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**SB-107 Local government.** (2015-2016)

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**Senate Bill No. 107**

**CHAPTER 325**

An act to amend Sections 34171, 34173, 34176, 34176.1, 34177, 34177.3, 34177.5, 34178, 34179, 34179.7, 34180, 34181, 34183, 34186, 34187, 34189, 34191.3, 34191.4, and 34191.5 of, and to add Sections 34170.1, 34177.7, 34179.9, and 34191.6 to, the Health and Safety Code, and to amend Sections 96.11 and 98 of, and to add Section 96.24 to, the Revenue and Taxation Code, relating to local government, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[ Approved by Governor September 22, 2015. Filed with Secretary of State September 22, 2015. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 107, Committee on Budget and Fiscal Review. Local government.

(1) Existing law dissolved redevelopment agencies and community development agencies as of February 1, 2012, and provides for the designation of successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, make payments due for enforceable obligations and to perform obligations required pursuant to any enforceable obligation.

This bill would provide that any action by the Department of Finance, that occurred on or after June 28, 2011, carrying out the department's obligations under the provisions described above constitutes a department action for the preparation, development, or administration of the state budget and is exempt from the Administrative Procedure Act.

(2) Existing law defines "administrative cost allowance" for the purposes of successor agencies' duties in the winding down of the affairs of the dissolved redevelopment agencies to mean an amount that is payable from property tax revenues up to a certain percentage of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering a specified period, and up to a certain percentage of the property tax allocated to the Redevelopment Obligation Retirement Fund that is allocated to the successor agency for each fiscal year thereafter.

This bill would restate the definition of "administrative cost allowance" as the maximum amount of administrative costs that may be paid by a successor agency from the Redevelopment Property Tax Trust Fund in a fiscal year. This bill would, commencing July 1, 2016, and for each fiscal year thereafter, limit the administrative cost allowance to an amount not to exceed 3% of the actual property tax distributed to the successor agency for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan payments made to the city, county, or city and county that created the redevelopment agency, as specified, and would limit a successor agency's annual administrative costs to an amount not to exceed 50% of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations.

(3) Existing law excludes from the term "administrative cost allowance" any administrative costs that can be paid from bond proceeds or from sources other than property tax, any litigation expenses related to assets or obligations, settlements and

judgments, and the costs of maintaining assets prior to disposition.

This bill would delete these exclusions and would further require the “administrative cost allowance” to be approved by the oversight board and to be the sole funding source for any legal expenses related to civil actions brought by the successor agency or the city, county, or city and county that created the former redevelopment agency contesting the validity of laws and actions dissolving and winding down the redevelopment agencies, as specified.

(4) Existing law specifies that the term “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency, as specified. Notwithstanding this provision, existing law authorizes certain written agreements to be deemed enforceable obligations.

This bill would specify that an agreement between a city, county, or city and county that created the former redevelopment agency and the former redevelopment agency is an enforceable obligation if that agreement requires the former redevelopment agency to repay or fulfill an outstanding loan or development obligation imposed by a grant or loan awarded or issued by a federal agency to the city, county, or city and county which subsequently loaned or provided those funds to the former redevelopment agency.

This bill would additionally authorize written agreements entered into at the time of issuance, but in no event later than June 27, 2011, solely for the refunding or refinancing of other indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying the refunded or refinanced indebtedness obligations, to be deemed enforceable obligations. This bill would provide that an agreement entered into by the redevelopment agency prior to June 28, 2011, is an enforceable obligation if the agreement relates to state highway infrastructure improvements, as specified.

(5) Existing law authorizes the city, county, or city and county that authorized the creation of a redevelopment agency to loan or grant funds to a successor agency for administrative costs, enforceable obligations, or project-related expenses at the city’s discretion.

This bill would limit the authorization to loan or grant funds to the payment of administrative costs or enforceable obligations excluding loans approved pursuant to specified provisions, and only to the extent the successor agency receives an insufficient distribution from the Redevelopment Property Tax Trust Fund, or other approved sources of funding are insufficient, to pay approved enforceable obligations, as specified. This bill would require these loans to be repaid from the source of funds originally approved for payment of the underlying enforceable obligation, as specified. This bill would require the interest on these loans to be calculated on a fixed annual simple basis, and would specify the manner in which these loans are required to be repaid.

(6) Existing law provides for the transfer of housing assets and functions previously performed by the dissolved redevelopment agency to one of several specified public entities. Existing law authorizes the successor housing entity to designate the use of, and commit, proceeds from indebtedness that were issued for affordable housing purposes prior to January 1, 2011, and were backed by the Low and Moderate Income Housing Fund.

This bill would instead authorize a successor housing entity to designate the use of, and commit, proceeds from indebtedness that were issued for affordable housing purposes prior to June 28, 2011.

(7) Existing law authorizes the city, county, or city and county that created a redevelopment agency to elect to retain the housing assets and functions previously performed by the redevelopment agency. Existing law requires that any funds transferred to the housing successor, together with any funds generated from housing assets, be maintained in a separate Low and Moderate Income Housing Asset Fund to be used in accordance with applicable housing-related provisions of the Community Redevelopment Law, except as specified. Existing law requires the housing successor to provide an annual independent financial audit of the fund to its governing body, and to post on its Internet Web site specified information.

