

Introduced by Committee on Budget and Fiscal Review

February 6, 2012

~~An act relating to the Budget Act of 2012.~~ *An act to amend Section 53760.1 of the Government Code, and to amend Sections 33500, 33501, 34163, 34171, 34173, 34175, 34176, 34177, 34178, 34179, 34180, 34181, 34182, 34183, 34185, 34186, 34187, 34188, and 34189 of, to add Sections 34167.10, 34177.3, 34177.5, 34178.8, 34179.5, 34179.6, 34179.7, 34179.8, 34182.5, 34183.5, 34189.1, 34189.2, and 34189.3 to, to add Chapter 9 (commencing with Section 34191.1) to Part 1.85 of Division 24 of, and to add and repeal Section 34176.5 of, the Health and Safety Code, relating to community redevelopment, and making an appropriation therefor, to take effect immediately, bill related to the budget.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1024, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2012.~~ *Community redevelopment.*

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, and, among other things, provides that an action may be brought to review the validity of specified agency actions, findings, or determinations that occurred after January 1, 2011, within 2 years of the triggering event.

This bill would toll the time limit for bringing an action until the Department of Finance issues a finding of completion to the successor agency.

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations, as defined, perform obligations required pursuant to any enforceable obligation, dispose of all assets of the former redevelopment agency, and to remit unencumbered balances of redevelopment agency funds, including housing funds, to the county auditor-controller for distribution to taxing entities.

Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to retain the housing assets, functions, and powers previously performed by the redevelopment agency, excluding amounts on deposit in the Low and Moderate Income Housing Fund.

The bill would modify provisions relating to the transfer of housing responsibilities associated with dissolved redevelopment agencies and would define the term “housing asset” for these purposes. The bill would impose new requirements on successor agencies with regard to the submittal of the Recognized Obligation Payment Schedule, the conducting of a due diligence review to determine the unobligated balances available for transfer to affected taxing entities, and the recovery and subsequent remittance of funds determined to have been transferred absent an enforceable obligation. The bill would authorize the Department of Finance to issue a finding of completion to a successor agency that completes the due diligence review and meets other requirements. Upon receiving a finding of completion, the bill would authorize the successor agency to participate in a loan repayment program and limited property management activities.

Existing law authorizes the Department of Finance and the Controller to require any documents associated with enforceable obligations to be provided to them in a manner of their choosing.

The bill would authorize the county auditor-controller and the department, under specified circumstances, to require the return of funds improperly spent or transferred to a public entity and would authorize the department and the Controller to require the State Board of Equalization and the county auditor-controller to offset sales and use tax and property tax allocations, respectively, to the local agency. The bill would authorize the Controller to review the activities of a successor agency to determine if an improper asset transfer had

occurred between the successor agency and the city or county that created the former redevelopment agency, and would require the Controller to order the return of these assets if such an asset transfer did occur.

The bill would impose new requirements on the county auditor-controller relating to the allocation of property tax revenues to affected taxing entities during a specified timeframe. By imposing additional duties upon local public officials, the bill would create a state-mandated local program.

The bill would appropriate up to \$22,000,000 to the Department of Finance from the General Fund for costs associated with the bill, as specified.

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 no reimbursement is required by this act for a specified reason.

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 relating to the Budget Act of 2012.~~

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 53760.1 of the Government Code is
2 amended to read:

3 53760.1. As used in this article the following terms have the
4 following meanings:

5 (a) "Chapter 9" means Chapter 9 (commencing with Section
6 901) of Title 11 of the United States Code.

7 (b) "Creditor" means either of the following:

8 (1) An entity that has a noncontingent claim against a
9 municipality that arose at the time of or before the commencement
10 of the neutral evaluation process and whose claim represents at
11 least five million dollars (\$5,000,000) or comprises more than 5
12 percent of the local public entity's debt or obligations, whichever
13 is less.

(2) An entity that would have a noncontingent claim against the municipality upon the rejection of an executory contract or unexpired lease in a Chapter 9 case and whose claim would represent at least five million dollars (\$5,000,000) or comprises more than 5 percent of the local public entity's debt or obligations, whichever is less.

(c) "Debtor" means a local public entity that may file for bankruptcy under Chapter 9.

(d) "Good faith" means participation by a party in the neutral evaluation process with the intent to negotiate toward a resolution of the issues that are the subject of the neutral evaluation process, including the timely provision of complete and accurate information to provide the relevant parties through the neutral evaluation process with sufficient information, in a confidential manner, to negotiate the readjustment of the municipality's debt.

(e) "Interested party" means a trustee, a committee of creditors, an affected creditor, an indenture trustee, a pension fund, a bondholder, a union that, under its collective bargaining agreements, has standing to initiate contract or debt restructuring negotiations with the municipality, or a representative selected by an association of retired employees of the public entity who receive income from the public entity convening the neutral evaluation. A local public entity may invite holders of contingent claims to participate as interested parties in the neutral evaluation if the local public entity determines that the contingency is likely to occur and the claim may represent five million dollars (\$5,000,000) or comprise more than 5 percent of the local public entity's debt or obligations, whichever is less.

(f) "Local public entity" means any county, city, district, public authority, public agency, or other entity, without limitation, that is a municipality as defined in Section 101(40) of Title 11 of the United States Code (bankruptcy), or that qualifies as a debtor under any other federal bankruptcy law applicable to local public entities, *and also includes a successor agency to a redevelopment agency created pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code*. For purposes of this article, "local public entity" does not include a school district.

(g) "Local public entity representative" means the person or persons designated by the local public agency with authority to

1 make recommendations and to attend the neutral evaluation on
2 behalf of the governing body of the municipality.

3 (h) “Neutral evaluation” is a form of alternative dispute
4 resolution that may be known as mandatory mediation. A “neutral
5 evaluator” may also be known as a mediator.

6 *SEC. 2. Section 33500 of the Health and Safety Code is*
7 *amended to read:*

8 33500. (a) Notwithstanding any other provision of law,
9 including Section 33501, an action may be brought to review the
10 validity of the adoption or amendment of a redevelopment plan at
11 any time within 90 days after the date of the adoption of the
12 ordinance adopting or amending the plan, if the adoption of the
13 ordinance occurred prior to January 1, 2011.

14 (b) Notwithstanding any other provision of law, including
15 Section 33501, an action may be brought to review the validity of
16 any findings or determinations by the agency or the legislative
17 body at any time within 90 days after the date on which the agency
18 or the legislative body made those findings or determinations, if
19 the findings or determinations occurred prior to January 1, 2011.

20 (c) Notwithstanding any other law, including Section 33501,
21 an action may be brought to review the validity of the adoption or
22 amendment of a redevelopment plan at any time within two years
23 after the date of the adoption of the ordinance adopting or
24 amending the plan, if the adoption of the ordinance occurred after
25 January 1, 2011.

26 (d) Notwithstanding any other law, including Section 33501,
27 an action may be brought to review the validity of any findings or
28 determinations by the agency or the legislative body at any time
29 within two years after the date on which the agency or the
30 legislative body made those findings or determinations, if the
31 findings or determinations occurred after January 1, 2011.

32 (e) *The time limit for bringing an action under subdivision (c)*
33 *or (d) shall be tolled with respect to the adoptions, findings, and*
34 *determinations of any former redevelopment agency or its*
35 *legislative body until the Department of Finance has issued a*
36 *finding of completion to the successor agency of that former*
37 *redemption agency pursuant to Section 34179.7. Subdivisions*
38 *(c) and (d) shall not apply to any adoption, finding, or*
39 *determination of any former redevelopment agency or its legislative*
40 *body after the department has issued a finding of completion to*

1 *the successor agency of that former redevelopment agency pursuant*
2 *to Section 34179.7.*

3 *SEC. 3. Section 33501 of the Health and Safety Code is*
4 *amended to read:*

5 33501. (a) An action may be brought pursuant to Chapter 9
6 (commencing with Section 860) of Title 10 of Part 2 of the Code
7 of Civil Procedure to determine the validity of bonds and the
8 redevelopment plan to be financed or refinanced, in whole or in
9 part, by the bonds, or to determine the validity of a redevelopment
10 plan not financed by bonds, including without limiting the
11 generality of the foregoing, the legality and validity of all
12 proceedings theretofore taken for or in any way connected with
13 the establishment of the agency, its authority to transact business
14 and exercise its powers, the designation of the survey area, the
15 selection of the project area, the formulation of the preliminary
16 plan, the validity of the finding and determination that the project
17 area is predominantly urbanized, and the validity of the adoption
18 of the redevelopment plan, and also including the legality and
19 validity of all proceedings theretofore taken and (as provided in
20 the bond resolution) proposed to be taken for the authorization,
21 issuance, sale, and delivery of the bonds, and for the payment of
22 the principal thereof and interest thereon.

23 (b) Notwithstanding subdivision (a), an action to determine the
24 validity of a redevelopment plan, or amendment to a redevelopment
25 plan that was adopted prior to January 1, 2011, may be brought
26 within 90 days after the date of the adoption of the ordinance
27 adopting or amending the plan.

28 (c) Any action that is commenced on or after January 1, 2011,
29 which is brought pursuant to Chapter 9 (commencing with Section
30 860) of Title 10 of Part 2 of the Code of Civil Procedure to
31 determine the validity or legality of any issue, document, or action
32 described in subdivision (a), may be brought within two years after
33 any triggering event that occurred after January 1, 2011. *The time*
34 *limit for bringing an action under this subdivision shall be tolled*
35 *with respect to the validity or legality of any issue, document, or*
36 *action described in subdivision (a) of any former redevelopment*
37 *agency or its legislative body until the Department of Finance has*
38 *issued a finding of completion to the successor agency of that*
39 *former redevelopment agency pursuant to Section 34179.7. This*
40 *subdivision shall not apply to any adoption, finding, or*

determination of any former redevelopment agency or its legislative body after the department has issued a finding of completion to the successor agency of that former redevelopment agency pursuant to Section 34179.7.

(d) For the purposes of protecting the interests of the state, the Attorney General and the Department of Finance are interested persons pursuant to Section 863 of the Code of Civil Procedure in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

(e) For purposes of contesting the inclusion in a project area of lands that are enforceably restricted, as that term is defined in Sections 422 and 422.5 of the Revenue and Taxation Code, or lands that are in agricultural use, as defined in subdivision (b) of Section 51201 of the Government Code, the Department of Conservation, the county agricultural commissioner, the county farm bureau, the California Farm Bureau Federation, and agricultural entities and general farm organizations that provide a written request for notice, are interested persons pursuant to Section 863 of the Code of Civil Procedure, in any action brought with respect to the validity of an ordinance adopting or amending a redevelopment plan pursuant to this section.

SEC. 4. Section 34163 of the Health and Safety Code is amended to read:

34163. Notwithstanding Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100), or any other law, commencing on the effective date of this part, an agency shall not have the authority to, and shall not, do any of the following:

(a) Make loans or advances or grant or enter into agreements to provide funds or provide financial assistance of any sort to any entity or person for any purpose, including, but not limited to, all of the following:

(1) Loans of moneys or any other thing of value or commitments to provide financing to nonprofit organizations to provide those organizations with financing for the acquisition, construction, rehabilitation, refinancing, or development of multifamily rental housing or the acquisition of commercial property for lease, each

1 pursuant to Chapter 7.5 (commencing with Section 33741) of Part
2 1.

3 (2) Loans of moneys or any other thing of value for residential
4 construction, improvement, or rehabilitation pursuant to Chapter
5 8 (commencing with Section 33750) of Part 1. These include, but
6 are not limited to, construction loans to purchasers of residential
7 housing, mortgage loans to purchasers of residential housing, and
8 loans to mortgage lenders, or any other entity, to aid in financing
9 pursuant to Chapter 8 (commencing with Section 33750).

10 (3) The purchase, by an agency, of mortgage or construction
11 loans from mortgage lenders or from any other entities.

12 (b) Enter into contracts with, incur obligations, or make
13 commitments to, any entity, whether governmental, tribal, or
14 private, or any individual or groups of individuals for any purpose,
15 including, but not limited to, loan agreements, passthrough
16 agreements, regulatory agreements, services contracts, leases,
17 disposition and development agreements, joint exercise of powers
18 agreements, contracts for the purchase of capital equipment,
19 agreements for redevelopment activities, including, but not limited
20 to, agreements for planning, design, redesign, development,
21 demolition, alteration, construction, reconstruction, rehabilitation,
22 site remediation, site development or improvement, removal of
23 graffiti, land clearance, and seismic retrofits.

24 (c) Amend or modify existing agreements, obligations, or
25 commitments with any entity, for any purpose, including, but not
26 limited to, any of the following:

27 (1) Renewing or extending term of leases or other agreements,
28 except that the agency may extend lease space for its own use to
29 a date not to exceed six months after the effective date of the act
30 adding this part and for a rate no more than 5 percent above the
31 rate the agency currently pays on a monthly basis.

