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GOVERNMENT CODE - GOV

TITLE 6. DISTRICTS [58000 - 62464] (Title 6 added by Stats. 1951, Ch. 331.)

DIVISION 4. Community Revitalization and Investment Authorities [62000 - 62208] (Division 4 added by Stats. 2015, Ch. 319, Sec. 2.)

PART 1. General Provisions [62000 - 62008] (Part 1 added by Stats. 2015, Ch. 319, Sec. 2.)

62000. As used in this division, the following terms have the following meanings:

- (a) "Authority" means the Community Revitalization and Investment Authority created pursuant to this division.
- (b) "Plan" means a community revitalization and investment plan and shall be deemed to be the plan described in Section 16 of Article XVI of the California Constitution.
- (c) "Plan area" means territory included within a community revitalization and investment area.
- (d) "Revitalization project" means a physical improvement to real property funded by the authority.

(Added by Stats. 2015, Ch. 319, Sec. 2. (AB 2) Effective January 1, 2016.)

62001. (a) A community revitalization and investment authority is a public body, corporate and politic, with jurisdiction to carry out a community revitalization plan within a community revitalization and investment area. The authority shall be deemed to be the "agency" described in subdivision (b) of Section 16 of Article XVI of the California Constitution for purposes of receiving tax increment revenues. The authority shall have only those powers and duties specifically set forth in Section 62002.

(b) (1) An authority may be created in any one of the following ways:

(A) A city, county, or city and county may adopt a resolution creating an authority. The composition of the governing board shall be comprised as set forth in subdivision (c).

(B) A city, county, city and county, and special district, as special district is defined in subdivision (m) of Section 95 of the Revenue and Taxation Code, or any combination thereof, may create an authority by entering into a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1.

(2) (A) A school entity, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, may not participate in an authority created pursuant to this part.

(B) A successor agency, as defined in subdivision (j) of Section 34171 of the Health and Safety Code, may not participate in an authority created pursuant to this part, and an entity created pursuant to this part shall not receive any portion of the property tax revenues or other moneys distributed pursuant to Section 34188 of the Health and Safety Code.

(3) An authority formed by a city or county that created a redevelopment agency that was dissolved pursuant to Part 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code shall not become effective until the successor agency or designated local authority for the former redevelopment agency has adopted findings of fact stating all of the following:

(A) The agency has received a finding of completion from the Department of Finance pursuant to Section 34179.7 of the Health and Safety Code.

(B) Former redevelopment agency assets that are the subject of litigation against the state, where the city or county or its successor agency or designated local authority are a named plaintiff, have not been or will not be used to benefit any efforts of an authority formed under this part unless the litigation has been resolved by entry of a final judgment by any court of competent jurisdiction and any appeals have been exhausted.

(C) The agency has complied with all orders of the Controller pursuant to Section 34167.5 of the Health and Safety Code.

(c) (1) The governing board of an authority created pursuant to subparagraph (A) of paragraph (1) of subdivision (b) shall be appointed by the legislative body of the city, county, or city and county that created the authority and shall include three members of the legislative body of the city, county, or city and county that created the authority and two public members. The legislative body may appoint one of its members to be an alternate member of the legislative body who may serve and vote in place of a member who is absent or disqualifies themselves from participating in a meeting of the authority. The appointment of the two public members shall be subject to Sections 54970 and 54972. The two public members shall live or work within the community revitalization and investment area.

(2) The governing body of the authority created pursuant to subparagraph (B) of paragraph (1) of subdivision (b) shall be comprised of a majority of members from the legislative bodies of the public agencies that created the authority, and a minimum of two public members who live or work within the community revitalization and investment area. A legislative body of a participating affected taxing entity may appoint one of its members to be an alternate member of the legislative body who may serve and vote in place of a member who is absent or disqualifies themselves from participating in a meeting of the authority. The majority of the board shall appoint the public members to the governing body. The appointment of the public members shall be subject to Sections 54970 and 54972.

(3) If an authority has more than three participating affected taxing entities, the legislative bodies of the taxing entities may, upon agreement by all participating affected taxing entities appoint only one member of their respective legislative bodies, and one alternate member, to the authority, and a minimum of two members of the public chosen by the legislative bodies of the participating entities. The appointment of the public members shall be subject to Sections 54970 and 54972.

(4) For purposes of this subdivision, "legislative body" may include a directly elected mayor of a charter city who is not a member of the city's legislative body under the city's adopted charter.

