*
31 *agency had insufficient funds to pay for the former redevelopment*
32 *agency's debt service or passthrough payments.*

33 *(3) Paragraph (2) shall not apply if:*

34 *(A) The former redevelopment agency had insufficient funds as*
35 *a result of an unauthorized transfer of cash or cash equivalents*
36 *to the city, county, or city and county that created the former*
37 *redevelopment agency.*

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

1 (C) *The successor agency, the city, county, or city and county*
2 *that created the former redevelopment agency, or the successor*
3 *agency's oversight board, is currently or was previously a party*
4 *to outstanding litigation contesting the department's determination*
5 *under subdivision (d) or (e) of Section 34179.6.*

6 (c) *The city, county, or city and county that created the former*
7 *redevelopment agency shall return to the successor agency any*
8 *money or assets transferred to the city, county, or city and county*
9 *by the successor agency that were not authorized pursuant to an*
10 *effective oversight board action or Recognized Obligation Payment*
11 *Schedule determination.*

12 *SEC. 14. Section 34180 of the Health and Safety Code is*
13 *amended to read:*

14 34180. All of the following successor agency actions shall first
15 be approved by the oversight board:

16 (a) The establishment of new repayment terms for outstanding
17 loans where the terms have not been specified prior to the date of
18 this part. An oversight board shall not have the authority to
19 reestablish loan agreements between the successor agency and the
20 city, county, or city and county that formed the redevelopment
21 agency except as provided in Chapter 9 (commencing with Section
22 34191.1).

23 (b) The issuance of bonds or other indebtedness or the pledge
24 or agreement for the pledge of property tax revenues (formerly tax
25 increment prior to the effective date of this part) pursuant to
26 subdivision (a) of Section 34177.5.

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

30 (d) Merging of project areas.

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

36 (f) (1) If a city, county, or city and county wishes to retain any
37 properties or other assets for future redevelopment activities,
38 funded from its own funds and under its own auspices, it must
39 reach a compensation agreement with the other taxing entities to
40 provide payments to them in proportion to their shares of the base

1 property tax, as determined pursuant to Section 34188, for the
2 value of the property retained.

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

7 (g) Establishment of the Recognized Obligation Payment
8 Schedule.

9 (h) A request by the successor agency to enter *or reenter* into
10 an agreement with the city, county, or city and county that formed
11 the redevelopment agency that it is ~~succeeding~~ *succeeding*
12 *pursuant to Section 34178*. An oversight board shall not have the
13 authority to reestablish loan agreements between the successor
14 agency and the city, county, or city and county that formed the
15 redevelopment agency except as provided in Chapter 9
16 (commencing with Section 34191.1). Any actions to *establish or*
17 *reestablish* any other agreements that are ~~in furtherance of~~
18 ~~enforceable obligations~~, *authorized under this part*, with the city,
19 county, or city and county that formed the redevelopment agency
20 are invalid until they are included in an approved and valid
21 Recognized Obligation Payment Schedule.

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

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

31 *SEC. 15. Section 34181 of the Health and Safety Code is*
32 *amended to read:*

33 34181. The oversight board shall direct the successor agency
34 to do all of the following:

35 (a) (1) Dispose of all assets and properties of the former
36 redevelopment agency; provided, however, that the oversight board
37 may instead direct the successor agency to transfer ownership of
38 those assets that were constructed and used for a governmental
39 purpose, such as roads, school buildings, parks, police and fire
40 stations, libraries, *parking facilities* and *lots dedicated solely to*

1 *public parking, and* local agency administrative buildings, to the
2 appropriate public jurisdiction pursuant to any existing agreements
3 relating to the construction or use of such an asset. Any
4 compensation to be provided to the successor agency for the
5 transfer of the asset shall be governed by the agreements relating
6 to the construction or use of that asset. Disposal shall be done
7 expeditiously and in a manner aimed at maximizing value. Asset
8 disposition may be accomplished by a distribution of income to
9 taxing entities proportionate to their property tax share from one
10 or more properties that may be transferred to a public or private
11 agency for management pursuant to the direction of the oversight
12 board.

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

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

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

19 (d) Terminate any agreement, between the dissolved
20 redevelopment agency and any public entity located in the same
21 county, obligating the redevelopment agency to provide funding
22 for any debt service obligations of the public entity or for the
23 construction, or operation of facilities owned or operated by such
24 public entity, in any instance where the oversight board has found
25 that early termination would be in the best interests of the taxing
26 entities.

27 (e) Determine whether any contracts, agreements, or other
28 arrangements between the dissolved redevelopment agency and
29 any private parties should be terminated or renegotiated to reduce
30 liabilities and increase net revenues to the taxing entities, and
31 present proposed termination or amendment agreements to the
32 oversight board for its approval. The board may approve any
33 amendments to or early termination of those agreements if it finds
34 that amendments or early termination would be in the best interests
35 of the taxing entities.

36 (f) All actions taken pursuant to subdivisions (a) and (c) shall
37 be approved by resolution of the oversight board at a public
38 meeting after at least 10 days’ notice to the public of the specific
39 proposed actions. The actions shall be subject to review by the
40 ~~Department of Finance~~ *department* pursuant to Section 34179

1 except that the department may extend its review period by up to
2 60 days. If the department does not object to an action subject to
3 this section, and if no action challenging an action is commenced
4 within 60 days of the approval of the action by the oversight board,
5 the action of the oversight board shall be considered final and can
6 be relied upon as conclusive by any person. If an action is brought
7 to challenge an action involving title to or an interest in real
8 property, a notice of pendency of action shall be recorded by the
9 claimant as provided in Title 4.5 (commencing with Section 405)
10 of Part 2 of the Code of Civil Procedure within a 60-day period.