32 (2) Modifying terms and conditions of existing agreements,
33 obligations, or commitments.

34 (3) Forgiving all or any part of the balance owed to the agency
35 on existing loans or extend the term or change the terms and
36 conditions of existing loans.

37 (4) ~~Increasing its~~ *Making any future* deposits to the Low and
38 Moderate Income Housing Fund created pursuant to Section
39 33334.3 ~~beyond the minimum level that applied to it as of January~~
40 ~~1, 2011.~~

1 (5) Transferring funds out of the Low and Moderate Income
2 Housing Fund, except to meet the minimum housing-related
3 obligations that existed as of January 1, 2011, to make required
4 payments under Sections 33690 and 33690.5, and to borrow funds
5 pursuant to Section 34168.5.

6 (d) Dispose of assets by sale, long-term lease, gift, grant,
7 exchange, transfer, assignment, or otherwise, for any purpose,
8 including, but not limited to, any of the following:

9 (1) Assets, including, but not limited to, real property, deeds of
10 trust, and mortgages held by the agency, moneys, accounts
11 receivable, contract rights, proceeds of insurance claims, grant
12 proceeds, settlement payments, rights to receive rents, and any
13 other rights to payment of whatever kind.

14 (2) Real property, including, but not limited to, land, land under
15 water and waterfront property, buildings, structures, fixtures, and
16 improvements on the land, any property appurtenant to, or used
17 in connection with, the land, every estate, interest, privilege,
18 easement, franchise, and right in land, including rights-of-way,
19 terms for years, and liens, charges, or encumbrances by way of
20 judgment, mortgage, or otherwise, and the indebtedness secured
21 by the liens.

22 (e) Acquire real property by any means for any purpose,
23 including, but not limited to, the purchase, lease, or exercising of
24 an option to purchase or lease, exchange, subdivide, transfer,
25 assume, obtain option upon, acquire by gift, grant, bequest, devise,
26 or otherwise acquire any real property, any interest in real property,
27 and any improvements on it, including the repurchase of developed
28 property previously owned by the agency and the acquisition of
29 real property by eminent domain; provided, however, that nothing
30 in this subdivision is intended to prohibit the acceptance or transfer
31 of title for real property acquired prior to the effective date of this
32 part.

33 (f) Transfer, assign, vest, or delegate any of its assets, funds,
34 rights, powers, ownership interests, or obligations for any purpose
35 to any entity, including, but not limited to, the community, the
36 legislative body, another member of a joint powers authority, a
37 trustee, a receiver, a partner entity, another agency, a nonprofit
38 corporation, a contractual counterparty, a public body, a
39 limited-equity housing cooperative, the state, a political subdivision

1 of the state, the federal government, any private entity, or an
2 individual or group of individuals.

3 (g) Accept financial or other assistance from the state or federal
4 government or any public or private source if the acceptance
5 necessitates or is conditioned upon the agency incurring
6 indebtedness as that term is described in this part.

7 *SEC. 5. Section 34167.10 is added to the Health and Safety*
8 *Code, to read:*

9 *34167.10. (a) Notwithstanding any other law, for purposes of*
10 *this part and Part 1.85 (commencing with Section 34170), the*
11 *definition of a city, county, or city and county includes, but is not*
12 *limited to, the following entities:*

13 *(1) Any reporting entity of the city, county, or city and county*
14 *for purposes of its comprehensive annual financial report or*
15 *similar report.*

16 *(2) Any component unit of the city, county, or city and county.*

17 *(3) Any entity which is controlled by the city, county, or city*
18 *and county, or for which the city, county, or city and county is*
19 *financially responsible or accountable.*

20 *(b) The following factors shall be considered in determining*
21 *that an entity is controlled by the city, county, or city and county,*
22 *and are therefore included in the definition of a city, county, or*
23 *city and county for purposes of this part and Part 1.85*
24 *(commencing with Section 34170):*

25 *(1) The city, county, or city and county exercises substantial*
26 *municipal control over the entity's operations, revenues, or*
27 *expenditures.*

28 *(2) The city, county, or city and county has ownership or control*
29 *over the entity's property or facilities.*

30 *(3) The city, county, or city and county and the entity share*
31 *common or overlapping governing boards, or coterminous*
32 *boundaries.*

33 *(4) The city, county, or city and county was involved in the*
34 *creation or formation of the entity.*

35 *(5) The entity performs functions customarily or historically*
36 *performed by municipalities and financed thorough levies of*
37 *property taxes.*

38 *(6) The city, county, or city and county provides administrative*
39 *and related business support for the entity, or assumes the expenses*
40 *incurred in the normal daily operations of the entity.*

(c) For purposes of this section, it shall not be relevant that the entity is formed as a separate legal entity, nonprofit corporation, or otherwise, or is not subject to the constitution debt limitation otherwise applicable to a city, county, or city and county. The provisions in this section are declarative of existing law as the entities described herein are and were intended to be included within the requirements of this part and Part 1.85 (commencing with Section 34170) and any attempt to determine otherwise would thwart the intent of these two parts.

SEC. 6. Section 34171 of the Health and Safety Code is amended to read:

34171. The following terms shall have the following meanings:

(a) “Administrative budget” means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) “Administrative cost allowance” means an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to 5 percent of the property tax allocated to the successor agency ~~for the 2011–12 fiscal year on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012,~~ and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter; provided, however, that the amount shall not be less than two hundred fifty thousand dollars (\$250,000), *unless the oversight board reduces this amount*, for any fiscal year or such lesser amount as agreed to by the successor agency. However, the allowance amount shall exclude, *and shall not apply to*, any administrative costs that can be paid from bond proceeds or from sources other than property tax. *Administrative cost allowances shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.*

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

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

1 (A) Bonds, as defined by Section 33602 and bonds issued
2 pursuant to ~~Section 58383~~ Chapter 10.5 (commencing with Section
3 5850) of Division 6 of Title 1 of the Government Code, including
4 the required debt service, reserve set-asides, and any other
5 payments required under the indenture or similar documents
6 governing the issuance of the outstanding bonds of the former
7 redevelopment agency. *A reserve may be held when required by*
8 *the bond indenture or when the next property tax allocation will*
9 *be insufficient to pay all obligations due under the provisions of*
10 *the bond for the next payment due in the following half of the*
11 *calendar year.*

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

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

36 (D) Judgments or settlements entered by a competent court of
37 law or binding arbitration decisions against the former
38 redevelopment agency, other than passthrough payments that are
39 made by the county auditor-controller pursuant to Section 34183.
40 Along with the successor agency, the oversight board shall have

1 the authority and standing to appeal any judgment or to set aside
2 any settlement or arbitration decision.

3 (E) Any legally binding and enforceable agreement or contract
4 that is not otherwise void as violating the debt limit or public
5 policy. However, nothing in this act shall prohibit either the
6 successor agency, with the approval or at the direction of the
7 oversight board, or the oversight board itself from terminating any
8 existing agreements or contracts and providing any necessary and
9 required compensation or remediation for such termination. *Titles*
10 *of or headings used on or in a document shall not be relevant in*
11 *determining the existence of an enforceable obligation.*

12 (F) Contracts or agreements necessary for the administration or
13 operation of the successor agency, in accordance with this part,
14 including, but not limited to, *agreements concerning litigation*
15 *expenses related to assets or obligations, settlements and*
16 *judgements, and the costs of maintaining assets prior to disposition,*
17 *and agreements to purchase or rent office space, equipment and*
18 *supplies, and pay-related expenses pursuant to Section 33127 and*
19 *for carrying insurance pursuant to Section 33134.*

20 (G) Amounts borrowed from, or payments owing to, the Low
21 and Moderate Income Housing Fund of a redevelopment agency,
22 which had been deferred as of the effective date of the act adding
23 this part; provided, however, that the repayment schedule is
24 approved by the oversight board. *Repayments shall be transferred*
25 *to the Low and Moderate Income Housing Asset Fund established*
26 *pursuant to subdivision (d) of Section 34176 as a housing asset*
27 *and shall be used in a manner consistent with the affordable*
28 *housing requirements of the Community Redevelopment Law (Part*
29 *1 (commencing with Section 33000)).*

30 (2) For purposes of this part, “enforceable obligation” does not
31 include any agreements, contracts, or arrangements between the
32 city, county, or city and county that created the redevelopment
33 agency and the former redevelopment agency. However, written
34 agreements entered into (A) at the time of issuance, but in no event
35 later than December 31, 2010, of indebtedness obligations, and
36 (B) solely for the purpose of securing or repaying those
37 indebtedness obligations may be deemed enforceable obligations
38 for purposes of this part. Notwithstanding this paragraph, loan
39 agreements entered into between the redevelopment agency and
40 the city, county, or city and county that created it, within two years

1 of the date of creation of the redevelopment agency, may be
2 deemed to be enforceable obligations.

3 (3) Contracts or agreements between the former redevelopment
4 agency and other public agencies, to perform services or provide
5 funding for governmental or private services or capital projects
6 outside of redevelopment project areas that do not provide benefit
7 to the redevelopment project and thus were not properly authorized
8 under Part 1 (commencing with Section 33000) shall be deemed
9 void on the effective date of this part; provided, however, that such
10 contracts or agreements for the provision of housing properly
11 authorized under Part 1 (commencing with Section 33000) shall
12 not be deemed void.

13 (e) “Indebtedness obligations” means bonds, notes, certificates
14 of participation, or other evidence of indebtedness, issued or
15 delivered by the redevelopment agency, or by a joint exercise of
16 powers authority created by the redevelopment agency, to
17 third-party investors or bondholders to finance or refinance
18 redevelopment projects undertaken by the redevelopment agency
19 in compliance with the Community Redevelopment Law (Part 1
20 (commencing with Section 33000)).

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

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

25 (h) “Recognized Obligation Payment Schedule” means the
26 document setting forth the minimum payment amounts and due
27 dates of payments required by enforceable obligations for each
28 six-month fiscal period as provided in subdivision (m) of Section
29 34177.

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

32 (j) “Successor agency” means ~~the county, city, or city and county~~
33 ~~that authorized the creation of each redevelopment agency or~~
34 ~~another entity successor entity to the former redevelopment agency~~
35 ~~as provided described in Section 34173.~~

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

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

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

6 (n) “Sponsoring entity” means the city, county, or city and
7 county, or other entity that authorized the creation of each
8 redevelopment agency.

9 (o) “Final judicial determination” means a final judicial
10 determination made by any state court that is not appealed, or by
11 a court of appellate jurisdiction that is not further appealed, in an
12 action by any party.

13 SEC. 7. Section 34173 of the Health and Safety Code is
14 amended to read:

15 34173. (a) Successor agencies, as defined in this part, are
16 hereby designated as successor entities to the former redevelopment
17 agencies.

18 (b) Except for those provisions of the Community
19 Redevelopment Law that are repealed, restricted, or revised
20 pursuant to the act adding this part, all authority, rights, powers,
21 duties, and obligations previously vested with the former
22 redevelopment agencies, under the Community Redevelopment
23 Law, are hereby vested in the successor agencies.

24 (c) (1) ~~Where~~ If the redevelopment agency was in the form of
25 a joint powers authority, and ~~where~~ if the joint powers agreement
26 governing the formation of the joint powers authority addresses
27 the allocation of assets and liabilities upon dissolution of the joint
28 powers authority, then each of the entities that created the former
29 redevelopment agency may be a successor agency within the
30 meaning of this part and each shall have a share of assets and
31 liabilities based on the provisions of the joint powers agreement.

32 (2) ~~Where~~ If the redevelopment agency was in the form of a
33 joint powers authority, and ~~where~~ if the joint powers agreement
34 governing the formation of the joint powers authority does not
35 address the allocation of assets and liabilities upon dissolution of
36 the joint powers authority, then each of the entities that created
37 the former redevelopment agency may be a successor agency
38 within the meaning of this part, a proportionate share of the assets
39 and liabilities shall be based on the assessed value in the project
40 areas within each entity’s jurisdiction, as determined by the county

1 assessor, in its jurisdiction as compared to the assessed value of
2 land within the boundaries of the project areas of the former
3 redevelopment agency.

4 (d) (1) A city, county, city and county, or the entities forming
5 the joint powers authority that authorized the creation of each
6 redevelopment agency may elect not to serve as a successor agency
7 under this part. A city, county, city and county, or any member of
8 a joint powers authority that elects not to serve as a successor
9 agency under this part must file a copy of a duly authorized
10 resolution of its governing board to that effect with the county
11 auditor-controller no later than January 13, 2012.