This bill would require that posted information to also include specified amounts received by the city, county, or city and county.

(8) Existing law requires a successor agency to, among other things, prepare a Recognized Obligation Payment Schedule for payments on enforceable obligations for each 6-month fiscal period.

This bill would revise the timeline for the preparation of the required Recognized Obligation Payment Schedule to require the successor agency to prepare a schedule for a one year fiscal period, with the first of these periods beginning July 1, 2016, and would authorize the Recognized Obligation Payment Schedule to be amended by the oversight board once per Recognized Obligation Payment Schedule period, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations, as specified.

This bill would, beginning January 1, 2015, authorize successor agencies to submit a Last and Final Recognized Obligation Payment Schedule, which shall list the remaining enforceable obligations of the successor agency and the total outstanding

obligation and a schedule of remaining payments for each enforceable obligation, for approval by the oversight board and the Department of Finance if specified conditions are met. This bill would require the department to review the Last and Final Recognized Obligation Payment Schedule, as specified, and would require, upon approval by the department, the Last and Final Recognized Obligation Payment Schedule to establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency, as specified. This bill would authorize the successor agencies to submit no more than 2 requests to the department to amend the approved Last and Final Recognized Obligation Payment Schedule, except as specified. This bill would also require the county auditor-controller to review the Last and Final Recognized Obligation Payment Schedule and to continue to allocate moneys in the Redevelopment Property Tax Trust Fund in a specified order of priority.

(9) Existing law prohibits successor agencies from creating new enforceable obligations, except in compliance with an enforceable obligation that existed prior to June 28, 2011. Notwithstanding this provision, existing law authorizes successor agencies to create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance. Existing law finds and declares that these provisions, when enacted, were declaratory of existing law.

This bill, except as required by an enforceable obligation, would exclude certain work from the authorization to create enforceable obligations, and would prohibit a successor agency that is the city, county, or city and county that formed the redevelopment agency from creating enforceable obligations to repay loans entered into between the redevelopment agency and the city, county, or city and county, except as otherwise provided. This bill would delete those findings and declarations, and would apply the provisions described above retroactively to any successor agency or redevelopment agency actions occurring after June 27, 2012.

(10) Existing law authorizes a successor agency to petition the Department of Finance, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and the allocation of those revenues is expected to occur over time, to provide written confirmation that its determination of this enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive.

This bill would require the successor agency to petition the department by electronic means and in a manner of the department's choosing, and would require the successor agency to provide a copy of the petition to the county auditor-controller, as provided. This bill would require the department to provide written confirmation of approval or denial of the request within 100 days of the date of the request.

(11) Existing law provides that agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency, except that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency may do so upon obtaining approval of its oversight board. Existing law prohibits a successor agency or an oversight board from exercising these powers to restore funding for an enforceable obligation that was deleted or reduced by the Department of Finance, as provided.

This bill would delete that prohibition, and would provide that a duly authorized written agreement entered into at the time of issuance, but in no event later than June 27, 2011, of indebtedness obligations solely for the refunding or refinancing of indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying the refunded and refinanced indebtedness obligations, is valid and may bind the successor agency.

This bill would prohibit an oversight board from approving any agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency, except as otherwise provided, and would prohibit a successor agency from entering or reentering into any agreements with the city, county, or city and county that formed the redevelopment agency, except as otherwise provided. This bill would also prohibit a successor agency or an oversight board from exercising any powers to restore funding for any item that was denied or reduced by the Department of Finance. This bill would apply these provisions retroactively to all agreements entered or reentered on and after June 27, 2012.

(12) Existing law authorizes the Department of Finance to review an oversight board action and requires written notice and information about all actions taken by an oversight board to be provided to the department by electronic means and in a manner of the department's choosing.

This bill would require the written notice and information described above to be provided to the department as an approved resolution. This bill would provide that oversight boards are not required to submit certain actions for department approval.

(13) Existing law requires, on and after July 1, 2016, in each county where more than one oversight board was created, as provided, that there be only one oversight board.

This bill, except as otherwise provided, commencing on and after July 1, 2018, if more than one oversight board exists within a county, would require the oversight board to be staffed by the county auditor-controller, by another county entity selected by the

county auditor-controller, or by a city within the county selected by the county auditor-controller, as specified. This bill would authorize the county auditor-controller, if only one successor agency exists within the county, to designate the successor agency to staff the oversight board. This bill, commencing July 1, 2018, in each county where more than 40 oversight boards were created, would require 5 oversight boards, as specified.

(14) Existing law requires an oversight board for a successor agency to cease to exist when all of the indebtedness of the dissolved redevelopment agency has been repaid.

This bill would instead generally require an oversight board to cease to exist when the successor agency has been formally dissolved, as specified, and would require a county oversight board to cease to exist when all successor agencies subject to its oversight have been formally dissolved, as specified.

(15) Existing law, upon full payment by a successor agency of specified amounts due, requires the Department of Finance to issue a finding of completion, as specified, within 5 days.

