

Senate Bill No. 275

CHAPTER 565

An act to amend Sections 33080.1, 33349, and 33437 of, and to add Sections 33437.5 and 33763.5 to, the Health and Safety Code, relating to redevelopment.

[Approved by Governor September 28, 1997. Filed
with Secretary of State September 29, 1997.]

LEGISLATIVE COUNSEL'S DIGEST

SB 275, Kopp. Redevelopment.

(1) The existing Community Redevelopment Law requires each redevelopment agency to present an annual report to its legislative body containing specified information including an independent financial audit, a fiscal statement for the previous fiscal year, a description of the agency's activities affecting housing and displacement, and any other information the agency believes useful to explain its programs.

This bill would impose a state-mandated local program by requiring each redevelopment agency to include in its annual report a description of the agency's progress in alleviating blight in the previous fiscal year, as specified, a list of, and status report on, all loans made by the redevelopment agency that are \$50,000 or more that were in default in the previous fiscal year, or not in compliance with the terms of the loan approved by the redevelopment agency, and a description of the number and nature of the properties that the agency has acquired in the previous fiscal year.

(2) Under existing law, redevelopment agencies must publish notice of hearings in a newspaper of general circulation, and mail notice to all assesseses, residents, occupants, and businesses within the boundaries of a proposed plan, as well as to the governing body of any agency that levies taxes within that area. This notice currently includes a legal description of the boundaries of the proposed areas of the plan as well as a general statement of the scope and objectives of the plan.

This bill would provide that, instead of a legal description, redevelopment agencies shall publish and mail notice which includes a legible map of the boundaries of the proposed plan, along with notice that a legal description is available for public inspection during the agency's normal business hours, and that a copy is available upon request, free of charge. These requirements would constitute a state-mandated local program.

(3) Under existing law, a redevelopment agency may require lessees or purchasers of property acquired in a redevelopment

project to comply with certain requirements or conditions, as specified.

This bill would impose a state-mandated local program by requiring redevelopment agencies to obligate lessees or purchasers of property acquired in a redevelopment project to comply with the redevelopment agency's requirements or conditions, including any covenants, conditions, or restrictions imposed by the redevelopment agency to prevent speculation or excess profittaking. This bill would also provide that the conditions imposed by the redevelopment agency can include a right of reverter to the agency, and conditions protecting the interests of lenders.

(4) Under existing law, purchasers of property acquired in a redevelopment plan may sell that property to a 3rd party for a profit, subject only to covenants and conditions imposed by the redevelopment agency.

This bill would express the intent of the Legislature that these properties not be the subject of speculation.

(5) Under existing law, a redevelopment agency is authorized to make mortgage or construction loans to finance residential construction.

This bill would require all loans made by a redevelopment agency to be made according to a regulation that contains standards, qualifications, and criteria for the making and approval of loans and that has been adopted by the redevelopment agency at a public meeting. These requirements would constitute 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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.

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

SECTION 1. Section 33080.1 of the Health and Safety Code is amended to read:

33080.1. Every redevelopment agency shall present an annual report to its legislative body within six months of the end of the agency's fiscal year. The annual report shall contain all of the following:



(a) (1) An independent financial audit report for the previous fiscal year. "Audit report" means an examination of, and opinion on, the financial statements of the agency which present the results of the operations and financial position of the agency, including all financial activities with moneys required to be held in a separate Low and Moderate Income Housing Fund pursuant to Section 33334.3, and including an opinion with respect to the accuracy of the statement of the information contained in the resolution adopted pursuant to Section 33682 and the existence of other funds to make the payments required by Section 33681. This audit shall be conducted in accordance with generally accepted auditing standards and the rules governing audit reports promulgated by the State Board of Accountancy. The audit report shall also include an opinion of the agency's compliance with laws, regulations, and administrative requirements governing activities of the agency.

(2) However, the legislative body may elect to omit from inclusion in the audit report any distinct activity of the agency that is funded exclusively by the federal government and that is subject to audit by the federal government.

(b) A fiscal statement for the previous fiscal year that contains the information required pursuant to Section 33080.5.