12 (2) The determination of the first local agency that elects to
13 become the successor agency shall be made by the county
14 auditor-controller based on the earliest receipt by the county
15 auditor-controller of a copy of a duly adopted resolution of the
16 local agency's governing board authorizing such an election. As
17 used in this section, "local agency" means any city, county, city
18 and county, or special district in the county of the former
19 redevelopment agency.

20 (3) (A) If no local agency elects to serve as a successor agency
21 for a dissolved redevelopment agency, a public body, referred to
22 herein as a "designated local authority" shall be immediately
23 formed, pursuant to this part, in the county and shall be vested
24 with all the powers and duties of a successor agency as described
25 in this part. The Governor shall appoint three residents of the
26 county to serve as the governing board of the authority. The
27 designated local authority shall serve as successor agency until a
28 local agency elects to become the successor agency in accordance
29 with this section.

30 (B) *Designated local authority members are protected by the*
31 *immunities applicable to public entities and public employees*
32 *governed by Part 1 (commencing with Section 810) and Part 2*
33 *(commencing with Section 814) of Division 3.6 of Title 1 of the*
34 *Government Code.*

35 (4) *A city, county, or city and county, or the entities forming the*
36 *joint powers authority that authorized the creation of a*
37 *redevelopment agency and that elected not to serve as the successor*
38 *agency under this part, may subsequently reverse this decision*
39 *and agree to serve as the successor agency pursuant to this section.*
40 *Any reversal of this decision shall not become effective for 60 days*

1 *after notice has been given to the current successor agency and*
 2 *the oversight board and shall not invalidate any action of the*
 3 *successor agency or oversight board taken prior to the effective*
 4 *date of the transfer of responsibility.*

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

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

15 (g) A successor agency is a separate public entity from the
 16 public agency that provides for its governance and the two entities
 17 shall not merge. The liabilities of the former redevelopment agency
 18 shall not be transferred to the sponsoring entity and the assets
 19 shall not become assets of the sponsoring entity. A successor
 20 agency has its own name, can be sued, and can sue. All litigation
 21 involving a redevelopment agency shall automatically be
 22 transferred to the successor agency. The separate former
 23 redevelopment agency employees shall not automatically become
 24 sponsoring entity employees of the sponsoring entity and the
 25 successor agency shall retain its own collective bargaining status.
 26 As successor entities, successor agencies succeed to the
 27 organizational status of the former redevelopment agency, but
 28 without any legal authority to participate in redevelopment
 29 activities, except to complete any work related to an approved
 30 enforceable obligation. Each successor agency shall be deemed
 31 to be a local entity for purposes of the Ralph M. Brown Act
 32 (Chapter 9 (commencing with Section 54950) of Part 1 of Division
 33 2 of Title 5 of the Government Code).

34 (h) The city, county, or city and county that authorized the
 35 creation of a redevelopment agency may loan or grant funds to a
 36 successor agency for administrative costs, enforceable obligations,
 37 or project-related expenses at the city's discretion, but the receipt
 38 and use of these funds shall be reflected on the Recognized
 39 Obligation Payment Schedule or the administrative budget and
 40 therefore are subject to the oversight and approval of the oversight

1 board. An enforceable obligation shall be deemed to be created
2 for the repayment of those loans.

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

14 SEC. 8. Section 34175 of the Health and Safety Code is
15 amended to read:

16 34175. (a) It is the intent of this part that pledges of revenues
17 associated with enforceable obligations of the former
18 redevelopment agencies are to be honored. It is intended that the
19 cessation of any redevelopment agency shall not affect either the
20 pledge, the legal existence of that pledge, or the stream of revenues
21 available to meet the requirements of the pledge.

22 (b) All assets, properties, contracts, leases, books and records,
23 buildings, and equipment of the former redevelopment agency are
24 transferred on February 1, 2012, to the control of the successor
25 agency, for administration pursuant to the provisions of this part.
26 This includes all cash or cash equivalents and amounts owed to
27 the redevelopment agency as of February 1, 2012. Any legal or
28 contractual restrictions on the use of these funds or assets shall
29 also be transferred to the successor agency.

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

32 34176. (a) (1) The city, county, or city and county that
33 authorized the creation of a redevelopment agency may elect to
34 retain the housing assets and functions previously performed by
35 the redevelopment agency. If a city, county, or city and county
36 elects to retain the ~~responsibility for performing~~ authority to
37 perform housing functions previously performed by a
38 redevelopment agency, all rights, powers, duties, and obligations,
39 and housing assets, as defined in subdivision (e), excluding any
40 amounts on deposit in the Low and Moderate Income Housing

1 Fund and enforceable obligations retained by the successor agency,
2 shall be transferred to the city, county, or city and county.

3 (2) The entity assuming the housing functions of the former
4 redevelopment agency shall submit to the Department of Finance
5 by August 1, 2012, a list of all housing assets that contains an
6 explanation of how the assets meet the criteria specified in
7 subdivision (e). The Department of Finance shall prescribe the
8 format for the submission of the list. The list shall include assets
9 transferred between February 1, 2012, and the date upon which
10 the list is created. The department shall have up to 30 days from
11 the date of receipt of the list to object to any of the assets or
12 transfers of assets identified on the list. If the Department of
13 Finance objects to assets on the list, the entity assuming the
14 housing functions of the former redevelopment agency may request
15 a meet and confer process within five business days of receiving
16 the department objection. If the transferred asset is deemed not to
17 be a housing asset as defined in subdivision (e), it shall be returned
18 to the successor agency and the provision of Section 34178.8 may
19 apply. If a housing asset has been previously pledged to pay for
20 bonded indebtedness, the successor agency shall maintain control
21 of the asset in order to pay for the bond debt.

22 (b) If a city, county, or city and county does not elect to retain
23 the responsibility for performing housing functions previously
24 performed by a redevelopment agency, all rights, powers, assets,
25 ~~liabilities~~, duties, and obligations associated with the housing
26 activities of the agency, excluding *enforceable obligations retained*
27 *by the successor agency* and any amounts in the Low and Moderate
28 Income Housing Fund, shall be transferred as follows:

29 (1) ~~Where~~ If there is no local housing authority in the territorial
30 jurisdiction of the former redevelopment agency, to the Department
31 of Housing and Community Development.

32 (2) ~~Where~~ If there is one local housing authority in the territorial
33 jurisdiction of the former redevelopment agency, to that local
34 housing authority.

35 (3) ~~Where~~ If there is more than one local housing authority in
36 the territorial jurisdiction of the former redevelopment agency, to
37 the local housing authority selected by the city, county, or city and
38 county that authorized the creation of the redevelopment agency.

39 (c) Commencing on the operative date of this part, the entity
40 ~~assuming that assumes~~ the housing functions formerly performed

1 by the redevelopment agency *and receives the transferred housing*
2 *assets* may enforce affordability covenants and perform related
3 activities pursuant to applicable provisions of the Community
4 Redevelopment Law (Part 1 (commencing with Section ~~33000~~)
5 33000)), including, but not limited to, Section 33418.

6 (d) *Except as specifically provided in Section 34191.4, any funds*
7 *transferred to the city, county, or city and county or designated*
8 *entity pursuant to this section, together with any funds generated*
9 *from housing assets, as defined in subdivision (e), shall be*
10 *maintained in a separate Low and Moderate Income Housing Asset*
11 *Fund which is hereby created in the accounts of the entity assuming*
12 *the housing functions pursuant to this section. Funds in this*
13 *account shall be used in accordance with applicable*
14 *housing-related provisions of the Community Redevelopment Law*
15 *(Part 1 (commencing with Section 33000)).*

16 (e) *For purposes of this part, “housing asset” includes all of*
17 *the following:*

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

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

30 (3) *Any loan or grant receivable, funded from the Low and*
31 *Moderate Income Housing Fund, from homebuyers, homeowners,*
32 *nonprofit or for-profit developers, and other parties that require*
33 *occupancy by persons of low or moderate income as defined by*
34 *the Community Redevelopment Law (Part 1 (commencing with*
35 *Section 33000)).*

36 (4) *Any funds derived from rents or operation of properties*
37 *acquired for low- and moderate-income housing purposes by other*
38 *parties that were financed with any source of funds, including*
39 *residual receipt payments from developers, conditional grant*
40 *repayments, cost savings and proceeds from refinancing, and*

principal and interest payments from homebuyers subject to enforceable income limits.

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

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

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

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

(g) (1) (A) The entity assuming the housing functions pursuant to this section may designate the use of and commit indebtedness obligation proceeds that remain after the satisfaction of enforceable obligations that have been approved in a Recognized

1 *Obligation Payment Schedule and that are consistent with the*
2 *indebtedness obligation covenants. The proceeds shall be derived*
3 *from indebtedness obligations that were issued for the purposes*
4 *of affordable housing prior to January 1, 2011, and were backed*
5 *by the Low and Moderate Income Housing Fund. Enforceable*
6 *obligations may be satisfied by the creation of reserves for the*
7 *projects that are the subject of the enforceable obligation that are*
8 *consistent with the contractual obligations for those projects, or*
9 *by expending funds to complete the projects.*

10 *(B) The entity assuming the housing functions pursuant to this*
11 *section shall provide notice to the successor agency of any*
12 *designations of use or commitments of funds specified in*
13 *subparagraph (A) that it wishes to make at least 20 days before*
14 *the deadline for submission of the Recognized Obligation Payment*
15 *Schedule to the oversight board. Commitments and designations*
16 *shall not be valid and binding on any party until they are included*
17 *in an approved and valid Recognized Obligation Payment*
18 *Schedule. The review of these designations and commitments by*
19 *the successor agency, oversight board, and Department of Finance*
20 *shall be limited to a determination that the designations and*
21 *commitments are consistent with bond covenants and that there*
22 *are sufficient funds available.*

23 *(2) Funds shall be used and committed in a manner consistent*
24 *with the purposes of the Low and Moderate Income Housing Asset*
25 *Fund. Notwithstanding any other law, the successor agency shall*
26 *retain and expend the excess housing obligation proceeds at the*
27 *discretion of the succeeding housing entity, provided that the*
28 *successor agency ensures that the proceeds are expended in a*
29 *manner consistent with the indebtedness obligation covenants and*
30 *with any requirements relating to the tax status of those*
31 *obligations. The amount expended shall not exceed the amount of*
32 *indebtedness obligation proceeds available and such expenditure*
33 *shall constitute the creation of excess housing proceeds*
34 *expenditures to be paid from the excess proceeds. Excess housing*
35 *proceeds expenditures shall be listed separately on the Recognized*
36 *Obligation Payment Schedule submitted by the successor agency.*

37 *SEC. 10. Section 34176.5 is added to the Health and Safety*
38 *Code, to read:*

39 *34176.5. (a) Notwithstanding any other law, the Director of*
40 *Finance is authorized to contract with auditors, lawyers, and other*

types of advisors and consultants to assist, advise, and represent the director and the Department of Finance in any matter or action arising out of or contemplated by this part or Part 1.8 (commencing with Section 34161). In furtherance of this authorization, Sections 14827.1, 14827.2, and 14838 of the Government Code, and Article 4 (commencing with Section 10335) of Chapter 2 of Part 2 of Division 2 of and Section 10295 of, the Public Contract Code shall not apply to any agreement entered into by the director pursuant to this section.

(b) In addition to the waivers of statute provided in subdivision (a), Section 6072 of the Business and Professions Code shall not apply to the legal services agreement entered into by the director pursuant to this section.

(c) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

SEC. 11. Section 34177 of the Health and Safety Code is amended to read:

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

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

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (e) (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. *In recognition of the fact that the timing of the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231 delayed the preparation by successor*

1 *agencies and the approval by oversight boards of the January 1,*
2 *2012, through June 30, 2012, Recognized Obligation Payment*
3 *Schedule, a successor agency may amend the Enforceable*
4 *Obligation Payment Schedule to authorize the continued payment*
5 *of enforceable obligations until the time that the January 1, 2012,*
6 *through June 30, 2012, Recognized Obligation Payment Schedule*
7 *has been approved by the oversight board and by the Department*
8 *of Finance.*

9 (2) The Department of Finance and the Controller shall each
10 have the authority to require any documents associated with the
11 enforceable obligations to be provided to them in a manner of their
12 choosing. Any taxing entity, the department, and the Controller
13 shall each have standing to file a judicial action to prevent a
14 violation under this part and to obtain injunctive or other
15 appropriate relief.