This bill, if a successor agency fails by December 31, 2015, to pay, or to enter into a written installment plan with the Department of Finance for payment of specified amounts, would prohibit the successor agency from ever receiving a finding of completion. This bill, if a successor agency, city, county, or city and county pays, or enters into a written installment plan with the Department of Finance for the payment of specified amounts and the successor agency, city, county, or city and county subsequently receives a final judicial determination that reduces or eliminates the amounts determined, would require an enforceable obligation to be created for the reimbursement of the excess amounts paid and the obligation to make any payments in excess of the amount determined by a final determination to be canceled. This bill, if upon consultation with the county auditor-controller, the Department of Finance finds that a successor agency, city, county, or city and county has failed to fully make one or more payments agreed to in the written installment plan, would prohibit specified provisions from applying to the successor agency and would prohibit specified oversight board actions and any approved long-range property management plan from being effective.

(16) Existing law transfers all assets, properties, contracts, leases, books and records, buildings, and equipment of former redevelopment agencies, as of February 1, 2012, to the control of the successor agency for administration, as specified.

This bill would require the city, county, or city and county that created the former redevelopment agency to return to the successor agency certain assets, cash, and cash equivalents that were not required by an enforceable obligation, as specified, and other money or assets that were not required or authorized pursuant to an effective oversight board action or Recognized Obligation Payment Schedule. This bill would authorize certain amounts required to be returned to the successor agency to be placed on a Recognized Obligation Payment Schedule by the successor agency for payment as an enforceable obligation subject to specified conditions.

(17) Existing law requires a request by a successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency to first be approved by the oversight board. Existing law provides that actions to reestablish any other agreements that are in furtherance of enforceable obligations with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

This bill would also require a request by the successor agency to reenter into an agreement as described above to first be approved by the oversight board. This bill would also provide that actions to establish any other authorized agreements, as specified, are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

(18) Existing law requires the oversight board to direct the successor agency to, among other things, dispose of all assets and properties of the former redevelopment agency, except that the oversight board is authorized to instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction, as provided.

This bill would expand that authorization to include parking facilities and lots dedicated solely to public parking that do not include properties that generate revenues in excess of reasonable maintenance costs of the properties. This bill would authorize a successor agency to amend its long-range property management plan once, solely to allow for retention of real properties that constitute public parking lots, as provided. This bill would provide that a city, county, city and county, or parking district shall not be required to reimburse or pay a successor agency for any funds spent by a former redevelopment agency, as specified, to design and construct a parking facility.

(19) Existing law requires, from February 1, 2012, to July 1, 2012, inclusive, and for each fiscal year thereafter, the county auditor-controller, after deducting administrative costs, to allocate property tax revenues in each Redevelopment Property Tax Trust Fund first to each local agency and school entity, as provided.

This bill would require certain revenues attributable to a property tax rate approved by the voters of a city, county, city and county, or special district to make payments in support of pension programs or in support of capital projects and programs related to the State Water Project and levied in addition to the general property tax rate, be allocated to, and when collected be paid into, the fund of that taxing entity, unless those amounts are pledged as security for the payment of any indebtedness obligation.

(20) Existing law requires certain estimates and accounts reported in a Recognized Obligation Payment Schedule and transferred to the Redevelopment Obligation Retirement Fund to be subject to audit by the county auditor-controller and the Controller.

This bill would instead require the estimates and accounts described above to be reviewed by the county auditor-controller subject to the Department of Finance's review and approval. This bill would require a successor agency, commencing October 1, 2018, and each October 1 thereafter, to submit the differences between actual payments and past estimated obligations on a Recognized Obligation Payment Schedule to the county auditor-controller for review, and would require the county-auditor controller to provide this information to the Department of Finance, as specified.

(21) Existing law requires a successor agency, when all of the debt of a redevelopment agency has been retired or paid off, to dispose of all remaining assets and terminate its existence within one year of the final debt payment.

This bill would instead require, when all of the enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the successor agency to submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency. This bill would also require, if a redevelopment agency was not previously allocated property tax revenue, as specified, the successor agency to submit to the oversight board a request to formally dissolve the successor agency. This bill would require the oversight board to approve these requests within 30 days and to submit the request to the Department of Finance for approval or denial, as specified. This bill would require the successor agency to take specified steps, including notifying the oversight board, when the department approves a request to formally dissolve a successor agency. This bill would require the oversight board, upon receipt of notification from the successor agency, to make certain verifications and adopt a final resolution of dissolution for the successor agency, as specified. This bill would, when a successor agency is finally dissolved, with respect to any existing community facilities district formed by a redevelopment agency, require the legislative body of the city or county that formed the redevelopment agency to become the legislative body of the community facilities district, and any existing obligations of the former redevelopment agency or its successor agency to become the obligations of the new legislative body of the community facilities district.

(22) Existing law, with respect to any successor agency that has been issued a finding of completion by the Department of Finance, deems loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency to be an enforceable obligation, as provided. Existing law specifies the manner in which the interest on the loan should be calculated and how the loan should be repaid. Existing law requires repayments received by the city, county, or city and county that formed the redevelopment agency to be used to retire certain outstanding amounts borrowed and owed, including a distribution to the Low and Moderate Income Housing Asset Fund, as provided. Existing law requires bond proceeds derived from bonds issued on or before December 31, 2010, to be used for the purposes for which the bonds were sold.