(d) An authority may carry out a community revitalization plan within a community revitalization and investment area. Not less than 70 percent of the land calculated by census tracts, census block groups, as defined by the United States Census Bureau, or any combination of both within the area shall be characterized by both of the following conditions:

(1) An annual median household income that is less than, at the option of the authority, 80 percent of the statewide, countywide, or citywide annual median income.

(2) Three of the following four conditions:

(A) An unemployment rate that is at least 3 percentage points higher than the statewide average annual unemployment rate, as defined by the report on labor market information published by the Employment Development Department in March of the year in which the community revitalization plan is prepared. In determining the unemployment rate within the community revitalization and investment area, an authority may use unemployment data from the periodic American Community Survey published by the United States Census Bureau.

(B) Crime rates, as documented by records maintained by the law enforcement agency that has jurisdiction in the proposed plan area for violent or property crime offenses, that are at least 5 percent higher than the statewide average crime rate for violent or property crime offenses, as defined by the most recent annual report of the Criminal Justice Statistics Center within the Department of Justice, when data is available on the Attorney General's internet website. The crime rate shall be calculated by taking the local crime incidents for violent or property crimes, or any offense within those categories, for the most recent calendar year for which the Department of Justice maintains data, divided by the total population of the proposed plan area, multiplied by 100,000. If the local crime rate for the proposed plan area exceeds the statewide average rate for either violent or property crime, or any offense within these categories, by more than 5 percent, then the condition described in this subparagraph shall be met.

(C) Deteriorated or inadequate infrastructure, including streets, sidewalks, water supply, sewer treatment or processing, and parks.

(D) Deteriorated commercial or residential structures.

(e) As an alternative to subdivision (d), an authority may also carry out a community revitalization plan within a community revitalization and investment area if it meets any of the following conditions:

(1) The area is established within a former military base that is principally characterized by deteriorated or inadequate infrastructure and structures. Notwithstanding subdivision (c), the governing board of an authority established within a former military base shall include a member of the military base closure commission as a public member.

(2) The census tracts or census block groups, as defined by the United States Census Bureau, within the area are situated within a disadvantaged community as described in Section 39711 of the Health and Safety Code.

(3) Sites identified in the inventory of land in a city or county's housing element that are suitable for residential development pursuant to paragraph (3) or (4) of subdivision (a) of Section 65583.2, including parcels that are zoned to allow transit priority projects, as defined under Chapter 4.2 (commencing with Section 21155) of Division 13 of the Public Resources Code, consistent with the general use designation, density, building intensity, and applicable policies specified for the project area in either a sustainable communities strategy or an alternative planning strategy, for which the State Air Resources Board, pursuant to subparagraph (H) of paragraph (2) of subdivision (b) of Section 65080, has accepted a metropolitan planning organization's determination of the sustainable communities strategy or the alternative planning strategy.

(f) An authority created pursuant to this part shall be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

(g) (1) At any time after the authority is authorized to transact business and exercise its powers, the legislative body or bodies of the local government or governments that created the authority may appropriate the amounts the legislative body or bodies deem necessary for the administrative expenses and overhead of the authority.

(2) The money appropriated may be paid to the authority as a grant to defray the expenses and overhead, or as a loan to be repaid upon the terms and conditions as the legislative body may provide. If appropriated as a loan, the property owners and residents within the plan area shall be made third-party beneficiaries of the repayment of the loan. In addition to the common understanding and usual interpretation of the term, "administrative expense" includes, but is not limited to, expenses of planning and dissemination of information.

(Amended by Stats. 2022, Ch. 28, Sec. 75. (SB 1380) Effective January 1, 2023.)

62002. An authority may do all of the following:

(a) Provide funding to rehabilitate, repair, upgrade, or construct infrastructure.

(b) Provide for low- and moderate-income housing in accordance with Part 2 (commencing with Section 62100).

(c) Remedy or remove a release of hazardous substances pursuant to the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1 of Division 24) or Chapter 6.10 (commencing with Section 25403) of Division 20 of the Health and Safety Code.

(d) Provide for seismic retrofits of existing buildings in accordance with all applicable laws and regulations.

(e) Acquire and transfer real property in accordance with Part 3 (commencing with Section 62200). The authority shall retain controls and establish restrictions or covenants running with the land sold or leased for private use for the periods of time and under the conditions as are provided in the plan. The establishment of these controls is a public purpose under this part.