16 (3) Commencing on ~~May 1, 2012~~ *the date the Recognized*
17 *Obligation Payment Schedule is valid pursuant to subdivision (l),*
18 *only those payments listed in the Recognized Obligation Payment*
19 *Schedule may be made by the successor agency from the funds*
20 *specified in the Recognized Obligation Payment Schedule. In*
21 *addition, ~~commencing May 1, 2012~~ after it becomes valid, the*
22 *Recognized Obligation Payment Schedule shall supersede the*
23 *Statement of Indebtedness, which shall no longer be prepared nor*
24 *have any effect under the Community Redevelopment Law (Part*
25 *1 (commencing with Section 33000)).*

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

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

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

39 (c) Perform obligations required pursuant to any enforceable
40 obligation.

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

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

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

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

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

32 (i) Continue to oversee development of properties until the
33 contracted work has been completed or the contractual obligations
34 of the former redevelopment agency can be transferred to other
35 parties. Bond proceeds shall be used for the purposes for which
36 bonds were sold unless the purposes can no longer be achieved,
37 in which case, the proceeds may be used to defease the bonds.

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

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

3 (2) Proposed sources of payment for the costs identified in
4 paragraph (1).

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

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

11 (l) (1) Before each six-month fiscal period, prepare a
12 Recognized Obligation Payment Schedule in accordance with the
13 requirements of this paragraph. For each recognized obligation,
14 the Recognized Obligation Payment Schedule shall identify one
15 or more of the following sources of payment:

16 (A) Low and Moderate Income Housing Fund.

17 (B) Bond proceeds.

18 (C) Reserve balances.

19 (D) Administrative cost allowance.

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

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

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

30 (A) A ~~draft~~ Recognized Obligation Payment Schedule is
31 prepared by the successor agency for the enforceable obligations
32 of the former redevelopment agency ~~by March 1, 2012. From~~
33 ~~October 1, 2011, to July 1, 2012, the~~. ~~The initial draft of that~~
34 ~~schedule shall project the dates and amounts of scheduled payments~~
35 ~~for each enforceable obligation for the remainder of the time period~~
36 ~~during which the redevelopment agency would have been~~
37 ~~authorized to obligate property tax increment had such the a~~
38 ~~redevelopment agency not been dissolved, and shall be reviewed~~
39 ~~and certified, as to its accuracy, by an external auditor designated~~
40 ~~pursuant to Section 34182.~~

1 (B) The ~~certified~~ Recognized Obligation Payment Schedule is
2 submitted to and duly approved by the oversight board. *The*
3 *successor agency shall submit a copy of the Recognized Obligation*
4 *Payment Schedule to the county administrative officer, the county*
5 *auditor-controller, and the Department of Finance at the same*
6 *time that the successor agency submits the Recognized Obligation*
7 *Payment Schedule to the oversight board for approval.*

8 (C) A copy of the approved Recognized Obligation Payment
9 Schedule is submitted to the county auditor-controller and both
10 the Controller's office and the Department of Finance and be posted
11 on the successor agency's Internet Web site.

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

27 (m) *The Recognized Obligation Payment Schedule for the period*
28 *of January 1, 2013, to June 30, 2013, shall be submitted by the*
29 *successor agency, after approval by the oversight board, no later*
30 *than September 1, 2012. Commencing with the Recognized*
31 *Obligation Payment Schedule covering the period July 1, 2013,*
32 *through December 31, 2013, successor agencies shall submit an*
33 *oversight board-approved Recognized Obligation Payment*
34 *Schedule to the Department of Finance and to the county*
35 *auditor-controller no fewer than 90 days before the date of*
36 *property tax distribution. The Department of Finance shall make*
37 *its determination of the enforceable obligations and the amounts*
38 *and funding sources of the enforceable obligations no later than*
39 *45 days after the Recognized Obligation Payment Schedule is*
40 *submitted. Within five business days of the department's*

1 *determination, a successor agency may request additional review*
2 *by the department and an opportunity to meet and confer on*
3 *disputed items. The meet and confer period may vary; an untimely*
4 *submittal of a Recognized Obligation Payment Schedule may result*
5 *in a meet and confer period of less than 30 days. The department*
6 *shall notify the successor agency and the county auditor-controllers*
7 *as to the outcome of its review at least 15 days before the date of*
8 *property tax distribution.*

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

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

36 *(3) If a successor agency fails to submit to the department an*
37 *oversight board-approved Recognized Obligation Payment*
38 *Schedule that complies with all requirements of this subdivision*
39 *within five business days of the date upon which the Recognized*
40 *Obligation Payment Schedule is to be used to determine the amount*

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

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

20 SEC. 12. Section 34177.3 is added to the Health and Safety
21 Code, to read:

22 34177.3. (a) Successor agencies shall lack the authority to,
23 and shall not, create new enforceable obligations under the
24 authority of the Community Redevelopment Law (Part 1
25 (commencing with Section 33000)) or begin new redevelopment
26 work, except in compliance with an enforceable obligation that
27 existed prior to June 28, 2011.

28 (b) Successor agencies may create enforceable obligations to
29 conduct the work of winding down the redevelopment agency,
30 including hiring staff, acquiring necessary professional
31 administrative services and legal counsel, and procuring insurance.

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

1 *The Controller may audit any transfer of authority or revenues*
2 *prohibited by this section and may order the prompt return of any*
3 *money or other things of value from the receiving party.*

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

11 *(e) The Legislature finds and declares that the provisions of*
12 *this section are declaratory of existing law.*

13 *SEC. 13. Section 34177.5 is added to the Health and Safety*
14 *Code, to read:*

15 *34177.5. (a) In addition to the powers granted to each*
16 *successor agency, and notwithstanding anything in the act adding*
17 *this part, including, but not limited to, Sections 34162 and 34189,*
18 *a successor agency shall have the authority, rights, and powers*
19 *of the redevelopment agency to which it succeeded solely for the*
20 *following purposes:*

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

1 *bonds or other indebtedness, shall have the same lien priority as*
2 *the pledge of the bonds or other obligations to be refunded, and*
3 *shall be valid, binding, and enforceable in accordance with its*
4 *terms.*

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

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

39 *(4) For the purpose of issuing bonds or incurring other*
40 *indebtedness to make payments under enforceable obligations*

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

16 (b) The refunding bonds authorized under this section may be
17 issued under the authority of Article 11 (commencing with Section
18 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the
19 Government Code, and the refunding bonds may be sold at public
20 or private sale, or to a joint powers authority pursuant to the
21 Marks-Roos Local Bond Pooling Act (Article 4 (commencing with
22 Section 6584) of Chapter 5 of Division 7 of Title 1 of the
23 Government Code).

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

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

37 (3) Within 45 days after receipt of the agency's request, the
38 affected taxing entity shall approve or disapprove the request for
39 subordination. An affected taxing entity may disapprove a request
40 for subordination only if it finds, based upon substantial evidence,

1 that the successor agency will not be able to pay the debt service
2 payments and the amount required to be paid to the affected taxing
3 entity. If the affected taxing entity does not act within 45 days after
4 receipt of the agency's request, the request to subordinate shall
5 be deemed approved and shall be final and conclusive.

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

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

31 (f) The actions authorized in this section shall be subject to the
32 approval of the oversight board, as provided in Section 34180.
33 Additionally, an oversight board may direct the successor agency
34 to commence any of the transactions described in subdivision (a)
35 so long as the successor agency is able to recover its related costs
36 in connection with the transaction. After a successor agency, with
37 approval of the oversight board, issues any bonds, incurs any
38 indebtedness, or executes an amended enforceable obligation
39 pursuant to subdivision (a), the oversight board shall not
40 unilaterally approve any amendments to or early termination of

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

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

30 (h) The successor agency shall make diligent efforts to ensure
31 that the lowest long-term cost financing is obtained. The financing
32 shall not provide for any bullets or spikes and shall not use variable
33 rates. The successor agency shall make use of an independent
34 financial advisor in developing financing proposals and shall make
35 the work products of the financial advisor available to the
36 Department of Finance at its request.

37 (i) If an enforceable obligation provides for an irrevocable
38 commitment of property tax revenue and where allocation of such
39 revenues is expected to occur over time, the successor agency may
40 petition the Department of Finance to provide written confirmation

1 *that its determination of such enforceable obligation as approved*
 2 *in a Recognized Obligation Payment Schedule is final and*
 3 *conclusive, and reflects the department's approval of subsequent*
 4 *payments made pursuant to the enforceable obligation. If the*
 5 *confirmation is granted, then the department's review of such*
 6 *payments in future Recognized Obligation Payment Schedules*
 7 *shall be limited to confirming that they are required by the prior*
 8 *enforceable obligation.*

9 *(j) The successor agency may request that the department*
 10 *provide a written determination to waive the two-year statute of*
 11 *limitations on an action to review the validity of the adoption or*
 12 *amendment of a redevelopment plan pursuant to subdivision (c)*
 13 *of Section 33500 or on any findings or determinations made by*
 14 *the agency pursuant to subdivision (d) of Section 33500. The*
 15 *department at its discretion may provide a waiver if it determines*
 16 *it is necessary for the agency to fulfill an enforceable obligation.*

17 *SEC. 14. Section 34178 of the Health and Safety Code is*
 18 *amended to read:*

19 *34178. (a) Commencing on the operative date of this part,*
 20 *agreements, contracts, or arrangements between the city or county,*
 21 *or city and county that created the redevelopment agency and the*
 22 *redevelopment agency are invalid and shall not be binding on the*
 23 *successor agency; provided, however, that a successor entity*
 24 *wishing to enter or reenter into agreements with the city, county,*
 25 *or city and county that formed the redevelopment agency that it*
 26 *is succeeding may do so upon obtaining the approval of its*
 27 *oversight board. A successor agency or an oversight board shall*
 28 *not exercise the powers granted by this subdivision to restore*
 29 *funding for an enforceable obligation that was deleted or reduced*
 30 *by the Department of Finance pursuant to subdivision (h) of Section*
 31 *34179 unless it reflects the decisions made during the meet and*
 32 *confer process with the Department of Finance or pursuant to a*
 33 *court order.*

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

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

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

(3) A joint exercise of powers agreement in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the successor agency by operation of the act adding this part, the successor agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

SEC. 15. Section 34178.8 is added to the Health and Safety Code, to read:

34178.8. Commencing on the effective date of the act adding this section, the Controller shall review the activities of successor agencies in the state to determine if an asset transfer has occurred after January 31, 2012, between the successor agency and the city, county, or city and county that created a redevelopment agency, or any other public agency, that was not made pursuant to an enforceable obligation on an approved and valid Recognized Obligation Payment Schedule. If such an asset transfer did occur, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the successor agency. Upon receiving that order from the Controller, an affected local agency shall, as soon as practicable, reverse the transfer and return the applicable assets to the successor agency. This section shall not apply to housing assets as defined in subdivision (e) of Section 34176.

SEC. 16. Section 34179 of the Health and Safety Code is amended to read:

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

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

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

(3) (A) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.

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

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

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

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

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

(8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may

1 select one member. If there are no cities with territory in a project
2 area of the redevelopment agency, the county superintendent of
3 education may appoint an additional member to represent the
4 public.

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

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

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

31 (c) The oversight board may direct the staff of the successor
32 agency to perform work in furtherance of the oversight board's
33 duties and responsibilities under this part. The successor agency
34 shall pay for all of the costs of meetings of the oversight board
35 and may include such costs in its administrative budget. Oversight
36 board members shall serve without compensation or reimbursement
37 for expenses.

38 (d) Oversight board members ~~shall have personal immunity~~
39 ~~from suit for their actions taken within the scope of their~~
40 ~~responsibilities as oversight board members.~~ *are protected by the*

immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

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

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

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

(h) The Department of Finance may review an oversight board action taken pursuant to ~~the act adding this part. As such, all oversight board actions shall not be effective for three business days, pending a request for review by the department.~~ *Written notice and information about all actions taken by an oversight board shall be provided to the department by electronic means and in a manner of the department's choosing. An action shall become effective five business days after notice in the manner specified by the department is provided unless the department requests a review.* Each oversight board shall designate an official to whom the department may make ~~such~~ *those* requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. ~~In~~ *Except as otherwise provided in this part,* in the event that the department requests a review of a given oversight board action, it shall have ~~10~~ *40* days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and ~~such the~~ oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become

1 effective until approved by the department. *If the department*
2 *reviews a Recognized Obligation Payment Schedule, the*
3 *department may eliminate or modify any item on that schedule*
4 *prior to its approval. The county auditor-controller shall reflect*
5 *the actions of the department in determining the amount of property*
6 *tax revenues to allocate to the successor agency. The department*
7 *shall provide notice to the successor agency and the county*
8 *auditor-controller as to the reasons for its actions. To the extent*
9 *that an oversight board continues to dispute a determination with*
10 *the department, one or more future recognized obligation schedules*
11 *may reflect any resolution of that dispute. The department may*
12 *also agree to an amendment to a Recognized Obligation Payment*
13 *Schedule to reflect a resolution of a disputed item; however, this*
14 *shall not affect a past allocation of property tax or create a liability*
15 *for any affected taxing entity.*

16 (i) Oversight boards shall have fiduciary responsibilities to
17 holders of enforceable obligations and the taxing entities that
18 benefit from distributions of property tax and other revenues
19 pursuant to Section 34188. Further, the provisions of Division 4
20 (commencing with Section 1000) of the Government Code shall
21 apply to oversight boards. Notwithstanding Section 1099 of the
22 Government Code, or any other law, any individual may
23 simultaneously be appointed to up to five oversight boards and
24 may hold an office in a city, county, city and county, special
25 district, school district, or community college district.