11 *SEC. 16. Section 34183 of the Health and Safety Code is*
12 *amended to read:*

13 34183. (a) Notwithstanding any other law, from February 1,
14 2012, to July 1, 2012, and for each fiscal year thereafter, the county
15 auditor-controller shall, after deducting administrative costs
16 allowed under Section 34182 and Section 95.3 of the Revenue and
17 Taxation Code, allocate moneys in each Redevelopment Property
18 Tax Trust Fund as follows:

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

1 shall be allocated to, and when collected shall be paid into, the
2 fund of that taxing entity. The amount of passthrough payments
3 computed pursuant to this section, including any passthrough
4 agreements, shall be computed as though the requirement to set
5 aside funds for the Low and Moderate Income Housing Fund was
6 still in effect.

7 *(B) Notwithstanding subdivision (b) of Section 33670, that*
8 *portion of the taxes in excess of the amount identified in subdivision*
9 *(a) of Section 33670, which are attributable to a property tax rate*
10 *approved by the voters of a city, county, city and county, or special*
11 *district to make payments in support of pension programs or in*
12 *support of capital projects and programs related to the State Water*
13 *Project, and levied in addition to the property tax rate limited by*
14 *subdivision (a) of Section 1 of Article XIII A of the California*
15 *Constitution, shall be allocated to, and when collected shall be*
16 *paid into, the fund of that taxing entity, unless the amounts in*
17 *question are pledged as security for the payment of any*
18 *indebtedness obligation, as defined in subdivision (e) of Section*
19 *34171, and needed for payment thereof. Notwithstanding any other*
20 *law, all allocations of revenues above one cent (\$0.01) derived*
21 *from the imposition of a property tax rate, approved by the voters*
22 *of a city, county, city and county, or special district to make*
23 *payments in support of pension programs or in support of capital*
24 *projects and programs related to the State Water Project and*
25 *levied in addition to the property tax rate limited by subdivision*
26 *(a) of Section 1 of Article XIII A of the California Constitution,*
27 *made by any county auditor-controller prior to June 15, 2015, are*
28 *valid and shall not be affected by this section. A city, county, city*
29 *and county, county auditor-controller, successor agency,*
30 *department, or affected taxing entity shall not be subject to any*
31 *claim for money, damages, or reallocated revenues based on any*
32 *allocation of such revenues above one cent (\$0.01) prior to June*
33 *15, 2015.*

34 (2) Second, on June 1, 2012, and each January 2 and June 1
35 thereafter, to each successor agency for payments listed in its
36 Recognized Obligation Payment Schedule for the six-month fiscal
37 period beginning January 1, 2012, and July 1, 2012, and each
38 January 2 and June 1 thereafter, in the following order of priority:

39 (A) Debt service payments scheduled to be made for tax
40 allocation bonds.

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

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

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

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

28 (b) If the successor agency reports, no later than April 1, 2012,
29 and May 1, 2012, and each December 1 and May 1 thereafter, to
30 the county auditor-controller that the total amount available to the
31 successor agency from the Redevelopment Property Tax Trust
32 Fund allocation to that successor agency's Redevelopment
33 Obligation Retirement Fund, from other funds transferred from
34 each redevelopment agency, and from funds that have or will
35 become available through asset sales and all redevelopment
36 operations, are insufficient to fund the payments required by
37 paragraphs (1) to (3), inclusive, of subdivision (a) in the next
38 six-month fiscal period, the county auditor-controller shall notify
39 the Controller and the Department of Finance no later than 10 days
40 from the date of that notification. The county auditor-controller

1 shall verify whether the successor agency will have sufficient funds
2 from which to service debts according to the Recognized
3 Obligation Payment Schedule and shall report the findings to the
4 Controller. If the Controller concurs that there are insufficient
5 funds to pay required debt service, the amount of the deficiency
6 shall be deducted first from the amount remaining to be distributed
7 to taxing entities pursuant to paragraph (4), and if that amount is
8 exhausted, from amounts available for distribution for
9 administrative costs in paragraph (3). If an agency, pursuant to the
10 provisions of Section 33492.15, 33492.72, 33607.5, 33671.5,
11 33681.15, or 33688 or as expressly provided in a passthrough
12 agreement entered into pursuant to Section 33401, made
13 passthrough payment obligations subordinate to debt service
14 payments required for enforceable obligations, funds for servicing
15 bond debt may be deducted from the amounts for passthrough
16 payments under paragraph (1), as provided in those sections, but
17 only to the extent that the amounts remaining to be distributed to
18 taxing entities pursuant to paragraph (4) and the amounts available
19 for distribution for administrative costs in paragraph (3) have all
20 been exhausted.

21 (c) The county treasurer may loan any funds from the county
22 treasury to the Redevelopment Property Tax Trust Fund of the
23 successor agency for the purpose of paying an item approved on
24 the Recognized Obligation Payment Schedule at the request of the
25 Department of Finance that are necessary to ensure prompt
26 payments of redevelopment agency debts. An enforceable
27 obligation is created for repayment of those loans.