(f) Issue bonds in conformity with Article 4.5 (commencing with Section 53506) and Article 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5.

(g) (1) Borrow money, receive grants, or accept financial or other assistance or investment from the state or the federal government or any other public agency or private lending institution for any project within its area of operation, and may comply with any conditions of the loan or grant. An authority may qualify for funding as a disadvantaged community pursuant to Section 79505.5 of the Water Code or as defined by Section 56033.5. An authority may also enter into an agreement with a qualified community development entity, as defined by Section 45D(c) of the Internal Revenue Code, to coordinate investments of funds derived from the New Markets Tax Credit with those of the authority in instances where coordination offers opportunities for greater efficiency of investments to improve conditions described in subdivisions (d) and (e) within the territorial jurisdiction of the authority.

(2) Receive funds allocated to it pursuant to a resolution adopted by a city, county, or special district to transfer these funds from a source described in subdivision (d), (e), or (f) of Section 53398.75, subject to any requirements upon, or imposed by, the city, county, or special district as to the use of these funds.

(h) Adopt a community revitalization and investment plan pursuant to Sections 62003 and 62004.

(i) Make loans or grants for owners or tenants to improve, rehabilitate, or retrofit buildings or structures within the plan area.

(j) Construct foundations, platforms, and other like structural forms necessary for the provision or utilization of air rights sites for buildings to be used for residential, commercial industrial, or other uses contemplated by the revitalization plan.

(k) Provide direct assistance to businesses within the plan area in connection with new or existing facilities for industrial or manufacturing uses, or the redevelopment or conversion of underutilized office or retail structures or parcels into housing, except as specified in this division.

(Amended by Stats. 2021, Ch. 391, Sec. 8. (SB 780) Effective January 1, 2022.)

62003. An authority shall adopt a community revitalization and investment plan that may include project areas and a provision for the receipt of tax increment funds generated within the area according to Section 62005, provided the plan includes each of the following elements:

- (a) A statement of the principal goals and objectives of the plan including territory to be covered by the plan.
- (b) A description of the deteriorated or inadequate infrastructure within the area and a program for construction of adequate infrastructure or repair or upgrading of existing infrastructure.
- (c) A housing program that describes how the authority will comply with Part 2 (commencing with Section 62100). The program shall include the following information:
 - (1) The amount available in the Low and Moderate Income Housing Fund and the estimated amounts that will be deposited in the fund during each of the next five years.
 - (2) Estimates of the number of new, rehabilitated, or price restricted residential units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.
 - (3) A description of how the program will implement the requirements for expenditures of funds in the Low and Moderate Income Housing Fund over a 10-year period for various groups as required by Chapter 2 (commencing with Section 62115) of Part 2.
 - (4) Estimates of the number of units, if any, developed by the authority for very low, low-, and moderate-income households during the next five years.
- (d) A program to remedy or remove a release of hazardous substances, if applicable.
- (e) A program to provide funding for or otherwise facilitate the economic revitalization of the area.
- (f) A fiscal analysis setting forth the projected receipt of revenue and projected expenses over a five-year planning horizon, including the potential issuance of bonds backed by tax increment during the term of the plan. Bonds shall be issued in conformity with Article 4.5 (commencing with Section 53506) and Article 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5. An authority shall not spend revenue for any purpose that is not identified as part of a program described in subdivisions (b), (c), (d), and (e).
- (g) Time limits that may not exceed the following:
 - (1) Thirty years for establishing loans, advances and indebtedness.
 - (2) Either of the following:
 - (A) Forty-five years for the repayment of all of the authority's debts and obligations, and fulfilling all of the authority's housing obligations. The plan shall specify that an authority shall dissolve as a legal entity in no more than 45 years from the date upon which the issuance of debt is approved for a plan, or approved for a project area designated by the authority within a plan subject to subparagraph (B), as applicable, and no further taxes shall be allocated to the authority pursuant to Section 62005. Nothing in this paragraph shall be interpreted to prohibit an authority from refinancing outstanding debt solely to reduce interest costs.
 - (B) If the authority divides the community revitalization and investment plan into multiple project areas, a date on which the plan will cease to be in effect and all tax allocations to the authority will end and a date on which the repayment of indebtedness with incremental tax revenues received under this chapter will end, not to exceed 45 years from the date the authority or the applicable project area has received one hundred thousand dollars (\$100,000) in annual incremental tax revenues under this chapter. After the time limits established under this subparagraph, an authority or project area shall not receive incremental tax revenues under this chapter. If the authority divides the community revitalization and investment plan into project areas, a separate and unique time limit shall be applicable to each project area that does not exceed 45 years from the date the authority has received one hundred thousand dollars (\$100,000) in incremental tax revenues under this chapter from that project area.
- (h) A determination that the community revitalization investment area complies with the conditions described in subdivision (d) or (e) of Section 62001.