26 (j) Commencing on and after July 1, 2016, in each county where
27 more than one oversight board was created by operation of the act
28 adding this part, there shall be only one oversight board appointed
29 as follows:

30 (1) One member may be appointed by the county board of
31 supervisors.

32 (2) One member may be appointed by the city selection
33 committee established pursuant to Section 50270 of the
34 Government Code. In a city and county, the mayor may appoint
35 one member.

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

1 (4) One member may be appointed by the county superintendent
2 of education to represent schools if the superintendent is elected.
3 If the county superintendent of education is appointed, then the
4 appointment made pursuant to this paragraph shall be made by the
5 county board of education.

6 (5) One member may be appointed by the Chancellor of the
7 California Community Colleges to represent community college
8 districts in the county.

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

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

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

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

22 (m) Any oversight board for a given successor agency shall
23 cease to exist when all of the indebtedness of the dissolved
24 redevelopment agency has been repaid.

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 SEC. 17. Section 34179.5 is added to the Health and Safety
34 Code, to read:

35 34179.5. (a) *In furtherance of subdivision (d) of Section 34177,*
36 *each successor agency shall employ a licensed accountant,*
37 *approved by the county auditor-controller and with experience*
38 *and expertise in local government accounting, to conduct a due*
39 *diligence review to determine the unobligated balances available*
40 *for transfer to taxing entities. As an alternative, an audit provided*

1 by the county auditor-controller that provides the information
2 required by this section may be used to comply with this section
3 with the concurrence of the oversight board.

4 (b) For purposes of this section the following terms shall have
5 the following meanings:

6 (1) “Cash” and “cash equivalents” includes, but is not limited
7 to, cash in hand, bank deposits, Local Agency Investment Fund
8 deposits, deposits in the city or county treasury or any other pool,
9 marketable securities, commercial paper, United States Treasury
10 bills, banker’s acceptances, payables on demand and amounts due
11 from other parties as defined in subdivision (c), and any other
12 money owned by the successor agency.

13 (2) “Enforceable obligation” includes any of the items listed
14 in subdivision (d) of Section 34171, contracts detailing specific
15 work to be performed that were entered into by the former
16 redevelopment agency prior to June 28, 2011, with a third party
17 that is other than the city, county, or city and county that created
18 the former redevelopment agency, and indebtedness obligations
19 as defined in subdivision (e) of Section 34171.

20 (3) “Transferred” means the transmission of money to another
21 party that is not in payment for goods or services or an investment
22 or where the payment is de minimus. Transfer also means where
23 the payments are ultimately merely a restriction on the use of the
24 money.

25 (c) At a minimum, the review required by this section shall
26 include the following:

27 (1) The dollar value of assets transferred from the former
28 redevelopment agency to the successor agency on or about
29 February 1, 2012.

30 (2) The dollar value of assets and cash and cash equivalents
31 transferred after January 1, 2011, through June 30, 2012, by the
32 redevelopment agency or the successor agency to the city, county,
33 or city and county that formed the redevelopment agency and the
34 purpose of each transfer. The review shall provide documentation
35 of any enforceable obligation that required the transfer.

36 (3) The dollar value of any cash or cash equivalents transferred
37 after January 1, 2011, through June 30, 2012, by the redevelopment
38 agency or the successor agency to any other public agency or
39 private party and the purpose of each transfer. The review shall

1 *provide documentation of any enforceable obligation that required*
2 *the transfer.*

3 *(4) The review shall provide expenditure and revenue accounting*
4 *information and identify transfers and funding sources for the*
5 *2010–11 and 2011–12 fiscal years that reconciles balances, assets,*
6 *and liabilities of the successor agency on June 30, 2012 to those*
7 *reported to the Controller for the 2009–10 fiscal year.*

8 *(5) A separate accounting for the balance for the Low and*
9 *Moderate Income Housing Fund for all other funds and accounts*
10 *combined shall be made as follows:*

11 *(A) A statement of the total value of each fund as of June 30,*
12 *2012.*

13 *(B) An itemized statement listing any amounts that are legally*
14 *restricted as to purpose and cannot be provided to taxing entities.*
15 *This could include the proceeds of any bonds, grant funds, or funds*
16 *provided by other governmental entities that place conditions on*
17 *their use.*

18 *(C) An itemized statement of the values of any assets that are*
19 *not cash or cash equivalents. This may include physical assets,*
20 *land, records, and equipment. For the purpose of this accounting,*
21 *physical assets may be valued at purchase cost or at any recently*
22 *estimated market value. The statement shall list separately*
23 *housing-related assets.*

24 *(D) An itemized listing of any current balances that are legally*
25 *or contractually dedicated or restricted for the funding of an*
26 *enforceable obligation that identifies the nature of the dedication*
27 *or restriction and the specific enforceable obligation. In addition,*
28 *the successor agency shall provide a listing of all approved*
29 *enforceable obligations that includes a projection of annual*
30 *spending requirements to satisfy each obligation and a projection*
31 *of annual revenues available to fund those requirements. If a*
32 *review finds that future revenues together with dedicated or*
33 *restricted balances are insufficient to fund future obligations and*
34 *thus retention of current balances is required, it shall identify the*
35 *amount of current balances necessary for retention. The review*
36 *shall also detail the projected property tax revenues and other*
37 *general purpose revenues to be received by the successor agency,*
38 *together with both the amount and timing of the bond debt service*
39 *payments of the successor agency, for the period in which the*

1 oversight board anticipates the successor agency will have
2 insufficient property tax revenue to pay the specified obligations.

3 (E) An itemized list and analysis of any amounts of current
4 balances that are needed to satisfy obligations that will be placed
5 on the Recognized Obligation Payment Schedules for the current
6 fiscal year.

7 (6) The review shall total the net balances available after
8 deducting the total amounts described in subparagraphs (B) to
9 (E), inclusive, of paragraph (5). The review shall add any amounts
10 that were transferred as identified in paragraphs (2) and (3) of
11 subdivision (c) if an enforceable obligation to make that transfer
12 did not exist. The resulting sum shall be available for allocation
13 to affected taxing entities pursuant to Section 34179.6. It shall be
14 a rebuttable presumption that cash and cash equivalent balances
15 available to the successor agency are available and sufficient to
16 disburse the amount determined in this paragraph to taxing entities.
17 If the review finds that there are insufficient cash balances to
18 transfer or that cash or cash equivalents are specifically obligated
19 to the purposes described in subparagraphs (B), (D), and (E) of
20 paragraph (5) in such amounts that there is insufficient cash to
21 provide the full amount determined pursuant to this paragraph,
22 that amount shall be demonstrated in an additional itemized
23 schedule.

24 SEC. 18. Section 34179.6 is added to the Health and Safety
25 Code, to read:

26 34179.6. The review required pursuant to Section 34179.5
27 shall be submitted to the oversight board for review. The successor
28 agency shall submit a copy of the Recognized Obligation Payment
29 Schedule to the county administrative officer, the county
30 auditor-controller, and the Department of Finance at the same
31 time that the successor agency submits the review to the oversight
32 board for review.

33 (a) By October 1, 2012, each successor agency shall provide
34 to the oversight board, the county auditor-controller, the
35 Controller, and the Department of Finance the results of the review
36 conducted pursuant to Section 34179.5 for the Low and Moderate
37 Income Housing Fund and specifically the amount of cash and
38 cash equivalents determined to be available for allocation to taxing
39 entities. By December 15, 2012, each successor agency shall
40 provide to the oversight board, the county auditor-controller, the

1 *Controller, and the department the results of the review conducted*
2 *pursuant to Section 34179.5 for all of the other fund and account*
3 *balances and specifically the amount of cash and cash equivalents*
4 *determined to be available for allocation to taxing entities. The*
5 *department may request any supporting documentation and review*
6 *results to assist in its review under subdivision (d). The department*
7 *may specify the form and manner information about the review*
8 *shall be provided to it.*

9 *(b) Upon receipt of the review, the oversight board shall convene*
10 *a public comment session to take place at least five business days*
11 *before the oversight board holds the approval vote specified in*
12 *subdivision (c). The oversight board also shall consider any*
13 *opinions offered by the county auditor-controller on the review*
14 *results submitted by the successor agencies.*

15 *(c) By October 15, 2012, for the Low and Moderate Income*
16 *Housing Fund and by January 15, 2013, for all other funds and*
17 *accounts, the oversight board shall review, approve, and transmit*
18 *to the department and the county auditor-controller the*
19 *determination of the amount of cash and cash equivalents that are*
20 *available for disbursement to taxing entities as determined*
21 *according to the method provided in Section 34179.5. The oversight*
22 *board may adjust any amount provided in the review to reflect*
23 *additional information and analysis. The review and approval*
24 *shall occur in public sessions. The oversight board may request*
25 *from the successor agency any materials it deems necessary to*
26 *assist in its review and approval of the determination. The*
27 *oversight board shall be empowered to authorize a successor*
28 *agency to retain assets or funds identified in subparagraphs (B)*
29 *to (E), inclusive, of paragraph (5) of subdivision (c) of Section*
30 *34179.5. An oversight board that makes that authorization also*
31 *shall identify to the department the amount of funds authorized*
32 *for retention, the source of those funds, and the purposes for which*
33 *those funds are being retained. The determination and*
34 *authorization to retain funds and assets shall be subject to the*
35 *review and approval of the department pursuant to subdivision*
36 *(d).*

37 *(d) The department may adjust any amount associated with the*
38 *determination of the resulting amount described in paragraph (6)*
39 *of subdivision (c) of Section 34179.5 based on its analysis and*
40 *information provided by the successor agency and others. The*

1 department shall consider any findings or opinions of the county
2 auditor-controllers and the Controller. The department shall
3 complete its review of the determinations provided pursuant to
4 subdivision (c) no later than November 9, 2012, for the Low and
5 Moderate Income Housing Fund and also shall notify the oversight
6 board and the successor agency of its decision to overturn any
7 decision of the oversight board to authorize a successor agency
8 to retain assets or funds made pursuant to subdivision (c). The
9 department shall complete its review of the determinations provided
10 pursuant to subdivision (c) no later than April 1, 2013, for the
11 other funds and accounts and also shall notify the oversight board
12 and the successor agency of its decision to overturn any oversight
13 board authorizations made pursuant to subdivision (c). The
14 department shall provide the oversight board and the successor
15 agency an explanation of its basis for overturning or modifying
16 any findings, determinations, or authorizations of the oversight
17 board made pursuant to subdivision (c).

18 (e) The successor agency and the entity or entities that created
19 the former redevelopment agency may request to meet and confer
20 with the department to resolve any disputes regarding the amounts
21 or sources of funds identified as determined by the department.
22 The request shall be made within five business days of the
23 transmission, and no later than November 16, 2012, for the
24 determination regarding the Low and Moderate Income Housing
25 Fund, to the successor agency or the designated local authority
26 of the department's determination, decisions, and explanations
27 and shall be accompanied by an explanation and documentation
28 of the basis of the dispute. The department shall meet and confer
29 with the requesting party and modify its determinations and
30 decisions accordingly. The department shall either confirm or
31 modify its determinations and decisions within 30 days of the
32 request to meet and confer.

33 (f) Each successor agency shall transmit to the county
34 auditor-controller the amount of funds required pursuant to the
35 determination of the department within five working days of receipt
36 of the notification under subdivision (c) or (e) if a meet and confer
37 request is made. Successor agencies shall make diligent efforts to
38 recover any money determined to have been transferred without
39 an enforceable obligation as described in paragraphs (2) and (3)
40 of subdivision (c) of Section 34179.5. The department shall notify

1 the county auditor-controllers of its actions and the county
2 auditor-controllers shall disburse the funds received from
3 successor agencies to taxing entities pursuant to Section 34188
4 within five working days of receipt. Amounts received after
5 November 28, 2012, and April 10, 2013, may be held and disbursed
6 with the regular payments to taxing entities pursuant to Section
7 34183.