This bill would define "loan agreement" for the purposes described above, would specify the types of documents demonstrating valid loan agreements, and would prohibit the Department of Finance from requesting more than one of these documents to prove a valid loan agreement. This bill would change the manner in which the interest on the loan is calculated, and would require moneys repaid to be applied first to the principal and second to the interest. This bill would require distributions to the Low and Moderate Income Housing Asset Fund to be subject to specified reporting requirements. This bill would require bond proceeds derived from bonds issued on or before December 31, 2010, in excess of the amounts needed to satisfy approved enforceable obligations, to be expended in a manner consistent with the original bond covenants. This bill would require bond proceeds derived from bonds issued on or after January 1, 2011, in excess of amounts needed to satisfy approved enforceable obligations, to be used in a manner consistent with the original bond covenants subject to specified conditions. This bill would apply these provisions, and the provisions relating to any successor agency that has been issued a finding of completion by the Department of Finance described above, retroactively to actions occurring on or after June 28, 2011. This bill would also provide that specified changes to existing law shall not result in the denial of specified loans previously approved by the Department of Finance and shall not impact judgments, writs of mandate, and orders entered by the Sacramento Superior Court in specified lawsuits.

(23) Existing law requires a successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency.

This bill would require, if the former redevelopment agency did not have real properties, the successor agency to prepare a long-range property management plan, as provided.

(24) Existing law authorizes successor agencies to, among other things, issue bonds or incur indebtedness to refund the bonds or indebtedness of a former redevelopment agency or to finance debt service spikes, as specified. The issuance of bonds or incurrence of other indebtedness by a successor agency is subject to the approval of the oversight board of the successor agency.

This bill would authorize the successor agency to the Redevelopment Agency of the City and County of San Francisco to have the authority, rights, and powers of the Redevelopment Agency to which it succeeded solely for the purpose of issuing bonds or incurring other indebtedness to finance the construction of affordable housing and infrastructure required by specified agreements, subject to the approval of the oversight board. The bill would provide that bonds or other indebtedness authorized by its provisions would be considered indebtedness incurred by the dissolved redevelopment agency, would be listed on the Recognized Obligation Payment Schedule, and would be secured by a pledge of moneys deposited into the Redevelopment Property Tax Trust Fund. The bill would also require the successor agency to make diligent efforts to obtain the lowest long-term cost financing and to make use of an independent financial advisor in developing financing proposals.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City and County of San Francisco.

(25) Existing law requires the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to or based on the reduction amount determined for specified fiscal years.

This bill, for the 2015–16 fiscal year and each fiscal year thereafter, would prohibit the county auditor from applying the reduction amount.

(26) Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law provides for the computation, on the basis of these allocations, of apportionment factors that are applied to actual property tax revenues in each county in order to determine actual amounts of property tax revenue received by each recipient jurisdiction.

This bill would deem to be correct those property tax revenue apportionment factors that were applied in allocating property tax revenues in the County of San Benito for each fiscal year through the 2000–01 fiscal year. This bill would, notwithstanding specified audit requirements, require the county auditor to make the allocation adjustments identified in the Controller's audit of the County of San Benito for the 2001–02 fiscal year. The bill would additionally require property tax apportionment factors applied in allocating property tax revenue in the County of San Benito for the 2002–03 fiscal year and each fiscal year thereafter to be determined on the basis of apportionment factors for prior fiscal years that have been corrected or adjusted as would be required if those prior apportionment factors were not deemed correct by this bill.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of San Benito.

(27) Existing property tax law reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund (ERAF) in that county for allocation to school districts, community college districts, and the county office of education.

Existing property tax law requires the auditor of each county with qualifying cities, as defined, to make certain property tax revenue allocations to those cities in accordance with a specified Tax Equity Allocation (TEA) formula established in a specified statute and to make corresponding reductions in the amount of property tax revenue that is allocated to the county. Existing law requires the auditor of Santa Clara County, for the 2006–07 fiscal year and for each fiscal year thereafter, to reduce the amount of property tax revenue allocated to qualified cities in that county by the ERAF reimbursement amount, as defined, and to commensurately increase the amount of property tax revenue allocated to the county ERAF, as specified.

This bill would, instead, for the 2015–16 fiscal year and for each fiscal year thereafter, require the auditor of Santa Clara County to reduce the amount of property tax revenues that are required to be allocated from the qualified cities in that county to the county ERAF by a specified percentage of the ERAF reimbursement amount. This bill would prohibit the auditor of Santa Clara County from reducing the amounts allocated to the county ERAF in any fiscal year in which the amount of moneys required to be applied by the state for the support of school districts and community college districts is determined pursuant to Test 1 of Proposition 98.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Santa Clara.

(28) This bill would appropriate \$23,750,000 from the General Fund to the Department of Forestry and Fire Protection contingent upon the County of Riverside agreeing to forgive amounts owed to it by certain cities.

(29) By imposing new duties upon local government officials with respect to the winddown of the dissolved redevelopment agencies, and in the annual allocation of ad valorem property tax revenues, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(30) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: yes

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

**SECTION 1.** Section 34170.1 is added to the Health and Safety Code, to read:

**34170.1.** Any action by the department carrying out the department's obligations under this part and Part 1.8 (commencing with Section 34161) constitutes a department action for the preparation, development, or administration of the state budget pursuant to Section 11357 of the Government Code, and is exempt from Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. This section applies retroactively to any action by the department described in this section that occurred on or after June 28, 2011.