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

37 (e) Within 10 days of each distribution of property tax, the
38 county auditor-controller shall provide a report to the department
39 regarding the distribution for each successor agency that includes
40 information on the total available for allocation, the passthrough

1 amounts and how they were calculated, the amounts distributed
 2 to successor agencies, and the amounts distributed to taxing entities
 3 in a manner and form specified by the department. This reporting
 4 requirement shall also apply to distributions required under
 5 subdivision (b) of Section 34183.5.

6 *SEC. 17. Section 34186 of the Health and Safety Code is*
 7 *amended to read:*

8 34186. (a) (1) Differences between actual payments and past
 9 estimated obligations on recognized obligation payment schedules
 10 shall be reported in subsequent ~~recognized obligation payment~~
 11 ~~schedules~~ *Recognized Obligation Payment Schedules* and shall
 12 adjust the amount to be transferred to the Redevelopment
 13 Obligation Retirement Fund pursuant to this part. These estimates
 14 and ~~accounts~~ *accounts, as well as cash balances,* shall be subject
 15 to ~~audit by county auditor-controllers and the Controller.~~ *review*
 16 *by the county auditor-controller. The county auditor-controller's*
 17 *review shall be subject to the department's review and approval.*

18 (2) *Audits initiated by the Controller pursuant to this section*
 19 *prior to July 1, 2015, shall be continued by the Controller and*
 20 *completed no later than June 30, 2016. Nothing in this section*
 21 *shall be construed in a manner which precludes, or in any way*
 22 *restricts, the Controller from conducting audits of successor*
 23 *agencies pursuant to Section 12410 of the Government Code.*

24 (b) Differences between actual passthrough obligations and
 25 property tax amounts and the amounts used by the county
 26 auditor-controller in determining the amounts to be allocated under
 27 Sections 34183 and 34188 for a prior six-month ~~period~~ *or annual*
 28 *period, whichever is applicable,* shall be applied as adjustments
 29 to the property tax and passthrough amounts in subsequent periods
 30 as they become known. County auditor-controllers shall not delay
 31 payments under this part to successor agencies or taxing entities
 32 based on pending transactions, disputes, or for any other reason,
 33 other than a court order, and shall use the Recognized Obligation
 34 Payment Schedule approved by the ~~Department of Finance~~
 35 *department* and the most current data for passthroughs and property
 36 tax available prior to the statutory distribution dates to make the
 37 allocations required on the dates required.

38 (c) *Commencing on October 1, 2018, and each October 1*
 39 *thereafter, the differences between actual payments and past*
 40 *estimated obligations on a Recognized Obligation Payment*

1 *Schedule shall be submitted by the successor agency to the county*
2 *auditor-controller for review. The county auditor-controller shall*
3 *provide to the department in a manner of the department's*
4 *choosing a review of the differences between actual payments and*
5 *past estimated obligations, including cash balances, no later than*
6 *February 1, 2019, and each February 1 thereafter.*

7 *SEC. 18. Section 34187 of the Health and Safety Code is*
8 *amended to read:*

9 34187. (a) (1) Commencing May 1, 2012, whenever a
10 recognized obligation that had been identified in the Recognized
11 Payment Obligation Schedule is paid off or retired, either through
12 early payment or payment at maturity, the county auditor-controller
13 shall distribute to the taxing entities, in accordance with the
14 provisions of the Revenue and Taxation Code, all property tax
15 revenues that were associated with the payment of the recognized
16 obligation.

17 (2) Notwithstanding paragraph (1), the ~~Department of Finance~~
18 *department* may authorize a successor agency to retain property
19 tax that otherwise would be distributed to affected taxing entities
20 pursuant to this subdivision, to the extent the department
21 determines the successor agency requires those funds for the
22 payment of enforceable obligations. Upon making a determination,
23 the department shall provide the county auditor-controller with
24 information detailing the amounts that it has authorized the
25 successor agency to retain. Upon determining the successor agency
26 no longer requires additional funds pursuant to this subdivision,
27 the department shall notify the successor agency and the county
28 auditor-controller. The county auditor-controller shall then
29 distribute the funds in question to the affected taxing entities in
30 accordance with the provisions of the Revenue and Taxation Code.

31 (b) *When all of the enforceable obligations have been retired*
32 *or paid off, all real property has been disposed of pursuant to*
33 *Section 34181 or 34191.4, and all outstanding litigation has been*
34 *resolved, the successor agency shall, within 30 days of meeting*
35 *the aforementioned criteria, submit to the oversight board a*
36 *request, with a copy of the request to the county auditor-controller,*
37 *to formally dissolve the successor agency. The oversight board*
38 *shall approve the request within 30 days, and shall submit the*
39 *request to the department.*

1 (c) If a redevelopment agency was not allocated property tax
2 revenue pursuant to either subdivision (b) of Section 16 of Article
3 XVI of the California Constitution or Section 33670 prior to
4 February 1, 2012, the successor agency shall, no later than
5 November 1, 2015, submit to the oversight board a request to
6 formally dissolve the successor agency. The oversight board shall
7 approve this request within 30 days, and shall submit the request
8 to the department.

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

11 (e) When the department has approved a request to formally
12 dissolve a successor agency, the successor agency shall take both
13 of the following steps within 100 days of the department's
14 notification:

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

19 (2) Notify the oversight board that it has complied with
20 paragraph (1).

