

AMENDED IN SENATE MAY 18, 2009
AMENDED IN SENATE APRIL 28, 2009
AMENDED IN SENATE MARCH 10, 2009

SENATE BILL

No. 93

Introduced by Senator Kehoe

January 22, 2009

An act to amend ~~Section 33445~~ *Sections 33445 and 33679* of, and to add Sections 33445.1 and 33505 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 93, as amended, Kehoe. Redevelopment: payment for land or buildings.

(1) The Community Redevelopment Law authorizes a redevelopment agency, with the consent of the legislative body, to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned either within or without the project area if the legislative body makes specified determinations. These determinations by the agency and the local legislative body are final and conclusive. Existing law requires the agency, with respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4 million persons or more, to enter into an agreement with the rapid transit district that includes the county, or a portion thereof, under which the rapid transit district is required to be given specified responsibilities.

This bill would instead authorize a redevelopment agency, with the consent of the legislative body, to pay all or a part of the value of the

land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located inside or contiguous to, as defined, the project area if the legislative body makes specified findings based on substantial evidence in the record determinations. The bill would delete the requirement that the agency, with respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4 million persons or more, enter into an agreement with the rapid transit district that includes the county, or a portion thereof, under which the rapid transit district is required to be given specified responsibilities. The bill would authorize an agency to pay for all or part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is partially located in the project area, but extends beyond the project area's boundaries, if the legislative body makes specified findings determinations.

The bill would also authorize an agency, with the consent of the legislative body, to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located outside and not contiguous to the project area, but is located within the community, if the legislative body makes specified findings based on substantial evidence in the record. *The bill would require an action to challenge these findings to be filed and served within 60 days after the date of the resolution containing the findings.* The bill would prohibit an agency from paying for the normal maintenance or operations of buildings, facilities, structures, or other improvements that are publicly owned.

The bill would also prohibit the agency and legislative body from authorizing or approving the settlement of specified judicial actions that contest the validity of the adoption or amendment of a redevelopment plan if the settlement requires the expenditure of funds outside the project area unless the agency and the legislative body have first held a public hearing on the proposed settlement, as specified. The bill would provide specified notice requirements and procedures for the public hearing, and require that copies of the proposed settlement be made available for public inspection and copying not later than the first date of publication of the public notice.

(2) Existing law requires the legislative body to hold a public hearing before an agency commits to use the portion of taxes allocated to the agency for the payment of the principal of, and interest on, loans, moneys advanced to, or indebtedness incurred by the agency to finance, or refinance, the redevelopment project to instead pay all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building, other than parking facilities. Existing law also requires a summary to be available for public inspection and copying, at a cost not to exceed the cost of duplication, and the summary to include specified information.

This bill would add to the specified information required to be included in the summary the facts supporting the findings required to be made by the legislative body in order for an agency to be authorized to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located outside, and not contiguous to, the project area, but is located within the community.

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

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

1 SECTION 1. Section 33445 of the Health and Safety Code is
2 amended to read:
3 33445. (a) Notwithstanding Section 33440, an agency may,
4 with the consent of the legislative body, pay all or a part of the
5 value of the land for and the cost of the installation and construction
6 of any building, facility, structure, or other improvement that is
7 publicly owned and is located inside or contiguous to the project
8 area, if the legislative body ~~finds, based on substantial evidence~~
9 ~~in the record,~~ determines all of the following:
10 (1) ~~The acquisition of land or the installation and~~ That the
11 ~~acquisition of land or the installation or~~ construction of the
12 buildings, facilities, structures, or other improvements that are
13 publicly owned ~~benefits are of benefit~~ to the project area by helping
14 to eliminate blight within the project area.
15 (2) That no other reasonable means of financing the acquisition
16 of the land or installation or construction of the buildings, facilities,
17 structures, or other improvements that are publicly owned, are
18 available to the community, ~~including, but not limited to, general~~

1 obligation bonds, revenue bonds, special assessment bonds, and
2 bonds issued pursuant to the Mello-Roos Community Facilities
3 Act of 1982 (Chapter 2.5 (commencing with Section 53311) of
4 Part 1 of Division 2 of Title 5 of the Government Code).

5 (3) That the payment of funds for the acquisition of land or the
6 cost of buildings, facilities, structures, or other improvements that
7 are publicly owned is consistent with the implementation plan
8 adopted pursuant to Section 33490.