(Amended by Stats. 2021, Ch. 391, Sec. 9. (SB 780) Effective January 1, 2022.)

62004. (a) The authority shall consider adoption of the plan at three public hearings that shall take place at least 30 days apart. At the first public hearing, the authority shall hear all written and oral comments but take no action. At the second public hearing, the authority shall consider any additional written and oral comments and take action to modify or reject the plan. If the plan is not

rejected at the second public hearing, then the authority shall conduct a protest proceeding at the third public hearing to consider whether the property owners and residents within the plan area wish to present oral or written protests against the adoption of the plan.

(b) The draft plan shall be made available to the public and to each property owner within the area at a meeting held at least 30 days prior to the notice given for the first public hearing. The purposes of the meeting shall be to allow the staff of the authority to present the draft plan, answer questions about the plan, and consider comments about the plan.

(c) (1) Notice of the meeting required by subdivision (b) and the public hearings required by this subdivision shall be given in accordance with subdivision (j). The notice shall do all of the following, as applicable:

(A) Describe specifically the boundaries of the proposed area.

(B) Describe the purpose of the plan.

(C) State the day, hour, and place when and where any and all persons having any comments on the proposed plan may appear to provide written or oral comments to the authority.

(D) Notice of second public hearing shall include a summary of the changes made to the plan as a result of the oral and written testimony received at or before the public hearing and shall identify a location accessible to the public where the plan proposed to be presented and adopted at the second public hearing can be reviewed.

(E) Notice of the third public hearing to consider any written or oral protests shall contain a copy of the final plan adopted pursuant to subdivision (a), and shall inform the property owner and resident of his or her right to submit an oral or written protest before the close of the public hearing. The protest may state that the property owner or resident objects to the authority taking action to implement the plan.

(2) At the third public hearing, the authority shall consider all written and oral protests received prior to the close of the public hearing and shall terminate the proceedings or adopt the plan subject to confirmation by the voters at an election called for that purpose. The authority shall terminate the proceedings if there is a majority protest. A majority protest exists if protests have been filed representing over 50 percent of the combined number of property owners and residents in the area who are at least 18 years of age. An election shall be called if between 25 percent and 50 percent of the combined number of property owners and residents in the area who are at least 18 years of age file a protest.

(d) An election required pursuant to paragraph (2) of subdivision (c) shall be held within 90 days of the public hearing and may be held by mail-in ballot. The authority shall adopt, at a duly noticed public hearing, procedures for this election.

(e) If a majority of the property owners and residents vote against the plan, then the authority shall not take any further action to implement the proposed plan. The authority shall not propose a new or revised plan to the affected property owners and residents for at least one year following the date of an election in which the plan was rejected.

(f) At the hour set in the notice required by subdivision (a), the authority shall consider all written and oral comments.

(g) If less than 25 percent of the combined number of property owners and residents in the area who are at least 18 years of age file a protest, the authority may adopt the plan at the conclusion of the third public hearing by ordinance. The ordinance adopting the plan shall be subject to referendum as prescribed by law.

(h) For the purposes of Section 62005, the plan shall be the plan adopted pursuant to this section.

(i) The authority shall consider and adopt an amendment or amendments to a plan in accordance with the provisions of this section.

(j) The authority shall post notice of each meeting or public hearing required by this section in an easily identifiable and accessible location on the authority's Internet Web site and shall mail a written notice of the meeting or public hearing to each owner of land and each resident at least 10 days prior to the meeting or public hearing.

(1) Notice of the first public hearing shall also be published not less than once a week for four successive weeks prior to the first public hearing in a newspaper of general circulation published in the county in which the area lies.

(2) Notice of the second public hearing shall also be published not less than 10 days prior to the second public hearing in a newspaper of general circulation in the county in which the area lies.

(3) Notice of the third public hearing shall also be published not less than 10 days prior to the third public hearing in a newspaper of general circulation in the county in which the area lies.