21 (f) Upon receipt of the notification required in paragraph (2)
22 of subdivision (e), the oversight board shall verify all obligations
23 have been retired or paid off, all outstanding litigation has been
24 resolved, and all remaining assets have been disposed of with any
25 proceeds remitted to the county auditor-controller for distribution
26 to the affected taxing entities. Within 14 days of verification, the
27 oversight board shall adopt a final resolution of dissolution for
28 the successor agency, which shall be effective immediately. This
29 resolution shall be submitted to the sponsoring entity, the county
30 auditor-controller, the State Controller's Office, and the
31 department by electronic means and in a manner of each entity's
32 choosing.

33 (g) Subdivisions (b) to (f), inclusive, does not apply to those
34 entities specifically recognized as already dissolved by the
35 department by October 1, 2015.

36 ~~(b) When all of the debt of a redevelopment agency has~~

37 (h) When all enforceable obligations have been retired or paid
38 off, the successor agency shall dispose of all remaining assets and
39 terminate its existence within one year of the final debt payment.
40 When the successor agency is terminated, all passthrough payment

1 ~~obligations~~ off as specified in subdivision (b), all passthrough
2 payment obligations required pursuant to Sections 33401,
3 33492.140, 33607, 33607.5, 33607.7, and 33676, or any
4 passthrough agreement between a redevelopment agency and a
5 taxing entity that was entered into prior to January 1, 1994, shall
6 ~~cease~~ cease, and no property tax shall be allocated to the
7 Redevelopment Property Tax Trust Fund for that agency. The
8 Legislature finds and declares that this subdivision is declaratory
9 of existing law.

10 (i) When a successor agency is finally dissolved under
11 subdivision (b), with respect to any existing community facilities
12 district formed by a redevelopment agency, the legislative body of
13 the city or county that formed the redevelopment agency shall
14 become the legislative body of the community facilities district,
15 and any existing obligations of the former redevelopment agency
16 or its successor agency, in its capacity as the legislative body of
17 the community facilities district, shall become the obligations of
18 the new legislative body of the community facilities district. This
19 subdivision shall not be construed to result in the continued
20 payment of any of the passthrough payment obligations identified
21 in subdivision (h).

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

24 34189. (a) Commencing on the effective date of this part, all
25 provisions of the Community Redevelopment Law that depend on
26 the allocation of tax increment to redevelopment agencies,
27 including, but not limited to, Sections 33445, 33640, 33641, and
28 33645, and subdivision (b) of Section 33670, shall be ~~inoperative,~~
29 ~~except as those sections apply~~ inoperative. Solely for the purposes
30 of the payment of enforceable obligations defined by
31 subparagraphs (A) to (G), inclusive, of paragraph (1) of
32 subdivision (d) of Section 34171 and subdivision (b) of Section
33 34191.4, and for no other purpose whatsoever, a ~~redevelopment~~
34 ~~successor agency operating pursuant~~ is not subject to ~~Part 1.9~~
35 ~~(commencing with the limitations relating to time, number of tax~~
36 ~~dollars, or any other matters set forth in Sections 33333.2, 33333.4,~~
37 ~~and 33333.6. Notwithstanding any other provision in this section,~~
38 ~~this subdivision shall not result in the restoration or continuation~~
39 ~~of funding for projects whose contractual terms specified that~~

1 *project funding would cease once the limitations specified in any*
2 *of Section ~~34192~~: 33333.2, 33333.4, or 33333.6 were realized.*

3 (b) To the extent that a provision of Part 1 (commencing with
4 Section 33000), Part 1.5 (commencing with Section 34000), Part
5 1.6 (commencing with Section 34050), and Part 1.7 (commencing
6 with Section 34100) conflicts with this part, the provisions of this
7 part shall control. Further, if a provision of Part 1 (commencing
8 with Section 33000), Part 1.5 (commencing with Section 34000),
9 Part 1.6 (commencing with Section 34050), or Part 1.7
10 (commencing with Section 34100) provides an authority that the
11 act adding this part is restricting or eliminating, the restriction and
12 elimination provisions of the act adding this part shall control.

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

15 *SEC. 20. Section 34191.3 of the Health and Safety Code is*
16 *amended to read:*

17 34191.3. (a) Notwithstanding Section 34191.1, the
18 requirements specified in subdivision (e) of Section 34177 and
19 subdivision (a) of Section 34181 shall be suspended, except as
20 those provisions apply to the transfers for governmental use, until
21 the Department of Finance has approved a long-range property
22 management plan pursuant to subdivision (b) of Section 34191.5,
23 at which point the plan shall govern, and supersede all other
24 provisions relating to, the disposition and use of the real property
25 assets of the former redevelopment agency. If the department has
26 not approved a plan by January 1, 2016, subdivision (e) of Section
27 34177 and subdivision (a) of Section 34181 shall be operative with
28 respect to that successor agency.