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

(2) The administrative cost allowance shall be 5 percent of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012. The administrative cost allowance shall be up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund for each fiscal year thereafter ending on June 30, 2016. However, the administrative cost allowance shall not be less than two hundred fifty thousand dollars (\$250,000) in any fiscal year, unless this amount is reduced by the oversight board or by agreement with the successor agency.

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

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

(5) The administrative cost allowance shall be approved by the oversight board and shall be the sole funding source for any legal expenses related to civil actions brought by the successor agency or the city, county, or city and county that created the former redevelopment agency, including writ proceedings, contesting the validity of this part or Part 1.8 (commencing with

Section 34161) or challenging acts taken pursuant to these parts. 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:

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

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

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

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

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

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

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

(G) Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner



consistent with the affordable housing requirements of the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(2) For purposes of this part, "enforceable obligation" does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Additionally, written agreements entered into (A) at the time of issuance, but in no event later than June 27, 2011, of indebtedness obligations solely for the refunding or refinancing of other indebtedness obligations that existed prior to January 1, 2011, and (B) solely for the purpose of securing or repaying the refunded or refinanced indebtedness obligations may be deemed enforceable obligations for purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations. Notwithstanding this paragraph, an agreement entered into by the redevelopment agency prior to June 28, 2011, is an enforceable obligation if the agreement relates to state highway infrastructure improvements to which the redevelopment agency committed funds pursuant to Section 33445. Notwithstanding this paragraph, an agreement between the city, county, or city and county that created the former redevelopment agency and the former redevelopment agency is an enforceable obligation if that agreement requires the former redevelopment agency to repay or fulfill an outstanding loan or development obligation imposed by a grant or loan awarded or issued by a federal agency, including the United States Department of Housing and Urban Development, to the city, county, or city and county which subsequently loaned or provided those funds to the former redevelopment agency.

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

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

(f) "Oversight board" shall mean each entity established pursuant to Section 34179.

(g) "Recognized obligation" means an obligation listed in the Recognized Obligation Payment Schedule.

(h) "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period until June 30, 2016, as provided in subdivision (m) of Section 34177. On and after July 1, 2016, "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177.

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

(j) "Successor agency" means the successor entity to the former redevelopment agency as described in Section 34173.

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

(l) "Property taxes" include all property tax revenues, including those from unitary and supplemental and roll corrections applicable to tax increment.

(m) "Department" means the Department of Finance unless the context clearly refers to another state agency.

(n) "Sponsoring entity" means the city, county, or city and county, or other entity that authorized the creation of each redevelopment agency.

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

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

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

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

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

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

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

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

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

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

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

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

(B) Designated local authority 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.

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

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

(f) Any existing cleanup plans and liability limits authorized under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1) shall be transferred to the successor agency and may be transferred to the successor

housing entity at that entity's request.

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

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

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

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

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

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

(2) The housing successor shall submit to the Department of Finance by August 1, 2012, a list of all housing assets that contains an explanation of how the assets meet the criteria specified in subdivision (e). The Department of Finance shall prescribe the format for the submission of the list. The list shall include assets transferred between February 1, 2012, and the date upon which the list is created. The department shall have up to 30 days from the date of receipt of the list to object to any of the assets or transfers of assets identified on the list. If the Department of Finance objects to assets on the list, the housing successor may request a meet and confer process within five business days of receiving the department objection. If the transferred asset is deemed not to be a housing asset as defined in subdivision (e), it shall be returned to the successor agency. If a housing asset has been previously pledged to pay for bonded indebtedness, the successor agency shall maintain control of the asset in order to pay for the bond debt.

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

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

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

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

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

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

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

(e) For purposes of this part, "housing asset" includes all of the following:

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

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

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

(4) Any funds derived from rents or operation of properties acquired for low- and moderate-income housing purposes by other parties that were financed with any source of funds, including residual receipt payments from developers, conditional grant 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 housing successor 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 Obligation Payment Schedule and that are consistent with the indebtedness obligation covenants. The proceeds shall be derived from indebtedness obligations that were issued for the purposes of affordable housing prior to June 28, 2011, and were backed by the Low and Moderate Income Housing Fund. Enforceable obligations may be satisfied by the creation of reserves for the projects that are the subject of the enforceable obligation that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. It is the intent of the Legislature to authorize housing successors to designate the use of and commit 100 percent of indebtedness obligation proceeds described in this subparagraph.

(B) The housing successor shall provide notice to the successor agency of any designations of use or commitments of funds specified in subparagraph (A) that it wishes to make at least 20 days before the deadline for submission of the Recognized Obligation Payment Schedule to the oversight board. Commitments and designations shall not be valid and binding on any party until they are included in an approved and valid Recognized Obligation Payment Schedule. The review of these designations and commitments by the successor agency, oversight board, and Department of Finance shall be limited to a determination that the designations and commitments are consistent with bond covenants and that there are sufficient funds available.

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

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

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

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

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

(1) For the purpose of monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and for the purpose of administering the activities described in paragraphs (2) and (3), a housing successor may expend per fiscal year up to an amount equal to 5 percent of the statutory value of real property owned by the housing successor and of loans and grants receivable, including real property and loans and grants transferred to the housing successor pursuant to Section 34176 and real property purchased and loans and grants made by the housing successor. If this amount is less than two hundred thousand dollars (\$200,000) for any given fiscal year, the housing successor may expend up to two hundred thousand dollars (\$200,000) in that fiscal year for these purposes. The Department of Housing and Community Development shall annually publish on its Internet Web site an adjustment to this amount to reflect any change in the Consumer Price Index for All Urban Consumers published by the federal Department of Labor for the preceding calendar year. For purposes of this paragraph, "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer form approved by the department pursuant to paragraph (2) of subdivision (a) of Section 34176, the value of the properties transferred to the housing successor pursuant to subdivision (f) of Section 34181, and the purchase price of properties purchased by the housing successor.