(Amended by Stats. 2016, Ch. 524, Sec. 3. (AB 2492) Effective January 1, 2017.)

62005. (a) (1) The plan adopted pursuant to Section 62004 may include a provision that taxes levied and collected upon taxable property in the area included within the territory each year by or for the benefit the taxing agencies that have adopted a resolution pursuant to subdivision (d), shall be divided, subject to the provisions of Section 53993, as follows:

(A) That portion of the taxes that would have been produced by the rate upon which the tax is levied each year by or for each of the consenting local agencies upon the total sum of the assessed value of the taxable property in the territory as shown upon the assessment roll used in connection with the taxation of the property by the consenting local agency, last equalized prior to the effective date of the certification of completion, and that portion of taxes by or for each school entity, shall be allocated to, and when collected shall be paid to, the respective consenting local agencies and school entities as taxes by or for the consenting local agencies and school entities on all property are paid.

(B) That portion of the levied taxes each year specified in the community revitalization plan adopted pursuant to Section 62004 for each consenting local agency that has agreed to participate pursuant a resolution adopted pursuant to subdivision (d), in excess of the amount specified in subparagraph (A), shall be allocated to, and when collected shall be paid into a special fund of the authority to finance the improvements specified in the community revitalization plan.

(2) A consenting local agency may advance funds to the authority. The authority shall use those advanced funds solely for the purposes specified in the community revitalization plan and shall repay the consenting local agency with revenue from the taxes received pursuant to this subdivision.

(b) For purposes of this section, the following definitions apply:

(1) "Taxing agency" means a local agency as defined by subdivision (a) of Section 95 of the Revenue and Taxation Code, and does not include any school entity as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code.

(2) "Consenting local agency" means a local agency that has adopted a resolution of its governing body consenting to the community revitalization and investment plan.

(3) "Territory" means the land that is contained within the community revitalization plan.

(c) The provision for the receipt of tax increment funds shall become effective in the tax year that begins after the December 1 first following the adoption of the plan.

(d) At any time prior to or after adoption of the plan, any city, county, or special district, other than a school entity as defined in subdivision (n) of Section 95 of the Revenue and Taxation Code or a successor agency as defined in subdivision (j) of Section 34171, that receives ad valorem property taxes from property located within an area may adopt a resolution directing the county auditor-controller to allocate its share of tax increment funds within the area covered by the plan according to subdivision (a) to the authority. The resolution adopted pursuant to this subdivision may direct the county auditor-controller to allocate less than the full amount of the tax increment, establish a maximum amount of time in years that the allocation takes place, or limit the use of the funds by the authority for specific purposes or programs, provided that 25 percent of the amount of tax increment designated shall be allocated for affordable housing pursuant to Section 62100. A resolution adopted pursuant to this subdivision may be repealed and be of no further effect by giving the county auditor-controller 60 days' notice; provided, however, that the county auditor-controller shall continue to allocate to the authority the taxing entity's share of ad valorem property taxes that have been pledged to the repayment of debt issued by the authority until the debt has been fully repaid. Prior to adopting a resolution pursuant to this subdivision, a city, county, or special district shall approve a memorandum of understanding with the authority governing the authority's use of tax increment funds for administrative and overhead expenses pursuant to subdivision (g) of Section 62001.

(e) Upon adoption of a plan that includes a provision for the receipt of tax increment funds according to subdivision (a), the county auditor-controller shall allocate tax increment revenue to the authority as follows:

(1) If the authority was formed pursuant to subparagraph (A) of paragraph (1) of subdivision (b) of Section 62001, the authority shall be allocated each year specified in the plan that portion of the taxes levied for each city, county, city and county, and special district that has adopted a resolution pursuant to subdivision (d), in excess of the amount specified in paragraph (1) of subdivision (a).

(2) If the authority was formed pursuant to subparagraph (B) of paragraph (1) of subdivision (b) of Section 62001, the authority shall be allocated each year specified in the plan that portion of the taxes levied for each jurisdiction as provided in the joint powers agreement in excess of the amount specified in paragraph (1) of subdivision (a).

(f) If an area includes, in whole or in part, land formerly or currently designated as a part of a redevelopment project area, as defined in Section 33320.1 of the Health and Safety Code, any plan adopted pursuant to this part that includes a provision for the receipt of tax increment revenues according to subdivision (a) shall include a provision that tax increment amounts payable to an authority are subject and subordinate to any preexisting enforceable obligation as that term is defined by Section 34171 of the Health and Safety Code.