29 (b) *If the department has approved a successor agency's*
30 *long-range property management plan prior to January 1, 2016,*
31 *the successor agency may amend its long-range property*
32 *management plan once, solely to allow for retention of real*
33 *properties that constitute "parking facilities and lots dedicated*
34 *solely to public parking" for governmental use pursuant to Section*
35 *34181. An amendment to a successor agency's long-range property*
36 *management plan under this subdivision shall be submitted to its*
37 *oversight board for review and approval pursuant to Section*
38 *34179, and any such amendment shall be submitted to the*
39 *department prior to July 1, 2016.*

1 (c) (i) Notwithstanding paragraph (2) of subdivision (a) of
2 Section 34181, for purposes of amending a successor agency's
3 long-range property management plan under subdivision (b),
4 "parking facilities and lots dedicated solely to public parking" do
5 not include properties that, as of the date of transfer pursuant to
6 the amended long-range property management plan, generate
7 revenues in excess of reasonable maintenance costs of the
8 properties.

9 (ii) Notwithstanding any other law, a city, county, city and
10 county, or parking district shall not be required to reimburse or
11 pay a successor agency for any funds spent on or before December
12 31, 2010, by a former redevelopment agency to design and
13 construct a parking facility.

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

16 34191.4. The following provisions shall apply to any successor
17 agency that has been issued a finding of completion by the
18 ~~Department of Finance~~ department:

19 (a) All real property and interests in real property identified in
20 subparagraph (C) of paragraph (5) of subdivision (c) of Section
21 34179.5 shall be transferred to the Community Redevelopment
22 Property Trust Fund of the successor agency upon approval by the
23 Department of Finance of the long-range property management
24 plan submitted by the successor agency pursuant to subdivision
25 (b) of Section 34191.5 unless that property is subject to the
26 requirements of any existing enforceable obligation.

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

34 (2) For purposes of this section, "loan agreement" means any
35 of the following:

36 (A) Loans for money entered into between the former
37 redevelopment agency and the city, county, or city and county that
38 created the former redevelopment agency under which the city,
39 county, or city and county that created the former redevelopment
40 agency transferred money to the former redevelopment agency for

1 use by the former redevelopment agency for a lawful purpose, and
2 where the former redevelopment agency was obligated to repay
3 the money it received pursuant to a required repayment schedule.

4 (B) An agreement between the former redevelopment agency
5 and the city, county, or city and county that created the former
6 redevelopment agency under which the city, county, or city and
7 county that created the former redevelopment agency transferred
8 a real property interest to the former redevelopment agency for
9 use by the former redevelopment agency for a lawful purpose and
10 the former redevelopment agency was obligated to pay the city,
11 county, or city and county that created the former redevelopment
12 agency for the real property interest.

13 (C) (i) An agreement between the former redevelopment agency
14 and the city, county, or city and county that created the former
15 redevelopment agency under which the city, county, or city and
16 county that created the former redevelopment agency contracted
17 with a third party on behalf of the former redevelopment agency
18 for the development of infrastructure in connection with a
19 redevelopment project as identified in a redevelopment project
20 plan and the former redevelopment agency was obligated to
21 reimburse the city, county, or city and county that created the
22 former redevelopment agency for the payments made by the city,
23 county, or city and county to the third party.

24 (ii) The total amount of loan repayments to a city, county, or
25 city and county that created the former redevelopment agency for
26 all loan agreements described in clause (i) shall not exceed five
27 million dollars (\$5,000,000).

28 (2)

29 (3) If the oversight board finds that the loan is an enforceable
30 obligation, ~~the accumulated~~ any interest on the remaining principal
31 amount of the loan that was previously unpaid after the original
32 effective date of the loan shall be recalculated from ~~origination~~ the
33 date of origination of the loan as approved by the redevelopment
34 agency on a quarterly basis, ~~at the a simple interest rate earned~~
35 ~~by funds deposited into the Local Agency Investment Fund. of 3~~
36 percent. The recalculated loan shall be repaid to the city, county,
37 or city and county in accordance with a defined schedule over a
38 reasonable term of ~~years at an interest rate not~~ years. ~~Moneys~~
39 repaid shall be applied first to ~~exceed the interest rate earned by~~
40 ~~funds deposited into principal, and second to the Local Agency~~

1 ~~Investment Fund.~~ *interest.* The annual loan repayments provided
2 for in the ~~recognized obligation payment schedules~~ *recognized*
3 *obligation payment schedules* shall be subject to all of the following
4 limitations:

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

21 (B) Repayments received by the city, county, or city and county
22 that formed the redevelopment agency shall first be used to retire
23 any outstanding amounts borrowed and owed to the Low and
24 Moderate Income Housing Fund of the former redevelopment
25 agency for purposes of the Supplemental Educational Revenue
26 Augmentation Fund and shall be distributed to the Low and
27 Moderate Income Housing Asset Fund established by subdivision
28 (d) of Section 34176. *Distributions to the Low and Moderate*
29 *Income Housing Asset Fund are subject to the reporting*
30 *requirements of subdivision (f) of Section 34176.1.*

31 (C) Twenty percent of any loan repayment shall be deducted
32 from the loan repayment amount and shall be transferred to the
33 Low and Moderate Income Housing Asset Fund, after all
34 outstanding loans from the Low and Moderate Income Housing
35 Fund for purposes of the Supplemental Educational Revenue
36 Augmentation Fund have been paid. *Transfers to the Low and*
37 *Moderate Income Housing Asset Fund are subject to the reporting*
38 *requirements of subdivision (f) of Section 34176.1.*

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

4 ~~(2)~~

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

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

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

33 (A) *No more than 5 percent of the proceeds derived from the*
34 *bonds may be expended, unless the successor agency meets the*
35 *criteria specified in subparagraph (B).*

36 (B) *If the successor agency has an approved Last and Final*
37 *Recognized Obligation Payment Schedule pursuant to Section*
38 *34191.6, the agency may expend no more than 20 percent of the*
39 *proceeds derived from the bonds, subject to the following*
40 *adjustments:*

1 (i) If the bonds were issued during the period of January 1,
2 2011, to January 31, 2011, inclusive, the successor agency may
3 expend an additional 25 percent of the proceeds derived from the
4 bonds, for a total authorized expenditure of no more than 45
5 percent.