8 (g) By December 1, 2012, the county auditor-controller shall
9 provide the department a report specifying the amount submitted
10 by each successor agency pursuant to subdivision (d) for low- and
11 moderate-income housing funds, and specifically noting those
12 successor agencies that failed to remit the full required amount.
13 By April 20, 2013, the county auditor-controller shall provide the
14 department a report detailing the amount submitted by each
15 successor agency pursuant to subdivision (d) for all other funds
16 and accounts, and specifically noting those successor agencies
17 that failed to remit the full required amount.

18 (h) If a successor agency fails to remit to the county
19 auditor-controller the sums identified in subdivisions (d) and (f),
20 by the deadlines specified in those subdivisions, the following
21 remedies are available:

22 (1) (A) If the successor agency cannot promptly recover the
23 funds that have been transferred to another public agency without
24 an enforceable obligation as described in paragraphs (2) and (3)
25 of subdivision (c) of Section 34179.5, the funds may be recovered
26 through an offset of sales and use tax or property tax allocations
27 to the local agency to which the funds were transferred. To recover
28 such funds, the Department of Finance may order the State Board
29 of Equalization to make an offset pursuant to subdivision (a) of
30 Section 34179.8. If the Department of Finance does not order a
31 sales tax offset, the county auditor-controller may reduce the
32 property tax allocations to any local agency in the county that fails
33 to repay funds pursuant to subdivision (c) of Section 34179.8.

34 (B) The county auditor-controller and the department shall each
35 have the authority to demand the return of funds improperly spent
36 or transferred to a private person or other private entity. If funds
37 are not repaid within 60 days, they may be recovered through any
38 lawful means of collection and are subject to a ten percent penalty
39 plus interest at the rate charged for late personal income tax

1 *payments from the date the improper payment was made to the*
2 *date the money is repaid.*

3 *(C) If the city, county, or city and county that created the former*
4 *redevelopment agency is also performing the duties of the*
5 *successor agency, the Department of Finance may order an offset*
6 *to the distribution provided to the sales and use tax revenue to that*
7 *agency pursuant to subdivision (a) of Section 34179.8. This offset*
8 *shall be equal to the amount the successor fails to remit pursuant*
9 *to subdivision (f). If the Department of Finance does not order a*
10 *sales tax offset, the county auditor-controller may reduce the*
11 *property tax allocations of the city, county, or city and county that*
12 *created the former redevelopment agency pursuant to subdivision*
13 *(c) of Section 34179.8.*

14 *(D) The department and the county auditor-controller shall*
15 *coordinate their actions undertaken pursuant to this paragraph.*

16 *(2) Alternatively or in addition to the remedies provided in*
17 *paragraph (1), the department may direct the county*
18 *auditor-controller to deduct the unpaid amount from future*
19 *allocations of property tax to the successor agency under Section*
20 *34183 until the amount of payment required pursuant to*
21 *subdivision (d) is accomplished.*

22 *(3) If the Department of Finance determines that payment of*
23 *the full amount required under subdivision (d) is not currently*
24 *feasible or would jeopardize the ability of the successor agency*
25 *to pay enforceable obligations in a timely manner, it may agree*
26 *to an installment payment plan.*

27 *(i) (1) If a legal action contesting a withholding effectuated by*
28 *the State Board of Equalization pursuant to subparagraphs (B),*
29 *(C), or (B) and (C) of paragraph (2) of subdivision (b) of Section*
30 *34183.5 is successful and results in a final judicial determination,*
31 *the court shall order the state to pay to the prevailing party a*
32 *penalty equal to a percentage of the amount of funds found by the*
33 *court to be improperly withheld, as provided in Section 34179.8.*
34 *This percentage shall be equivalent to the number of months the*
35 *funds have been found by the court to be improperly withheld, not*
36 *to exceed 10 percent.*

37 *(2) If a legal action contesting an offset effectuated by the State*
38 *Board of Equalization or the county auditor-controller pursuant*
39 *to subdivision (h) is successful and results in a final judicial*
40 *determination, the court shall order the state or the county*

1 auditor-controller to pay to the prevailing party a penalty equal
2 to 10 percent of the amount of funds found by the court to be
3 improperly offset, as provided in Section 34179.8.

4 (j) If a legal challenge to invalidate any provision in subdivision
5 (h) or subparagraph (B) or (C), or subparagraphs (B) and (C) of
6 paragraph (2) of subdivision (b) of Section 34183.5 is successful
7 and results in a final judicial determination, the invalidated
8 provision shall become inoperative and subdivision (i) shall
9 become inoperative with respect to the invalidated provision.

10 SEC. 19. Section 34179.7 is added to the Health and Safety
11 Code, to read:

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

21 SEC. 20. Section 34179.8 is added to the Health and Safety
22 Code, to read:

23 34179.8. (a) If an offset or withholding of sales and use tax is
24 ordered by the Department of Finance pursuant to this part, the
25 State Board of Equalization shall reduce the distribution of sales
26 and use taxes collected under Chapter 1 (commencing with Section
27 7200) of Part 1.5 of Division 2 of the Revenue and Taxation Code
28 to the entity that is the subject of the offset or withholding and
29 shall direct the Controller to issue a warrant in the amount of any
30 offset pursuant to subdivision (h) of Section 34179.6 to the county
31 auditor-controller. The county auditor-controller shall distribute
32 this amount to the taxing entities for the former redevelopment
33 area according to Section 34188.

34 (b) (1) If a court has issued a final judicial determination or
35 the department determines that some or all of the amount collected
36 through the offset of sales and use tax has been paid by another
37 means and no additional amount is owed, the court or the
38 department shall notify the State Board of Equalization of that
39 determination. Upon notification, the State Board of Equalization
40 shall reverse the relevant amount of sales and use tax offset, add

1 any penalty payable under subdivision (i) of Section 34179.6, and
2 adjust the next distribution of sales and use tax to the affected
3 local entity by reducing the allocation of tax to the General Fund
4 and increasing the distribution to the local entity by that sum.

5 (2) The board shall inform the Controller of the reversal of the
6 offset of sales and use tax undertaken pursuant to paragraph (1).
7 The Controller shall send a demand for payment to the county
8 auditor-controller for the amount of the offset reversal, excluding
9 any penalty amount determined by the court pursuant to
10 subdivision (i) of Section 34179.6 to be applicable to the offset.
11 The auditor-controller shall reduce allocations to taxing entities
12 in the next distributions under Section 34188 until the amount of
13 the reversed offset is recovered and shall pay such recovered
14 amounts to the State Controller for deposit in the General Fund.

15 (c) (1) If an offset of property tax is ordered by the county
16 auditor-controller pursuant to this part, the auditor-controller
17 shall reduce the distribution of property taxes to the entity that is
18 the subject of the offset and shall distribute the amount to the taxing
19 entities for the former redevelopment area according to Section
20 34188.

21 (2) If a court has issued a final judicial determination or the
22 department determines that some or all of the amount collected
23 through the offset made pursuant to paragraph (1) has been paid
24 by another means and no additional amount is owed, the court or
25 the department shall notify the county auditor-controller of that
26 determination. Upon notification, the county auditor-controller
27 shall reverse the relevant amount of property tax revenues offset
28 in the next distribution of property tax to the affected local entity
29 by reducing the allocation of tax to the taxing entities of the former
30 redevelopment area under Section 34188 and increasing the
31 distribution of property taxes to the local entity that was subject
32 to the offset.

33 SEC. 21. Section 34180 of the Health and Safety Code is
34 amended to read:

35 34180. All of the following successor agency actions shall first
36 be approved by the oversight board:

37 (a) The establishment of new repayment terms for outstanding
38 loans where the terms have not been specified prior to the date of
39 this part. An oversight board shall not have the authority to
40 reestablish loan agreements between the successor agency and

1 the city, county, or city and county that formed the redevelopment
2 agency except as provided in Chapter 9 (commencing with Section
3 34191.1).

4 ~~(b) Refunding of outstanding bonds or other debt of the former~~
5 ~~redevelopment agency by successor agencies in order to provide~~
6 ~~for savings or to finance debt service spikes; provided, however,~~
7 ~~that no additional debt is created and debt service is not accelerated.~~

8 (b) The issuance of bonds or other indebtedness or the pledge
9 or agreement for the pledge of property tax revenues (formerly
10 tax increment prior to the effective date of this part) pursuant to
11 subdivision (a) of Section 34177.5.

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

15 (d) Merging of project areas.

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

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

28 (2) If no other agreement is reached on valuation of the retained
29 assets, the value will be the fair market value as of the 2011
30 property tax lien date as determined by ~~the county assessor~~ *an*
31 *independent appraiser approved by the oversight board.*

32 (g) Establishment of the Recognized Obligation Payment
33 Schedule.

34 (h) A request by the successor agency to enter into an agreement
35 with the city, county, or city and county that formed the
36 redevelopment agency that it is succeeding. *An oversight board*
37 *shall not have the authority to reestablish loan agreements between*
38 *the successor agency and the city, county, or city and county that*
39 *formed the redevelopment agency except as provided in Chapter*
40 *9 (commencing with Section 34191.1). Any actions to reestablish*

1 *any other agreements that are in furtherance of enforceable*
2 *obligations, with the city, county, or city and county that formed*
3 *the redevelopment agency are invalid until they are included in*
4 *an approved and valid Recognized Obligation Payment Schedule.*

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

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

14 *SEC. 22. Section 34181 of the Health and Safety Code is*
15 *amended to read:*

16 34181. The oversight board shall direct the successor agency
17 to do all of the following:

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

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

38 (c) ~~Transfer housing responsibilities and all rights, powers,~~
39 ~~duties, and obligations along with any amounts on deposit in the~~

~~Low and Moderate Income Housing Fund to the appropriate entity~~
~~assets pursuant to Section 34176.~~

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

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

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

SEC. 23. Section 34182 of the Health and Safety Code is amended to read:

34182. (a) (1) The county auditor-controller shall conduct or cause to be conducted an agreed-upon procedures audit of each redevelopment agency in the county that is subject to this part, to be completed by ~~July~~ October 1, 2012.

(2) The purpose of the audits shall be to establish each redevelopment agency's assets and liabilities, to document and determine each redevelopment agency's passthrough payment obligations to other taxing ~~agencies~~ *entities*, and to document and determine both the amount and the terms of any indebtedness incurred by the redevelopment agency ~~and certify pursuant to the~~ initial Recognized Obligation Payment Schedule.

(3) The county auditor-controller may charge the Redevelopment Property Tax Trust Fund for any costs incurred by the county auditor-controller pursuant to this part.

(b) ~~By July 15 October 5, 2012,~~ the county auditor-controller shall provide the Controller's office *and the Department of Finance* a copy of all audits performed pursuant to this section. The county auditor-controller shall maintain a copy of all documentation and working papers for use by the Controller.

(c) (1) The county auditor-controller shall determine the amount of property taxes that would have been allocated to each redevelopment agency in the county had the redevelopment agency not been dissolved pursuant to the operation of the act adding this part. These amounts are deemed property tax revenues within the meaning of subdivision (a) of Section 1 of Article XIII A of the California Constitution and are available for allocation and distribution in accordance with the provisions of the act adding this part. The county auditor-controller shall calculate the property tax revenues using current assessed values on the last equalized roll on August 20, pursuant to Section 2052 of the Revenue and Taxation Code, and pursuant to statutory formulas or contractual agreements with other taxing ~~agencies~~ *entities*, as of the effective date of this section, and shall deposit that amount in the Redevelopment Property Tax Trust Fund.

(2) Each county auditor-controller shall administer the Redevelopment Property Tax Trust Fund for the benefit of the holders of former redevelopment agency enforceable obligations and the taxing entities that receive passthrough payments and distributions of property taxes pursuant to this part.

(3) In connection with the allocation and distribution by the county auditor-controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, in compliance with this part, the county auditor-controller shall prepare estimates of amounts *of property tax* to be allocated and distributed; *and the*

1 *amounts of passthrough payments to be made in the upcoming 6*
2 *month period, and provide those estimates to both the entities*
3 *receiving the distributions and the Department of Finance, no later*
4 *than ~~November~~ October 1 and ~~May~~ April 1 of each year.*

5 (4) Each county auditor-controller shall disburse proceeds of
6 asset sales or reserve balances, which have been received from the
7 successor entities pursuant to Sections 34177 and 34187, to the
8 taxing entities. In making such a distribution, the county
9 auditor-controller shall utilize the same methodology for allocation
10 and distribution of property tax revenues provided in Section
11 34188.

12 (d) By October 1, 2012, the county auditor-controller shall report
13 the following information to the Controller's office and the Director
14 of Finance:

15 (1) The sums of property tax revenues remitted to the
16 Redevelopment Property Tax Trust Fund related to each former
17 redevelopment agency.

18 (2) The sums of property tax revenues remitted to each agency
19 under paragraph (1) of subdivision (a) of Section 34183.