9 ~~(4) That the acquisition of land or the installation or construction~~
10 ~~of each building, facility, structure, or improvement that is publicly~~
11 ~~owned is provided for in the redevelopment plan.~~

12 *(b) (1) The determinations made by the agency and the local*
13 *legislative body pursuant to subdivision (a) shall be final and*
14 *conclusive.*

15 *(2) For development plans, and amendments to those plans that*
16 *add territory to a project, adopted after October 1, 1976,*
17 *acquisition of property and installation or construction of each*
18 *facility shall be provided for in the redevelopment plan.*

19 ~~(b)~~

20 (3) A redevelopment agency shall not pay for the normal
21 maintenance or operations of buildings, facilities, structures, or
22 other improvements that are publicly owned. Normal maintenance
23 or operations do not include the construction, expansion, addition
24 to, or reconstruction of, buildings, facilities, structures, or other
25 improvements that are publicly owned otherwise undertaken
26 pursuant to this section.

27 (c) (1) When the value of the land or the cost of the installation
28 and construction of the building, facility, structure, or other
29 improvement that is publicly owned, or both, has been, or will be,
30 paid or provided for initially by the community or other public
31 corporation, the agency may enter into a contract with the
32 community or other public corporation under which it agrees to
33 reimburse the community or other public corporation for all or
34 part of the value of the land or all or part of the cost of the building,
35 facility, structure, or other improvement that is publicly owned,
36 or both, by periodic payments over a period of years.

37 (2) The obligation of the agency under the contract shall
38 constitute an indebtedness of the agency for the purpose of carrying
39 out the redevelopment project for the project area, and the
40 indebtedness may be made payable out of taxes levied in the project

1 area and allocated to the agency under subdivision (b) of Section
2 33670 or out of any other available funds.

3 (d) In a case where the land has been or will be acquired by, or
4 the cost of the installation and construction of the building, facility,
5 structure, or other improvement that is publicly owned has been
6 paid by, a parking authority, joint powers entity, or other public
7 corporation to provide a building, facility, structure, or other
8 improvement that has been or will be leased to the community,
9 the contract may be made with, and the reimbursement may be
10 made payable to, the community.

11 (e) (1) Notwithstanding any other authority granted in this
12 section, an agency shall not pay for, either directly or indirectly,
13 with tax increment funds the construction, including land
14 acquisition, related site clearance, and design costs, or rehabilitation
15 of a building that is, or that will be used as, a city hall or county
16 administration building.

17 (2) This subdivision shall not preclude an agency from making
18 payments to construct, rehabilitate, or replace a city hall if an
19 agency does any of the following:

20 (A) Allocates tax increment funds for this purpose during the
21 1988–89 fiscal year and each fiscal year thereafter in order to
22 comply with federal and state seismic safety and accessibility
23 standards.

24 (B) Uses tax increment funds for the purpose of rehabilitating
25 or replacing a city hall that was seriously damaged during an
26 earthquake that was declared by the President of the United States
27 to be a natural disaster.

28 (C) Uses the proceeds of bonds, notes, certificates of
29 participation, or other indebtedness that was issued prior to January
30 1, 1994, for the purpose of constructing or rehabilitating a city
31 hall, as evidenced by documents approved at the time of the
32 issuance of the indebtedness.

33 (f) As used in this section, “contiguous” means that the parcel
34 on which the building, facility, structure, or other improvement
35 that is publicly owned is located shares a boundary with the project
36 area or is separated from the project area only by a public street
37 or highway, flood control channel, waterway, railroad right-of-way,
38 or similar feature.

39 (g) Notwithstanding Section 33445.1, an agency may pay for
40 all or part of the value of the land for and the cost of the installation

1 and construction of any building, facility, structure, or other
2 improvement that is publicly owned and is partially located in the
3 project area, but extends beyond the project area's boundaries, if
4 the legislative body makes the ~~findings~~ *determinations* required
5 by subdivision (a).

6 SEC. 2. Section 33445.1 is added to the Health and Safety
7 Code, to read:

8 33445.1. (a) Notwithstanding Section 33440, an agency may,
9 with the consent of the legislative body, pay all or a part of the
10 value of the land for and the cost of the installation and construction
11 of any building, facility, structure, or other improvement that is
12 publicly owned and is located outside and not contiguous to the
13 project area, but is located within the community, if the legislative
14 body finds, based on substantial evidence in the record, all of the
15 following:

16 ~~(1) Significant blight remains within the project area.~~

17 *(1) The acquisition of the land or the installation or construction*
18 *of the buildings, facilities, structures, or other improvements that*
19 *are publicly owned are of primary benefit to the project area.*