(Amended by Stats. 2016, Ch. 49, Sec. 6. (SB 975) Effective January 1, 2017.)

62006. (a) The authority shall require the preparation of an annual independent financial audit paid for from revenues of the authority, and review the plan at least annually and make any amendments that are necessary and appropriate in accordance with

the following procedures:

(1) Amendments to an approved plan, including proposals to finance affordable housing pursuant to Part 2, and additional eligible projects, may be approved by a majority vote of the authority's governing board at a public hearing held following the provision of a 30-day mailed notice describing the proposed changes to all property owners, residents and taxing agencies.

(2) Amendments that propose any of the following shall be adopted in accordance with all notice and hearing requirements for the affected landowners and residents within the proposed additional territory applicable to an initial plan set forth in Section 62004:

(i) Addition of new territory or project areas to a plan.

(ii) Increase the limit of the total number of dollars in local taxes allocated.

(iii) Approve a public facility or development that was not proposed to be financed or assisted by the district in the approved plan.

(b) An authority shall adopt an annual report on or before June 30 of each year after holding a public hearing. Written copies of the draft report shall be made available to the public 30 days prior to the public hearing. The authority shall cause the draft report to be posted in an easily identifiable and accessible location on the authority's internet website and shall mail a written notice of the availability of the draft report on the internet website to each owner of land and each resident within the area covered by the plan and to each taxing entity that has adopted a resolution pursuant to subdivision (d) of Section 62005. The notice shall be mailed by first-class mail, but may be addressed to "occupant."

(c) The annual report shall contain all of the following:

(1) A description of the projects undertaken in the fiscal year, including any rehabilitation of structures, and a comparison of the progress expected to be made on those projects compared to the actual progress.

(2) A chart comparing the actual revenues and expenses, including administrative costs, of the authority to the budgeted revenues and expenses.

(3) The amount of tax increment revenues received.

(4) The amount of revenues expended for low- and moderate-income housing.

(5) An assessment of the status regarding completion of the authority's projects.

(6) The amount of revenues expended to assist private businesses.

(d) If the authority fails to provide the annual report required by subdivision (a), the authority shall not spend any funds received pursuant to a resolution adopted pursuant to subdivision (d) of Section 62005 until the authority has provided the report, except for funds necessary to carry out its obligation under Part 2 (commencing with Section 62100).

(e) Every 15 years, at the public hearing held pursuant to subdivision (b) and after adopting the annual report, the authority shall consider whether the property owners and residents within the plan area wish to propose amendments to the plan. The authority may consider and adopt amendments to the plan at the conclusion of the public hearing. After considering any amendments to the plan, the authority shall conduct a protest proceeding to consider whether the property owners or residents within the plan area wish to present oral or written protests against the authority undertaking new projects. Notice of this proceeding shall be included in the written notice of the hearing on the annual report and shall inform the property owner and resident of their right to submit proposed amendments to the plan, or an oral or written protest to prohibit new projects under the plan, before the close of the public hearing. The protest may state that the property owner or resident objects to the authority taking action to implement new projects under the plan on and after the date of the election described in subdivision (f). The authority shall consider all written and oral protests received prior to the close of the public hearing.

(f) Except as provided in subdivision (h), if there is a majority protest, the authority shall not take any further action to implement new projects under the plan on and after the date the existence of a majority protest is determined. If between 25 percent and 50 percent of the property owners and residents file protests, then the authority shall call an election of the property owners and residents in the area covered by the plan, and shall not initiate or authorize any new projects until the election is held. A majority protest exists if protests have been filed representing over 50 percent of the combined number of property owners and residents, at least 18 years of age or older, in the area.

(g) An election required pursuant to subdivision (f) shall be held within 90 days of the public hearing and may be held by mail-in ballot. The authority shall adopt, at a duly noticed public hearing, procedures for holding this election.

(h) If a majority of the property owners and residents vote against the plan, then the authority shall not take any further action to implement new projects under the plan on and after the date of the election held pursuant to subdivision (e). This section shall not be interpreted to prohibit an authority from doing any of the following:

(1) In fulfilling its obligations to repay all outstanding bonded indebtedness, fulfill all contractual obligations to third parties, or take all actions necessary so that the interest on any outstanding bonded indebtedness is excluded from gross income for federal income tax purposes.