20 (3) The sums of property tax revenues remitted to each successor
21 agency pursuant to paragraph (2) of subdivision (a) of Section
22 34183.

23 (4) The sums of property tax revenues paid to each successor
24 agency pursuant to paragraph (3) of subdivision (a) of Section
25 34183.

26 (5) The sums paid to each city, county, and special district, and
27 the total amount allocated for schools pursuant to paragraph (4)
28 of subdivision (a) of Section 34183.

29 (6) Any amounts deducted from other distributions pursuant to
30 subdivision (b) of Section 34183.

31 (e) A county auditor-controller may charge the Redevelopment
32 Property Tax Trust Fund for the costs of administering the
33 provisions of this part.

34 (f) The Controller may audit and review any county
35 auditor-controller action taken pursuant to the act adding this part.
36 As such, all county auditor-controller actions shall not be effective
37 for three business days, pending a request for review by the
38 Controller. In the event that the Controller requests a review of a
39 given county auditor-controller action, he or she shall have 10 days
40 from the date of his or her request to approve the county

1 auditor-controller's action or return it to the county
2 auditor-controller for reconsideration and ~~such the~~ county
3 ~~auditor-controller auditor-controller's~~ action shall not be effective
4 until approved by the Controller. In the event that the Controller
5 returns the county auditor-controller's action to the county
6 auditor-controller for reconsideration, the county auditor-controller
7 must resubmit the modified action for Controller approval and
8 ~~such the~~ modified county ~~auditor-controller auditor-controller's~~
9 action shall not become effective until approved by the Controller.

10 SEC. 24. Section 34182.5 is added to the Health and Safety
11 Code, to read:

12 34182.5. A county auditor-controller may review the
13 Recognized Obligation Payment Schedules and object to the
14 inclusion of any items that are not demonstrated to be enforceable
15 obligations and may object to the funding source proposed for any
16 items. This review may take place prior to the submission of the
17 Recognized Obligation Payment Schedule to the oversight board
18 or subsequent to oversight board action. The county
19 auditor-controller shall promptly transmit notice of any of those
20 objections to the successor agency, the oversight board, and the
21 Department of Finance. Notice shall be given at least 60 days
22 prior to an allocation date specified in Section 34183, except that
23 for the January 1, 2013 to June 30, 2013 Recognized Obligation
24 Payment Schedule, notice shall be given no later than October 1,
25 2012. If an oversight board disputes the finding of the county
26 auditor-controller, it may refer the matter to the Department of
27 Finance for a determination of what will be approved for inclusion
28 in the Recognized Obligation Payment Schedule.

29 SEC. 25. Section 34183 of the Health and Safety Code is
30 amended to read:

31 34183. (a) Notwithstanding any other law, from February 1,
32 2012, to July 1, 2012, and for each fiscal year thereafter, the county
33 auditor-controller shall, after deducting administrative costs
34 allowed under Section 34182 and Section 95.3 of the Revenue and
35 Taxation Code, allocate moneys in each Redevelopment Property
36 Tax Trust Fund as follows:

37 (1) Subject to any prior deductions required by subdivision (b),
38 first, the county auditor-controller shall remit from the
39 Redevelopment Property Tax Trust Fund to each local agency and
40 school entity an amount of property tax revenues in an amount

equal to that which would have been received under Section 33401, 33492.140, 33607, 33607.5, 33607.7, or 33676, as those sections read on January 1, 2011, or pursuant to any passthrough agreement between a redevelopment agency and a ~~taxing-jurisdiction~~ *entity* that was entered into prior to January 1, 1994, that would be in force during that fiscal year, had the redevelopment agency existed at that time. The amount of the payments made pursuant to this paragraph shall be calculated solely on the basis of passthrough payment obligations, existing prior to the effective date of this part and continuing as obligations of successor entities, shall occur no later than May 16, 2012, and no later than June 1, 2012, and each January 16 2 and June 1 thereafter. Notwithstanding subdivision (e) of Section 33670, that portion of the taxes in excess of the amount identified in subdivision (a) of Section 33670, which are attributable to a tax rate levied by a ~~taxing-agency~~ *entity* for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness for the acquisition or improvement of real property shall be allocated to, and when collected shall be paid into, the fund of that ~~taxing-agency~~ *entity*. *The amount of passthrough payments computed pursuant to this section, including any passthrough agreements, shall be computed as though the requirement to set aside funds for the Low and Moderate Income Housing Fund was still in effect.*

(2) Second, on ~~May 16, 2012,~~ and June 1, 2012, and each January 16 2 and June 1 thereafter, to each successor agency for payments listed in its Recognized Obligation Payment Schedule for the six-month fiscal period beginning January 1, 2012, ~~or~~ *and* July 1, 2012, and each January 16 2 and June 1 thereafter, in the following order of priority:

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

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

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

1 (3) Third, on ~~May 16, 2012,~~ and June 1, 2012, and each January
2 16 2 and June 1 thereafter, to each successor agency for the
3 administrative cost allowance, as defined in Section 34171, for
4 administrative costs set forth in an approved administrative budget
5 for those payments required to be paid from former tax increment
6 revenues.

7 (4) Fourth, on ~~May 16, 2012,~~ and June 1, 2012, and each January
8 16 2 and June 1 thereafter, any moneys remaining in the
9 Redevelopment Property Tax Trust Fund after the payments and
10 transfers authorized by paragraphs (1) to (3), inclusive, shall be
11 distributed to local agencies and school entities in accordance with
12 Section 34188.

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

1 payments under paragraph (1), as provided in those sections, but
2 only to the extent that the amounts remaining to be distributed to
3 taxing entities pursuant to paragraph (4) and the amounts available
4 for distribution for administrative costs in paragraph (3) have all
5 been exhausted.

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

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

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

31 SEC. 26. Section 34183.5 is added to the Health and Safety
32 Code, to read:

33 34183.5. (a) *The Legislature hereby finds and declares that*
34 *due to the delayed implementation of this part due to the California*
35 *Supreme Court's ruling in the case California Redevelopment*
36 *Association v. Matosantos et al. (2011) 53 Cal.4th 231, some*
37 *disruption to the intended application of this part and other law*
38 *with respect to passthrough payments may have occurred.*

39 (1) *If a redevelopment agency or successor agency did not pay*
40 *any portion of an amount owed for the 2011–12 fiscal year to an*

1 affected taxing entity pursuant to Section 33401, 33492.140, 33607,
2 33607.5, 33607.7, or 33676, or pursuant to any passthrough
3 agreement entered into before January 1, 1994, between a
4 redevelopment agency and an affected taxing entity, and to the
5 extent the county auditor-controller did not remit the amounts
6 owed for passthrough payments during the 2011–12 fiscal year,
7 the county auditor-controller shall make the required payments
8 to the taxing entities owed passthrough payments and shall reduce
9 the amounts to which the successor agency would otherwise be
10 entitled pursuant to paragraph (2) of subdivision (a) of Section
11 34183 at the next allocation of property tax under this part, subject
12 to the provisions of subdivision (b) of Section 34183. If the amount
13 of available property tax allocation to the successor agency is not
14 sufficient to make the required payment, the county
15 auditor-controller shall continue to reduce allocations to the
16 successor agency under paragraph (2) of subdivision (a) of Section
17 34183 until the time that the owed amount is fully paid. Alternately,
18 the county auditor-controller may accept payment from the
19 successor agency's reserve funds for payments of passthrough
20 payments owed as defined in this subdivision.

21 (2) If a redevelopment agency did not pay any portion of the
22 amount owed for the 2011–12 fiscal year to an affected taxing
23 entity pursuant to Section 33401, 33492.140, 33607, 33607.5,
24 33607.7, or 33676, or pursuant to any passthrough agreement
25 entered into before January 1, 1994, between a redevelopment
26 agency and an affected taxing entity, but the county
27 auditor-controller did pay the difference that was owing, the
28 auditor controller shall deduct from the next allocation of property
29 tax to the successor agency under paragraph (2) of subdivision
30 (a) of Section 34183, the amount of the payment made on behalf
31 of the successor agency by the county auditor-controller, not to
32 exceed one-half the amount of passthrough payments owed for the
33 2011–12 fiscal year. If the amount of available property tax
34 allocation to the successor agency is not sufficient to make the
35 required deduction, the county auditor-controller shall continue
36 to reduce allocations to the successor agency under paragraph
37 (2) of subdivision (a) of Section 34183 until the time that the
38 amount is fully deducted. Alternatively, the auditor-controller may
39 accept payment from the successor agency's reserve funds for
40 deductions of passthrough payments owed as defined in this

subdivision. Amounts reduced from successor agency payments under this paragraph are available for the purposes of paragraphs (2) to (4), inclusive, of subdivision (a) of Section 34183 for the six-month period for which the property tax revenues are being allocated.

(b) In recognition of the fact that county auditor-controllers were unable to make the payments required by paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012, on January 16, 2012, due to the California Supreme Court's ruling in the case of California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231, in addition to taking the actions specified in Section 34183 with respect to the June 1 property tax allocations, county auditor-controllers should have made allocations as provided in paragraph (1).

(1) From the allocations made on June 1, 2012, for the Recognized Obligation Payment Schedule covering the period July 1, 2012, through December 31, 2012, deduct from the amount that otherwise would be deposited in the Redevelopment Property Tax Trust Fund on behalf of the successor agency an amount equivalent to the amount that each affected taxing entity was entitled to pursuant to paragraph (4) of subdivision (a) of Section 34183 for the period January 1, 2012, through June 30, 2012. The amount to be retained by taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 for the January 1, 2012, through June 30, 2012, period is determined based on the Recognized Obligation Payment Schedule approved by the Department of Finance pursuant to subdivision (h) of Section 34179 and any amount determined to be owed pursuant to subdivision (b). Any amounts so computed shall not be offset by any shortages in funding for recognized obligations for the period covering July 1, 2012, through December 31, 2012.

(2) (A) If an affected taxing entity has not received the full amount to which it was entitled pursuant to paragraph (4) of subdivision (a) of Section 34183 of the property tax distributed for the period January 1, 2012, through June 30, 2012, and paragraph (1), no later than July 9, 2012, the county auditor-controller shall determine the amount, if any, that is owed by each successor agency to taxing entities and send a demand for payment from the funds of the successor agency for the amount owed to taxing entities if it has distributed the June 1, 2012,

1 allocation to the successor agencies. No later than July 12, 2012,
2 successor agencies shall make payment of the amounts demanded
3 to the county auditor-controller for deposit into the Redevelopment
4 Property Tax Trust Fund and subsequent distribution to taxing
5 entities. No later than July 16, 2012, the county auditor-controller
6 shall make allocations of all money received by that date from
7 successor agencies in amounts owed to taxing entities under this
8 paragraph to taxing entities in accordance with Section 34183.
9 The county auditor-controller shall make allocations of any money
10 received after that date under this paragraph within five business
11 days of receipt. These duties are not discretionary and shall be
12 carried out with due diligence.

13 (B) If a county auditor-controller fails to determine the amounts
14 owed to taxing entities and present a demand for payment by July
15 9, 2012, to the successor agencies, the Department of Finance or
16 any affected taxing entity may request a writ of mandate to require
17 the county auditor-controller to immediately perform this duty.
18 Such actions may be filed only in the County of Sacramento and
19 shall have priority over other civil matters. Any county in which
20 the county auditor-controller fails to perform the duties under this
21 paragraph shall be subject to a civil penalty of 10 percent of the
22 amount owed to taxing entities plus 1.5 percent of the amount owed
23 to taxing entities for each month that the duties are not performed.
24 The civil penalties shall be payable to the taxing entities under
25 Section 34183. Additionally, any county in which the county
26 auditor-controller fails to make the required determinations and
27 demands for payment under this paragraph by July 9, 2012, or
28 fails to distribute the full amount of funds received from successor
29 agencies as required by this paragraph shall not receive the
30 distribution of sales and use tax scheduled for July 18, 2012, or
31 any subsequent payment, up to the amount owed to taxing entities,
32 until the county auditor-controller performs the duties required
33 by this paragraph.