6 (ii) If the bonds were issued during the period of February 1,
7 2011, to February 28, 2011, inclusive, the successor agency may
8 expend an additional 20 percent of the proceeds derived from the
9 bonds, for a total authorized expenditure of no more than 40
10 percent.

11 (iii) If the bonds were issued during the period of March 1,
12 2011, to March 31, 2011, inclusive, the successor agency may
13 expend an additional 15 percent of the proceeds derived from the
14 bonds, for a total authorized expenditure of no more than 35
15 percent.

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

20 (v) If the bonds were issued during the period of May 1, 2011,
21 to May 31, 2011, inclusive, the successor agency may expend an
22 additional 5 percent of the proceeds derived from the bonds, for
23 a total authorized expenditure of no more than 25 percent.

24 (C) Remaining bond proceeds that cannot be spent pursuant to
25 subparagraphs (A) and (B) shall be used at the at the earliest date
26 permissible under the applicable bond covenants to defease the
27 bonds or to purchase those same outstanding bonds on the open
28 market for cancellation.

29 (D) The expenditure of bond proceeds described in this
30 paragraph shall only require the approval by the oversight board
31 of the successor agency.

32 (3) If a successor agency provides the oversight board and the
33 department with documentation that proves, to the satisfaction of
34 both entities, that bonds were approved by the former
35 redevelopment agency prior to January 31, 2011, but the issuance
36 of the bonds was delayed by the actions of a third-party
37 metropolitan regional transportation authority beyond January
38 31, 2011, the successor agency may expend the associated bond
39 proceeds in accordance with clause (i) of subparagraph (B) of
40 paragraph (2) of this section.

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

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

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

28 34191.5. (a) There is hereby established a Community
29 Redevelopment Property Trust Fund, administered by the successor
30 agency, to serve as the repository of the former redevelopment
31 agency's real properties identified in subparagraph (C) of paragraph
32 (5) of subdivision (c) of Section 34179.5.

33 (b) The successor agency shall prepare a long-range property
34 management plan that addresses the disposition and use of the real
35 properties of the former redevelopment agency. *If the former*
36 *redevelopment agency did not have real properties, the successor*
37 *agency shall prepare a long-range property management plan*
38 *certifying that the successor agency does not have real properties*
39 *of the former redevelopment agency for disposition or use.* The
40 ~~report~~ plan shall be submitted to the oversight board and the

1 Department of Finance for approval no later than six months
2 following the issuance to the successor agency of the finding of
3 completion.

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

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

8 (A) The date of the acquisition of the property and the value of
9 the property at that time, and an estimate of the current value of
10 the property.

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

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

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

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

20 (F) The history of environmental contamination, including
21 designation as a brownfield site, any related environmental studies,
22 and history of any remediation efforts.

23 (G) A description of the property's potential for transit-oriented
24 development and the advancement of the planning objectives of
25 the successor agency.

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

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

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

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

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

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

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

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

24 (e) *The department shall approve long-range property
25 management plans as expeditiously as possible.*

26 (f) *Actions to implement the disposition of property pursuant
27 to an approved long-range property management plan shall not
28 require review by the department.*

29 SEC. 23. *Section 34191.6 is added to the Health and Safety
30 Code, to read:*

31 34191.6. (a) *Beginning January 1, 2016, successor agencies
32 may submit a Last and Final Recognized Obligation Payment
33 Schedule for approval by the oversight board and the department
34 if all of the following conditions are met:*

35 (1) *The remaining debt of a successor agency is limited to
36 administrative costs and payments pursuant to enforceable
37 obligations with defined payment schedules including, but not
38 limited to, debt service, loan agreements, and contracts.*

39 (2) *All remaining obligations have been previously listed on a
40 Recognized Obligation Payment Schedule and approved for*

1 *payment by the department pursuant to subdivision (m) or (o) of*
2 *Section 34177.*

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

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

25 *(1) The Last and Final Recognized Obligation Payment Schedule*
26 *shall list the remaining enforceable obligations of the successor*
27 *agency in the following order:*

28 *(A) Enforceable obligations to be funded from the*
29 *Redevelopment Property Tax Trust Fund.*

30 *(B) Enforceable obligations to be funded from bond proceeds*
31 *or enforceable obligations required to be funded from other legally*
32 *or contractually dedicated or restricted funding sources.*

33 *(C) Loans or deferrals authorized for repayment pursuant to*
34 *subparagraph (G) of paragraph (1) of subdivision (d) of Section*
35 *34171 or Section 34191.4.*

36 *(2) The Last and Final Recognized Obligation Payment Schedule*
37 *shall include the total outstanding obligation and a schedule of*
38 *remaining payments for each enforceable obligation listed pursuant*
39 *to subparagraphs (A) and (B) of paragraph (1), and the total*