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

(3) (A) The housing successor shall expend all funds remaining in the Low and Moderate Income Housing Asset Fund after the expenditures allowed pursuant to paragraphs (1) and (2) for the development of housing affordable to and occupied by households earning 80 percent or less of the area median income, with at least 30 percent of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income and no more than 20 percent of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60 percent and 80 percent of the area median income. A housing successor shall demonstrate in the annual report described in subdivision (f), for 2019, and every five years thereafter, that the housing successor's expenditures from January 1, 2014, through the end of the latest fiscal year covered in the report comply with the requirements of this subparagraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Sections 33334.10 and 33334.12 shall not apply. Instead, if a housing successor has an excess surplus, the housing successor shall encumber the excess surplus for the purposes described in paragraph (3) of subdivision (a) or transfer the funds pursuant to paragraph (2) of subdivision (c) within three fiscal years. If the housing successor fails to comply with this subdivision, the housing successor, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. For purposes of this subdivision, "excess surplus" shall mean an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the housing successor's preceding four fiscal years, whichever is greater.

(e) Section 33334.16 shall not apply to interests in real property acquired on or after February 1, 2012. With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the department approved the property as a housing asset.

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

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

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

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

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

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

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

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

(8) For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the

project.

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

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

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

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

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

(A) The number of those units.

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

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

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

**SEC. 6.** 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 (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 agencies and the approval by oversight boards of the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule, a successor agency may amend the Enforceable Obligation Payment Schedule to authorize the continued payment of enforceable obligations until the time that the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule has been approved by the oversight board and by the department. The successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the Department of Finance and the auditor-controller.

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) (1) Before each fiscal period set forth in subdivision (m) or (o), as applicable, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

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

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

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

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

(B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the department at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.

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

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months or one year pursuant to subdivision (m) or (o), as applicable. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the department by April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

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

(A) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the department electronically, and the successor agency shall complete the Recognized Obligation Payment Schedule in the manner provided for by the department. A successor agency shall be in noncompliance with this paragraph if it only submits to the department an electronic message or a letter stating that the oversight board has approved a Recognized Obligation Payment Schedule.

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

(C) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers shall lack the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 unless required by a court order.

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

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

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

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

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

(o) (1) Commencing with the Recognized Obligation Payment Schedule covering the period from July 1, 2016, to June 30, 2017, inclusive, and for each period from July 1 to June 30, inclusive, thereafter, a successor agency shall submit an oversight board-approved Recognized Obligation Payment Schedule to the department and to the county auditor-controller no later than February 1, 2016, and each February 1 thereafter. The department shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15, 2016, and each April 15 thereafter. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items, except for those items which are the subject of litigation disputing the department's previous or related determination. An untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controller as to the outcome of its review at least 15 days before the date of the first property tax distribution for that period.

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

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

(C) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the

withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers do not have the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 except as required by a court order.

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

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

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

(E) Once per Recognized Obligation Payment Schedule period, and no later than October 1, a successor agency may submit one amendment to the Recognized Obligation Payment Schedule approved by the department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the Recognized Obligation Payment Schedule period, which shall be defined as January 1 to June 30, inclusive. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised Recognized Obligation Payment Schedule shall be approved by the oversight board and submitted to the department by electronic means in a manner of the department's choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department's review at least 15 days before the date of the property tax distribution.

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

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

**34177.3.** (a) Successor agencies shall lack the authority to, and shall not, create new enforceable obligations or begin redevelopment work, except in compliance with an enforceable obligation, as defined by subdivision (d) of Section 34171, that existed prior to June 28, 2011.

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

(c) Successor agencies shall lack the authority to, and shall not, transfer any powers or revenues of the successor agency to any other party, public or private, except pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the department. Any such transfers of authority or revenues that are not made pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the department are hereby declared to be void, and the successor agency shall take action to reverse any of those transfers. The Controller may audit any transfer of authority or revenues prohibited by this section and may order the prompt return of any money or other things of value from the receiving party.

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

(e) The provisions of this section shall apply retroactively to any successor agency or redevelopment agency actions occurring on or after June 27, 2012.

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

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

(1) For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or other indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms.

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

(3) For the purpose of amending an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision, or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (C) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance. The pledge set forth in that amended enforceable obligation, when made in connection with the execution of the amendment of the enforceable obligation, shall have the same lien priority as the pledge in the enforceable obligation prior to its amendment and shall be valid, binding, and enforceable in accordance with its terms.

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

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

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

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

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

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

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

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

(f) The actions authorized in this section shall be subject to the approval of the oversight board, as provided in Section 34180. Additionally, an oversight board may direct the successor agency to commence any of the transactions described in subdivision (a) so long as the successor agency is able to recover its related costs in connection with the transaction. After a successor agency, with approval of the oversight board, issues any bonds, incurs any indebtedness, or executes an amended enforceable obligation pursuant to subdivision (a), the oversight board shall not unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation. If, under the authority granted to it by subdivision (h) of Section 34179, the department either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller. The department may extend its review time to 60 days for actions authorized in this section and may seek the assistance of the Treasurer in evaluating proposed actions under this section.