34 (C) If a successor agency fails to make the payment demanded
35 under subparagraph (A) by July 12, 2012, the Department of
36 Finance or any affected taxing entity may file for a writ of mandate
37 to require the successor agency to immediately make this payment.
38 Such actions may be filed only in the County of Sacramento and
39 shall have priority over other civil matters. Any successor agency
40 that fails to make payment by July 12, 2012, under this paragraph

1 shall be subject to a civil penalty of 10 percent of the amount owed
2 to taxing entities plus one and one-half percent of the amount owed
3 to taxing entities for each month that the payments are not made.
4 Additionally, the city or county or city and county that created the
5 redevelopment agency shall also be subject to a civil penalty of
6 10 percent of the amount owed to taxing entities plus 1.5 percent
7 of the amount owed to taxing entities for each month the payment
8 is late. The civil penalties shall be payable to the taxing entities
9 under Section 34183. If the Department of Finance finds that the
10 imposition of penalties will jeopardize the payment of enforceable
11 obligations it may request the court to waive some or all of the
12 penalties. A successor agency that does not pay the amount
13 required under this subparagraph by July 12, 2012, shall not pay
14 any obligations other than bond debt service until full payment is
15 made to the county auditor-controller. Additionally, any city,
16 county or city and county that created the redevelopment agency
17 that fails to make the required payment under this paragraph by
18 July 12, 2012, shall not receive the distribution of sales and use
19 tax scheduled for July 18, 2012, or any subsequent payment, up
20 to the amount owed to taxing entities, until the payment required
21 by this paragraph is made.

22 (D) The Legislature hereby finds and declares that time is of
23 the essence. Funds that should have been received and were
24 expected and spent in anticipation of receipt by community
25 colleges, schools, counties, cities, and special districts have not
26 been received resulting in significant fiscal impact to the state and
27 taxing entities. Continued delay and uncertainty whether funds
28 will be received warrants the availability of extraordinary relief
29 as authorized herein.

30 (3) If an affected taxing entity has not received the full amount
31 to which it was entitled pursuant to paragraph (4) of subdivision
32 (a) of Section 34183 for the period January 1, 2012, through June
33 30, 2012, and paragraph (1), the county auditor-controller shall
34 reapply the provisions of paragraph (1) to each subsequent
35 property tax allocation until such time as the affected taxing entity
36 has received the full amount to which it was entitled pursuant to
37 paragraph (4) of subdivision (a) of Section 34183 for the period
38 January 1, 2012, through June 30, 2012.

39 SEC. 27. Section 34185 of the Health and Safety Code is
40 amended to read:

1 34185. Commencing on ~~May 16, 2012~~ *June 1, 2012*, and on
2 each January ~~16~~ 2 and June 1 thereafter, the county
3 auditor-controller shall transfer, from the Redevelopment Property
4 Tax Trust Fund of each successor agency into the Redevelopment
5 Obligation Retirement Fund of that agency, an amount of property
6 tax revenues equal to that specified in the Recognized Obligation
7 Payment Schedule for that successor agency as payable from the
8 Redevelopment Property Tax Trust Fund subject to the limitations
9 of ~~Sections 34173 and subdivision (l) of Section 34177 and Section~~
10 34183.

11 *SEC. 28. Section 34186 of the Health and Safety Code is*
12 *amended to read:*

13 34186. (a) Differences between actual payments and past
14 estimated obligations on recognized obligation payment schedules
15 ~~must~~ *shall* be reported in subsequent recognized obligation payment
16 schedules and shall adjust the amount to be transferred to the
17 Redevelopment Obligation Retirement Fund pursuant to this part.
18 These estimates and accounts shall be subject to audit by county
19 auditor-controllers and the Controller.

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

34 *SEC. 29. Section 34187 of the Health and Safety Code is*
35 *amended to read:*

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

provisions of the Revenue and Taxation Code, all property tax revenues that were associated with the payment of the recognized obligation.

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

(b) When all of the debt of a redevelopment agency has been retired or paid off, the successor agency shall dispose of all remaining assets and terminate its existence within one year of the final debt payment. When the successor agency is terminated, all passthrough payment obligations shall cease and no property tax shall be allocated to the Redevelopment Property Tax Trust Fund for that agency.

SEC. 30. Section 34188 of the Health and Safety Code is amended to read:

34188. For all distributions of property tax revenues and other moneys pursuant to this part, the distribution to each taxing entity shall be in an amount proportionate to its share of property tax revenues in the tax rate area in that fiscal year, as follows:

(a) (1) For distributions from the Redevelopment Property Tax Trust Fund, the share of each taxing entity shall be applied to the amount of property tax available in the Redevelopment Property Tax Trust Fund after deducting the amount of any distributions under paragraphs (2) and (3) of subdivision (a) of Section 34183.

(2) For each taxing entity that receives passthrough payments, that agency shall receive the amount of any passthrough payments identified under paragraph (1) of subdivision (a) of Section 34183, in an amount not to exceed the amount that it would receive pursuant to this section in the absence of the passthrough

1 agreement. However, to the extent that the passthrough payments
2 received by the taxing entity are less than the amount that the
3 taxing entity would receive pursuant to this section in the absence
4 of a passthrough agreement, the taxing entity shall receive an
5 additional payment that is equivalent to the difference between
6 those amounts.

7 (b) Property tax shares of local agencies shall be determined
8 based on property tax allocation laws in effect on the date of
9 distribution, without the revenue exchange amounts allocated
10 pursuant to Section 97.68 of the Revenue and Taxation Code, and
11 without the property taxes allocated pursuant to Section 97.70 of
12 the Revenue and Taxation Code.

13 (c) The total school share, including passthroughs, shall be the
14 share of the property taxes that would have been received by school
15 entities, as defined in subdivision (f) of Section 95 of the Revenue
16 and Taxation Code, in the jurisdictional territory of the former
17 redevelopment agency, including, but not limited to, the amounts
18 specified in Sections 97.68 and 97.70 of the Revenue and Taxation
19 Code.

20 (d) *This section shall not be construed to increase any*
21 *allocations of excess, additional, or remaining funds that would*
22 *otherwise have been allocated to cities, counties, cities and*
23 *counties, or special districts pursuant to clause (i) of subparagraph*
24 *(B) of paragraph (4) of subdivision (d) of Section 97.2, clause (i)*
25 *of subparagraph (B) of paragraph (4) of subdivision (d) of Section*
26 *97.3, or Article 4 (commencing with Section 98) of Chapter 6 of*
27 *Part 0.5 of Division 1, of the Revenue and Taxation Code, had this*
28 *section not been enacted.*

29 SEC. 31. Section 34189 of the Health and Safety Code is
30 amended to read:

31 34189. (a) Commencing on the effective date of this part, all
32 provisions of the Community Redevelopment Law that depend on
33 the allocation of tax increment to redevelopment agencies,
34 including, but not limited to, Sections 33445, 33640, 33641, 33645,
35 and subdivision (b) of Section 33670, shall be inoperative, except
36 as those sections apply to a redevelopment agency operating
37 pursuant to Part 1.9 (commencing with Section 34192).

38 ~~(b) The California Law Revision Commission shall draft a~~
39 ~~Community Redevelopment Law cleanup bill for consideration~~
40 ~~by the Legislature no later than January 1, 2013.~~

(e)

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

(d)

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

SEC. 32. Section 34189.1 is added to the Health and Safety Code, to read:

34189.1. No party, public or private, may pursue, nor does a court have jurisdiction over, a validation action with respect to any action of a redevelopment agency or a successor agency to a redevelopment agency that took place on or after January 1, 2011, unless the Department of Finance and the Controller, representing interests of the State of California and each of the taxing entities who could be affected financially by the action, has been properly noticed. All actions shall be filed in the County of Sacramento.

SEC. 33. Section 34189.2 is added to the Health and Safety Code, to read:

34189.2. A successor agency or any party to an enforceable obligation as defined under this part shall properly notice the state with respect to a validation action involving any enforceable obligation or matter of title to an asset that belonged to a redevelopment agency. For such an action to be properly filed, both the Controller and the Director of Finance shall be noticed and actions shall be filed in the County of Sacramento.

SEC. 34. Section 34189.3 is added to the Health and Safety Code, to read:

34189.3. An action contesting any act taken or determinations or decisions made pursuant to this part or Part 1.8 (commencing with Section 34161) may be brought in superior court and shall be filed in the County of Sacramento.

SEC. 35. Chapter 9 (commencing with Section 34191.1) is added to Part 1.85 of Division 24 of the Health and Safety Code, to read:

CHAPTER 9. POSTCOMPLIANCE PROVISIONS

34191.1. The provisions of this chapter shall apply to a successor agency upon that agency's receipt of a finding of completion by the Department of Finance pursuant to Section 34179.7.

34191.3. Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

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

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.7 unless that property is subject to the requirements of any existing enforceable obligation.

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

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

12 (A) Loan repayments shall not be made prior to the 2013–14
13 fiscal year. Beginning in the 2013–14 fiscal year, the maximum
14 repayment amount authorized each fiscal year for repayments
15 made pursuant to this subdivision and paragraph (7) of subdivision
16 (e) of Section 34176 combined shall be equal to one-half of the
17 increase between the amount distributed to the taxing entities
18 pursuant to paragraph (4) of subdivision (a) of Section 34183 in
19 that fiscal year and the amount distributed to taxing entities
20 pursuant to that paragraph in the 2012–13 base year. Loan or
21 deferral repayments made pursuant to this subdivision shall be
22 second in priority to amounts to be repaid pursuant to paragraph
23 (7) of subdivision (e) of Section 34176.

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

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

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

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

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

18 34191.5. (a) There is hereby established a Community
19 Redevelopment Property Trust Fund, administered by the successor
20 agency, to serve as the repository of the former redevelopment
21 agency's real properties identified in subparagraph (C) of
22 paragraph (5) of subdivision (c) of Section 34179.5.

23 (b) The successor agency shall prepare a long-range property
24 management plan that addresses the disposition and use of the
25 real properties of the former redevelopment agency. The report
26 shall be submitted to the oversight board and the Department of
27 Finance for approval no later than six months following the
28 issuance to the successor agency of the finding of completion.

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

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

33 (A) The date of the acquisition of the property and the value of
34 the property at that time, and an estimate of the current value of
35 the property.

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

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

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

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

6 (F) The history of environmental contamination, including
7 designation as a brownfield site, any related environmental studies,
8 and history of any remediation efforts.

9 (G) A description of the property's potential for transit-oriented
10 development and the advancement of the planning objectives of
11 the successor agency.

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

14 (2) Address the use or disposition of all of the properties in the
15 trust. Permissible uses include the retention of the property for
16 governmental use pursuant to subdivision (a) of Section 34181,
17 the retention of the property for future development, the sale of
18 the property, or the use of the property to fulfill an enforceable
19 obligation. The plan shall separately identify and list properties
20 in the trust dedicated to governmental use purposes and properties
21 retained for purposes of fulfilling an enforceable obligation. With
22 respect to the use or disposition of all other properties, all of the
23 following shall apply:

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

27 (B) If the plan directs the liquidation of the property or the use
28 of revenues generated from the property, such as lease or parking
29 revenues, for any purpose other than to fulfill an enforceable
30 obligation or other than that specified in subparagraph (A), the
31 proceeds from the sale shall be distributed as property tax to the
32 taxing entities.

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

37 SEC. 36. If any provision of this act or the application thereof
38 to any person or circumstance is held invalid, the invalidity shall
39 not affect other provisions or applications of this act which can

1 *be given effect without the invalid provision or application and to*
2 *this end, the provisions of this act are severable.*

3 *SEC. 37. There is hereby appropriated up to twenty-two million*
4 *dollars (\$22,000,000) from the General Fund, for allocation to*
5 *departments by the Director of Finance in furtherance of the*
6 *objectives of this act. Up to two million dollars (\$2,000,000) of*
7 *this amount may be allocated to the Director of the Trial Court*
8 *Trust Fund for allocation by the Administrative Office of the Courts*
9 *to the Superior Court of California, County of Sacramento for*
10 *work associated with Part 1.85 (commencing with Section 34170)*
11 *of Division 24 of the Health and Safety Code. An allocation of*
12 *funds approved by the Director of Finance under this item shall*
13 *become effective no sooner than 30 days after the director files*
14 *written notification thereof with the Chairperson of the Joint*
15 *Legislative Budget Committee, and the chairpersons of the fiscal*
16 *committees in each house of the Legislature, or no sooner than*
17 *any lesser time the chairperson of the joint committee, or his or*
18 *her designee, may in each instance determine.*

19 *SEC. 38. No reimbursement is required by this act pursuant*
20 *to Section 6 of Article XIII B of the California Constitution because*
21 *this act provides for offsetting savings to local agencies or school*
22 *districts that result in no net costs to the local agencies or school*
23 *districts, within the meaning of Section 17556 of the Government*
24 *Code.*

25 *SEC. 39. This act is a bill providing for appropriations related*
26 *to the Budget Bill within the meaning of subdivision (e) of Section*
27 *12 of Article IV of the California Constitution, has been identified*
28 *as related to the budget in the Budget Bill, and shall take effect*
29 *immediately.*

30 ~~*SECTION 1. It is the intent of the Legislature to enact statutory*~~
31 ~~*changes relating to the Budget Act of 2012.*~~