(c) A description of the agency's activities in the previous fiscal year affecting housing and displacement that contains the information required by Sections 33080.4 and 33080.7.

(d) A description of the agency's progress, including specific actions and expenditures, in alleviating blight in the previous fiscal year.

(e) A list of, and status report on, all loans made by the redevelopment agency that are fifty thousand dollars (\$50,000) or more, that in the previous fiscal year were in default, or not in compliance with the terms of the loan approved by the redevelopment agency.

(f) A description of the total number and nature of the properties that the agency owns and those properties the agency has acquired in the previous fiscal year.

(g) Any other information that the agency believes useful to explain its programs, including, but not limited to, the number of jobs created and lost in the previous fiscal year as a result of its activities.

SEC. 2. Section 33349 of the Health and Safety Code is amended to read:

33349. (a) The agency shall publish notice of the hearing not less than once a week for four successive weeks prior to the hearing. The notice shall be published in a newspaper of general circulation, printed and published in the community, or if there is none, in a newspaper selected by the agency. The notice of hearing shall include a legible map of the boundaries of the area or areas designated in the proposed redevelopment plan and a general



statement of the scope and objectives of the plan in nontechnical language and in a clear and coherent manner using words with common and everyday meaning.

The agency shall prepare a legal description of the boundaries of the area or areas designated in the proposed redevelopment plan and make this legal description available to the public for inspection during the agency's normal business hours. The notice of the hearing shall state that a copy of the legal description of the boundaries is available upon request, free of charge.

(b) Copies of the notices published pursuant to this section shall be mailed, by first-class mail, to the last known assessee of each parcel of land in the area designated in the redevelopment plan, at his or her last known address as shown on the last equalized assessment roll of the county; or where a city assesses, levies, and collects its own taxes, as shown on the last equalized assessment roll of the city; or to the owner of each parcel of land within the boundaries of the area or areas designated in the proposed redevelopment plan, as shown on the records of the county recorder 30 days prior to the date the notice is published.

(c) (1) Notice shall also be provided, by first-class mail, to all residents and businesses within the project area at least 30 days prior to the hearing.

(2) The mailed notice requirement of this subdivision shall only apply when mailing addresses to all individuals and businesses, or to all occupants, are obtainable by the agency at a reasonable cost. The notice shall be mailed by first-class mail, but may be addressed to "occupant." If the agency has acted in good faith to comply with the notice requirements of this subdivision, the failure of the agency to provide the required notice to residents or businesses unknown to the agency or whose addresses cannot be obtained at a reasonable cost, shall not, in and of itself, invalidate a redevelopment plan or amendment to a redevelopment plan.

(d) Copies of the notices published pursuant to this section shall also be mailed to the governing body of each of the taxing agencies that levies taxes upon any property in the project area designated in the proposed redevelopment plan. Notices sent pursuant to this subdivision shall be mailed by certified mail, return receipt requested.

SEC. 3. Section 33437 of the Health and Safety Code is amended to read:

33437. An agency shall obligate lessees or purchasers of property acquired in a redevelopment project to:

(a) Use the property for the purpose designated in the redevelopment plans.

(b) Begin the redevelopment of the project area within a period of time which the agency fixes as reasonable.



(c) Comply with the covenants, conditions, or restrictions that the agency deems necessary to prevent speculation or excess profiteering in undeveloped land, including right of reverter to the agency. Covenants, conditions, and restrictions imposed by an agency may provide for the reasonable protection of lenders.

(d) Comply with other conditions which the agency deems necessary to carry out the purposes of this part.

SEC. 4. Section 33437.5 is added to the Health and Safety Code, to read:

33437.5. It is the intent of the Legislature that property acquired from a redevelopment agency pursuant to a redevelopment plan not be the subject of real estate speculation.

SEC. 5. Section 33763.5 is added to the Health and Safety Code, to read:

33763.5. All loans made by a redevelopment agency shall be made according to a regulation that contains standards, qualifications, and criteria for the making and approval of loans and that has been adopted by the redevelopment agency at a public meeting.

SEC. 6. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.