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

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

(i) If an enforceable obligation provides for an irrevocable commitment of revenue and where allocation of such revenues is expected to occur over time, the successor agency may petition the department by electronic means and in a manner of the department's choosing to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. The successor agency shall provide a copy of the petition to the county auditor-controller at the same time it is submitted to the department. The department shall have 100 days from the date of the request for a final and conclusive determination to provide written confirmation of approval or denial of the request. For any pending final and conclusive determination requests submitted prior to June 30, 2015, the department shall have until December 31, 2015, to provide written confirmation of approval or denial of the request. If the confirmation of approval is granted, then the department's review of such payments in future Recognized Obligation Payment Schedules shall be limited to confirming that they are required by the prior enforceable obligation.

(j) The successor agency may request that the department provide a written determination to waive the two-year statute of limitations on an action to review the validity of the adoption or amendment of a redevelopment plan pursuant to subdivision (c) of

Section 33500 or on any findings or determinations made by the agency pursuant to subdivision (d) of Section 33500. The department at its discretion may provide a waiver if it determines it is necessary for the agency to fulfill an enforceable obligation.

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

**34177.7.** (a) (1) In addition to the powers granted to each successor agency, and notwithstanding anything in the act adding this part, including, but not limited to, Sections 34162 and 34189, the successor agency to the Redevelopment Agency of the City and County of San Francisco shall have the authority, rights, and powers of the Redevelopment Agency to which it succeeded solely for the purpose of issuing bonds or incurring other indebtedness to finance:

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

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

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

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

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

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

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

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

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

(f) The actions authorized in this section shall be subject to the approval of the oversight board, as provided in Section 34180. Additionally, the oversight board may direct the successor agency to the Redevelopment Agency of the City and County of San Francisco to commence any of the transactions described in subdivision (a) so long as the agency is able to recover its related costs in connection with the transaction. After the agency, with approval of the oversight board, issues any bonds or incurs any

indebtedness pursuant to subdivision (a), the oversight board shall not unilaterally approve any amendments to or early termination of the bonds or indebtedness. If, under the authority granted to it by subdivision (h) of Section 34179, the department either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller. The department may extend its review time to 60 days for actions authorized in this section and may seek the assistance of the Treasurer in evaluating proposed actions under this section.

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

(h) The successor agency to the Redevelopment Agency of the City and County of San Francisco shall make diligent efforts to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for any bullets or spikes and shall not use variable rates. The agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the department at its request.

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

**34178.** (a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so subject to the restrictions identified in subdivision (c), and upon obtaining the approval of its oversight board.

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

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

(4) A duly authorized written agreement entered into at the time of issuance, but in no event later than June 27, 2011, of indebtedness obligations solely for the refunding or refinancing of other indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying the refunded and refinanced indebtedness obligations.

(c) An oversight board shall not approve any agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency that it is succeeding, except for agreements for the limited purposes set forth in subdivision (b) of Section 34177.3. A successor agency shall not enter or reenter into any agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding, except for agreements for the limited purposes set forth in subdivision (b) of Section 34177.3. A successor agency or an oversight board shall not exercise the powers granted by subdivision (a) to restore funding for any item that was denied or reduced by the department. This subdivision shall apply retroactively to all agreements entered or reentered pursuant to this section on and after June 27, 2012. Any agreement entered or reentered pursuant to this section on and after June 27, 2012, that does not comply with this subdivision is ultra vires and void, and does not create an enforceable obligation. The Legislature finds and declares that this subdivision is necessary to promote the expeditious wind down of redevelopment agency affairs.

**SEC. 11.** 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 select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.

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

(10) If a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors, 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 the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former redevelopment agency appointed by the mayor of the city if that appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(11) Each appointing authority identified in this subdivision may, but is not required to, appoint alternate representatives to serve on the oversight board as may be necessary to attend any meeting of the oversight board in the event that the appointing authority's primary representative is unable to attend any meeting for any reason. If an alternate representative attends any meeting in place of the primary representative, the alternate representative shall have the same participatory and voting rights as all other attending members of the oversight board.

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

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's and the successor agency's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings

of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) 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) (1) The department may review an oversight board action taken pursuant to this part. Written notice and information about all actions taken by an oversight board shall be provided to the department as an approved resolution by electronic means and in a manner of the department's choosing. Without abrogating the department's authority to review all matters related to the Recognized Obligation Payment Schedule pursuant to Section 34177, oversight boards are not required to submit the following oversight board actions for department approval:

(A) Meeting minutes and agendas.

(B) Administrative budgets.

(C) Changes in oversight board members, or the selection of an oversight board chair or vice chair.

(D) Transfers of governmental property pursuant to an approved long-range property management plan.

(E) Transfers of property to be retained by the sponsoring entity for future development pursuant to an approved long-range property management plan.