(2) Expending bond proceeds and other revenues to complete any previously approved project or contractual obligation.

(3) Expending funds to complete any of the affordable housing obligations required by Part 2 (commencing with Section 62100).

(Amended by Stats. 2021, Ch. 391, Sec. 10. (SB 780) Effective January 1, 2022.)

62007. (a) Every five years, beginning in the calendar year in which the authority has allocated a cumulative total of more than one million dollars (\$1,000,000) in tax increment revenues, including any proceeds of a debt issuance, for the purposes of subdivision (c) of Section 62003, the authority shall contract for an independent audit to determine compliance with the affordable housing requirements of Chapter 1 (commencing with Section 62100) and Chapter 2 (commencing with Section 62115) of Part 2, including provisions to ensure that the requirements are met within each five-year period covered by the audit and completed no later than the time limit established pursuant to subdivision (g) of Section 62003. The audit shall be conducted according to guidelines established by the Controller, which shall be established on or before December 31, 2021. A copy of the completed audit shall be provided to the Controller. The Controller shall not be required to review and approve the completed audits.

(b) Where the audit demonstrates a failure to comply with the requirements of Chapter 1 (commencing with Section 62100) and Chapter 2 (commencing with Section 62115) of Part 2, the authority shall adopt and submit to the Controller, as part of the audit, a plan to achieve compliance with those provisions as soon as feasible, but in not less than two years following the audit findings. The Controller shall review and approve the compliance plan, and require the compliance plan to stay in effect until compliance is achieved. The Controller shall ensure that the compliance plan includes one or more of the following means of achieving compliance:

(1) The expenditure of an additional 10 percent of gross tax increment revenue on increasing, preserving, and improving the supply of low-income housing.

(2) An increase in the production, by an additional 10 percent, of housing for very low income households as required by paragraph (2) of subdivision (b) of Section 62120.

(3) The targeting of expenditures pursuant to Section 62100 exclusively to rental housing affordable to, and occupied by, persons of very low and extremely low income.

(c) If an authority is required to conduct an audit pursuant to subdivision (a) in advance of the issuance of the Controller's guidelines, then it shall prepare an updated audit pursuant to the Controller's guidelines on or before January 1, 2023.

(Added by Stats. 2015, Ch. 319, Sec. 2. (AB 2) Effective January 1, 2016.)

62008. (a) If an authority fails to provide a copy of the completed audit to the Controller as required by paragraph (2) of subdivision (c) within 20 days following receipt of a written notice of the failure from the Controller, the authority shall forfeit to the state:

(1) Two thousand five hundred dollars (\$2,500) in the case of an authority with a total revenue, in the prior year, of less than one hundred thousand dollars (\$100,000), as reported in the Controller's annual financial reports.

(2) Five thousand five hundred dollars (\$5,500) in the case of an authority with a total revenue, in the prior year, of at least one hundred thousand dollars (\$100,000) but less than two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(3) Ten thousand dollars (\$10,000) in the case of an authority with a total revenue, in the prior year, of at least two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(b) If an authority fails to provide a copy of the completed audit to the Controller as required by paragraph (2) of subdivision (c) within 20 days after receipt of a written notice pursuant to subdivision (a) for two consecutive years, the authority shall forfeit an amount that is double the amount of the forfeiture assessed pursuant to subdivision (a).

(c) (1) If an authority fails to provide a copy of the completed audit to the Controller as required by paragraph (2) of subdivision (c) within 20 days after receipt of a written notice pursuant to subdivision (a) for three or more consecutive years, the authority shall forfeit an amount that is triple the amount of the forfeiture assessed pursuant to subdivision (a).

(2) The Controller shall conduct, or cause to be conducted, an independent financial audit report.

(3) The authority shall reimburse the Controller for the cost of complying with this subdivision.

(d) Upon the request of the Controller, the Attorney General shall bring an action for the forfeiture in the name of the people of the State of California. If the Attorney General fails to respond to the request within 90 days of its receipt, then any other available remedies may be exercised. An action filed pursuant to this section to compel an agency to comply with this section is in addition to any other remedy and is not an exclusive means to compel compliance.

(e) Upon satisfactory showing of good cause, the Controller shall waive the forfeiture requirements of this section.

(Added by Stats. 2015, Ch. 319, Sec. 2. (AB 2) Effective January 1, 2016.)