20 *(2) The acquisition of the land or the installation or construction*
21 *of the buildings, facilities, structures, or other improvements that*
22 *are publicly owned benefits the project area by helping to eliminate*
23 *blight within the project area, or will directly assist in the provision*
24 *of housing for low- or moderate-income persons.*

25 *(3) No other reasonable means of financing the acquisition of*
26 *the land or the installation or construction of the buildings,*
27 *facilities, structures, or other improvements that are publicly*
28 *owned, are available to the community, including, but not limited*
29 *to, general obligation bonds, revenue bonds, special assessment*
30 *bonds, or bonds issued pursuant to the Mello-Roos Community*
31 *Facilities Act of 1982 (Chapter 2.5 (commencing with Section*
32 *53311) of Part 1 of Division 2 of Title 5 of the Government Code).*
33 *In determining whether other means of financing are feasible, the*
34 *legislative body may take into account any relevant factors,*
35 *including, but not limited to:*

36 *(A) Legal factors, such as the eligibility of the improvements*
37 *for funding under the governing statutes.*

38 *(B) Economic factors, such as prevailing interest rates and*
39 *market conditions.*

1 (C) *Political factors, such as the priority of commitments of*
2 *other public funding sources, the ability or willingness of property*
3 *owners or taxpayers to bear the cost of any special assessments,*
4 *taxes, or other charges, and the likelihood of obtaining voter*
5 *approval, if required.*

6 (4) The payment of funds for the acquisition of land or the cost
7 of buildings, facilities, structures, or other improvements that are
8 publicly owned is consistent with the implementation plan adopted
9 pursuant to Section 33490.

10 (5) The acquisition of land and the installation of each building,
11 facility, structure, or improvement that is publicly owned is
12 provided for in the redevelopment plan.

13 (b) An agency shall not pay for the normal maintenance or
14 operations of buildings, facilities, structures, or other improvements
15 that are publicly owned. Normal maintenance or operations do not
16 include the construction, expansion, addition to, or reconstruction
17 of, buildings, facilities, structures, or other improvements that are
18 publicly owned otherwise undertaken pursuant to this section.

19 (c) *An action to challenge the findings required by this section*
20 *shall be filed and served within 60 days after the date of the*
21 *resolution containing the findings.*

22 SEC. 3. Section 33505 is added to the Health and Safety Code,
23 to read:

24 33505. (a) The agency and legislative body shall not authorize
25 or approve the settlement of any judicial action specified in Section
26 33501 that contests the validity of the adoption or amendment of
27 a redevelopment plan if the settlement requires the expenditure of
28 funds outside the project area unless the agency and the legislative
29 body have first held a public hearing on the proposed settlement
30 pursuant to this section.

31 (b) Notice of the public hearing shall be published once a week
32 for two successive weeks in a newspaper of general circulation in
33 the community. Notice of the public hearing shall be posted in at
34 least five prominent locations inside the project area for at least
35 two weeks before the hearing. Notice of the hearing shall be mailed
36 by first-class mail to the project area committee, if any, and to any
37 other persons or organizations who have filed a written request
38 for public notice.

1 (c) Copies of the proposed settlement shall be available for
2 public inspection and copying not later than the first date of
3 publication of the public notice.

4 *SEC. 4. Section 33679 of the Health and Safety Code is*
5 *amended to read:*

6 33679. Before an agency commits to use the portion of taxes
7 to be allocated and paid to an agency pursuant to subdivision (b)
8 of Section 33670 for the purpose of paying all or part of the value
9 of the land for, and the cost of the installation and construction of,
10 any publicly owned building, other than parking facilities, the
11 legislative body shall hold a public hearing.

12 Notice of the time and place of the public hearing shall be
13 published in a newspaper of general circulation in the community
14 for at least two successive weeks prior to the public hearing. There
15 shall be available for public inspection and copying, at a cost not
16 to exceed the cost of duplication, a summary ~~which~~ *that* includes
17 all of the following:

18 (a) Estimates of the amount of ~~such~~ *the* taxes proposed to be
19 used to pay for ~~such~~ *the* land and construction of any publicly
20 owned building, including interest payments.

21 (b) Sets forth the facts supporting the determinations required
22 to be made by the legislative body pursuant to Section 33445 *or*
23 *the findings required to be made by the legislative body pursuant*
24 *to Section 33445.1.*

25 (c) Sets forth the redevelopment purpose for which ~~such~~ *the*
26 taxes are being used to pay for the land and construction of ~~such~~
27 *the* publicly owned building.

28 The summary shall be made available to the public for inspection
29 and copying no later than the time of the first publication of the
30 notice of the public hearing.