1 *outstanding obligation and interest rate of 4 percent, for loans or*
2 *deferrals listed pursuant to subparagraph (C) of paragraph (1).*

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

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

26 *(2) (A) Successor agencies may submit no more than two*
27 *requests to the department to amend the approved Last and Final*
28 *Recognized Obligation Payment Schedule. Requests shall first be*
29 *approved by the oversight board and then submitted to the*
30 *department for review. A request shall not be effective until*
31 *reviewed and approved by the department. The request shall be*
32 *provided to the department by electronic means and in a manner*
33 *of the department's choosing. The department shall have 100 days*
34 *from the date received to approve or deny the successor agency's*
35 *request. All amended Last and Final Recognized Obligation*
36 *Payment Schedules approved by the department shall become*
37 *effective in the subsequent Redevelopment Property Tax Trust*
38 *Fund distribution period. If an amended Last and Final Recognized*
39 *Obligation Payment Schedule is approved less than 15 days before*
40 *the date of the property tax distribution, the Last and Final*

1 *Recognized Obligation Payment Schedule shall not be effective*
2 *until the subsequent Redevelopment Property Tax Trust Fund*
3 *distribution period.*

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

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

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

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

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

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

15 (A) *The maximum repayment amount of the total principal and*
16 *interest on loans and deferrals authorized for repayment pursuant*
17 *to subparagraph (B) of paragraph (6) of subdivision (e) of Section*
18 *34176 or Section 34191.4 and listed and approved in the Last and*
19 *Final Recognized Obligation Payment Schedule shall be 15 percent*
20 *of the moneys remaining in the Redevelopment Property Tax Trust*
21 *Fund after the allocation of moneys in each six-month period*
22 *pursuant to Section 34183 prior to the distributions under*
23 *paragraph (4) of subdivision (a) of Section 34183.*

24 (B) *If the calculation performed pursuant to subparagraph (A)*
25 *results in a lower repayment amount than would result from*
26 *application of the calculation specified in subparagraph (B) of*
27 *paragraph (6) of subdivision (e) of Section 34176 or subparagraph*
28 *(A) of paragraph (3) of subdivision (b) of Section 34191.4, the*
29 *successor agency may calculate its Last and Final Recognized*
30 *Obligation Payment Schedule loan repayments using the latter*
31 *calculation.*

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

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

1 *pursuant to Section 34177.5, long-range property management*
2 *plans pursuant to Section 34191.5, amendments to the Last and*
3 *Final Recognized Obligation Payment Schedule under paragraph*
4 *(2) of subdivision (c), and the final oversight board resolutions*
5 *pursuant to Section 34187.*

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

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

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

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

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

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

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

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

37 *(F) Repayment in the amount specified in paragraph (6) of*
38 *subdivision (c) of loans and deferrals listed and approved on the*
39 *Last and Final Recognized Obligation Payment Schedule pursuant*

1 to subparagraph (C) of paragraph (1) of subdivision (b) and
2 subdivision (c).

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

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

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

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

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

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

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

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

39 96.11. Notwithstanding any other provision of this article, for
40 purposes of property tax revenue allocations, the county auditor

1 of a county for which a negative sum was calculated pursuant to
2 subdivision (a) of former Section 97.75 as that section read on
3 September 19, 1983, shall, in reducing the amount of property tax
4 revenue that otherwise would be allocated to the county by an
5 amount attributable to that negative sum, do all of the following:

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

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

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

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

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

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

18 (c) For the 2013–14 fiscal year and ~~each~~ *for the 2014–15 fiscal*
19 ~~year thereafter,~~ *year,* apply a reduction amount that is determined
20 on the basis of the reduction amount applied for the immediately
21 preceding fiscal year.

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

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

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

1 *pursuant to the review and recommendation of the Controller, as*
2 *would be required in the absence of the preceding sentences.*

3 *SEC. 26. Section 98 of the Revenue and Taxation Code is*
4 *amended to read:*

5 98. (a) In each county, other than the County of Ventura,
6 having within its boundaries a qualifying city, the computations
7 made pursuant to Section 96.1 or its predecessor section, for the
8 1989–90 fiscal year and each fiscal year thereafter, shall be
9 modified as follows:

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

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

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

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

35 (4) In lieu of making the allocations of annual tax increment
36 pursuant to subdivision (e) of Section 96.5 or its predecessor
37 section, the auditor shall, for the 1989–90 fiscal year and each
38 fiscal year thereafter, allocate the amount of property tax revenue
39 determined pursuant to subdivision (d) of Section 96.5 or its

1 predecessor section to jurisdictions in the tax rate area using the
2 proportionate shares derived pursuant to paragraph (3).

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

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

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

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

23 (3) The auditor shall determine the total amount of funds paid
24 in each fiscal year by a community redevelopment agency within
25 the city to jurisdictions other than the city pursuant to subdivision
26 (b) of Section 33401 and Section 33676 of the Health and Safety
27 Code, and the cost to the redevelopment agency of any land or
28 facilities transferred and any amounts paid to jurisdictions other
29 than the city to assist in the construction or reconstruction of
30 facilities pursuant to an agreement entered into under Section
31 33401 or 33445.5 of the Health and Safety Code.

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

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

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

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

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

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

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

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

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

19 (G) For the seventh fiscal year and each fiscal year thereafter
20 in which the city receives a distribution pursuant to this section,
21 7 percent of the amount determined in paragraph (5).

22 (d) “Qualifying city” means any city, except a qualifying city
23 as defined in Section 98.1, that incorporated prior to June 5, 1987,
24 and had an amount of property tax revenue allocated to it pursuant
25 to subdivision (a) of Section 96.1 or its predecessor section in the
26 1988–89 fiscal year that is less than 7 percent of the amount of
27 property tax revenue computed as follows:

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

30 (2) The auditor shall subtract the amount in the 1988–89 fiscal
31 year determined in paragraph (3) of subdivision (c) from the
32 amount determined in paragraph (2) of subdivision (c).

33 (3) The auditor shall subtract the amount determined in
34 paragraph (2) from the amount of property tax revenue determined
35 in paragraph (1) of subdivision (c).

36 (4) The auditor shall divide the amount of property tax revenue
37 determined in paragraph (1) of this subdivision by the amount of
38 property tax revenue determined in paragraph (3) of this
39 subdivision.

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

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

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

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

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

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

38 (3) The amount of property tax revenue received pursuant to
39 this chapter in excess of the amount allocated for the 1986–87
40 fiscal year by all special districts that are governed by the city

1 council of the qualifying city or whose governing body is the same
2 as the city council of the qualifying city with respect to all tax rate
3 areas within the boundaries of the qualifying city.

4 Notwithstanding this paragraph:

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

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

14 (4) Any amount of property tax revenues that has been
15 exchanged pursuant to Section 56842 of the Government-Code
16 Code, as that section read on January 1, 1998, between the City
17 of Rancho Mirage and a community services district, the formation
18 of which was initiated on or after March 6, 1997, pursuant to
19 Chapter 4 (commencing with Section 56800) of Part 3 of Division
20 3 of Title 5 of the Government Code.

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

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

37 (i) If the auditor determines that the amount to be distributed to
38 a qualifying city pursuant to subdivision (b), as modified by
39 subdivisions (e), (f), and (g) would result in a qualifying city having
40 proceeds of taxes in excess of its appropriation limit, the auditor

1 shall reduce the amount, on a dollar-for-dollar basis, by the amount
2 that exceeds the city's appropriations limit.

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

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

10 (l) Notwithstanding any other provision of this section, the
11 auditor shall not distribute any amount determined pursuant to this
12 section to any qualifying city that has in the prior fiscal year used
13 any revenues or issued bonds for the construction, acquisition, or
14 development, of any facility which is defined in Section 103(b)(4),
15 103(b)(5), or 103(b)(6) of the Internal Revenue Code of 1954 prior
16 to the enactment of the Tax Reform Act of 1986-~~P.L.~~ (*Public Law*
17 99-514) and is no longer eligible for tax-exempt financing.

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

21 (2) For the 2006-07 fiscal year and for each fiscal year
22 thereafter, all of the following apply:

23 (A) The auditor of the County of Santa Clara shall do both of
24 the following:

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

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

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

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

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

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

14 *(1) The auditor of the County of Santa Clara shall do both of*
15 *the following:*

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

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

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

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

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

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

1 (B) Increase the total amount of ad valorem property tax revenue
2 otherwise required to be allocated to the county Educational
3 Revenue Augmentation Fund by the percentage specified in clause
4 (ii) of subparagraph (A) of the ERAF reimbursement amount.

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

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

15 SEC. 27. The Legislature hereby finds and declares all of the
16 following:

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

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

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

24 (3) The Disposition and Development Agreement for Hunters
25 Point Shipyard Phase 1.

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

28 (5) The Transbay Implementation Agreement.

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

39 (c) Due to insufficient property tax revenues in the
40 Redevelopment Property Tax Trust Fund, of the total number of

1 affordable housing units that the successor agency is obligated to
2 fund and develop under the enforceable obligations described in
3 subdivision (a), the successor agency has been able to finance the
4 construction of only 642 units. Additionally, the successor agency
5 has not been able to fulfill its public infrastructure obligation
6 under the Transbay Implementation Agreement.

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

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

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

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

36 SEC. 28. (a) For the 2015–16 fiscal year, the sum of
37 twenty-three million seven hundred fifty thousand dollars
38 (\$23,750,000) is hereby appropriated from the General Fund to
39 the Department of Forestry and Fire Protection. Provision of these
40 funds to the department shall be contingent on the County of

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

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

15 *(1) Verify the accuracy of the county's summary of the amounts*
16 *owed to it by the four cities.*

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

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

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

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

39 *(c) The Legislature finds and declares that the special law*
40 *contained in Section 26 of this measure is necessary and that a*

1 *general law cannot be made applicable within the meaning of*
2 *Section 16 of Article IV of the California Constitution because of*
3 *the unique fiscal pressures being experienced by qualifying cities,*
4 *as defined in Section 98 of the Revenue and Taxation Code, in the*
5 *County of Santa Clara.*

6 *SEC. 30. If the Commission on State Mandates determines that*
7 *this act contains costs mandated by the state, reimbursement to*
8 *local agencies and school districts for those costs shall be made*
9 *pursuant to Part 7 (commencing with Section 17500) of Division*
10 *4 of Title 2 of the Government Code.*

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

16 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
17 ~~changes related to the Budget Act of 2015.~~