(2) An oversight board action submitted in a manner specified by the department shall become effective five business days after submission, unless the department requests a review of the action. Each oversight board shall designate an official to whom the department may make 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. 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 40 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and 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 effective until approved by the department. If the department reviews a Recognized Obligation Payment Schedule, the department may eliminate or modify any item on that schedule prior to its approval. The county auditor-controller shall reflect the actions of the department in determining the amount of property tax revenues to allocate to the successor agency. The department shall provide notice to the successor agency and the county auditor-controller as to the reasons for its actions. To the extent that an oversight board continues to dispute a determination with the department, one or more future Recognized Obligation Payment Schedules may reflect any resolution of that dispute. The department may also agree to an amendment to a Recognized Obligation Payment Schedule to reflect a resolution of a disputed item; however, this shall not affect a past allocation of property tax or create a liability for any affected taxing entity.

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

(j) Except as specified in subdivision (q), commencing on and after July 1, 2018, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board, which shall be staffed by the county auditor-controller, by another county entity selected by the county auditor-controller, or by a city within the county that the county auditor-controller may select after consulting with the department. Pursuant to Section 34183, the county auditor-controller may recover directly from the Redevelopment Property Tax Trust Fund, and distribute to the appropriate city or county entity,

reimbursement for all costs incurred by it or by the city or county pursuant to this subdivision, which shall include any associated startup costs. However, if only one successor agency exists within the county, the county auditor-controller may designate the successor agency to staff the oversight board. The oversight board is appointed as follows:

- (1) One member may be appointed by the county board of supervisors.
  - (2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.
  - (3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.
  - (4) One member may be 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 may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
  - (6) One member of the public may be appointed by the county board of supervisors.
  - (7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.
- (k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2018, or any member position that remains vacant for more than 60 days.
- (l) Commencing on and after July 1, 2018, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (j).
- (m) Any oversight board for a given successor agency, with the exception of countywide oversight boards, shall cease to exist when the successor agency has been formally dissolved pursuant to Section 34187. A county oversight board shall cease to exist when all successor agencies subject to its oversight have been formally dissolved pursuant to Section 34187.
- (n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.
- (o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.
- (p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.
- (q) (1) Commencing on and after July 1, 2018, in each county where more than 40 oversight boards were created by operation of the act adding this part, there shall be five oversight boards, which shall each be staffed in the same manner as specified in subdivision (j). The membership of each oversight board shall be as specified in paragraphs (1) through (7), inclusive, of subdivision (j).
- (2) The oversight boards shall be numbered one through five, and their respective jurisdictions shall encompass the territory located within the respective borders of the first through fifth county board of supervisors districts, as those borders existed on July 1, 2018. Except as specified in paragraph (3), each oversight board shall have jurisdiction over each successor agency located within its borders.
  - (3) If a successor agency has territory located within more than one county board of supervisors' district, the county board of supervisors shall, no later than July 15, 2018, determine which oversight board shall have jurisdiction over that successor agency. The county board of supervisors or their designee shall report this information to the successor agency and the department by the aforementioned date.
  - (4) The successor agency to the former redevelopment agency created by a county where more than 40 oversight boards were created by operation of the act adding this part, shall be under the jurisdiction of the oversight board with the fewest successor agencies under its jurisdiction.

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

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

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

(b) If a successor agency, city, county, or city and county pays, or enters into a written installment payment plan with the department for the payment of the amounts determined in subdivision (d) or (e) of Section 34179.6 or the amounts determined by Section 34183.5, and the successor agency, city, county, or city and county subsequently receives a final judicial determination that reduces or eliminates the amounts determined, an enforceable obligation for the reimbursement of the excess amounts paid shall be created and the obligation to make any payments in excess of the amount determined by a final judicial determination shall be canceled and be of no further force or effect.

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

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

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

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

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

(d) Subdivision (c) shall not be construed to prevent the department from working with a successor agency, city, county, or city and county to amend the terms of a written installment payment plan if the department determines the amendments are necessitated by the successor agency's, city's, county's, or city and county's fiscal situation.

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

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

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

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

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

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

payments.

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

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

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

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

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

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

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

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

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

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

(d) Merging of project areas.

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

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

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

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter or reenter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding pursuant to Section 34178. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1). Any actions to establish or reestablish any other agreements that are authorized under this part, with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

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

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

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

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

(a) (1) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, parking facilities and lots dedicated solely to public parking, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

(2) "Parking facilities and lots dedicated solely to public parking" do not include properties that generate revenues in excess of reasonable maintenance costs of the properties.

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

(c) Transfer housing 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 those agreements 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 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. 16.** Section 34183 of the Health and Safety Code is amended to read:

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

(1) (A) Subject to any prior deductions required by subdivision (b), first, the county auditor-controller shall remit from the Redevelopment Property Tax Trust Fund to each local agency and 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 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 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 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 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.

(B) Notwithstanding subdivision (b) 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 property tax rate approved by the voters of a city, county, city and county, or special district to make payments in support of pension programs or in support of capital projects and programs related to the State Water Project, and levied in addition to the property tax rate limited by subdivision (a) of

Section 1 of Article XIII A of the California Constitution, shall be allocated to, and when collected shall be paid into, the fund of that taxing entity, unless the amounts in question are pledged as security for the payment of any indebtedness obligation, as defined in subdivision (e) of Section 34171, and needed for payment thereof. Notwithstanding any other law, all allocations of revenues above one cent (\$0.01) derived from the imposition of a property tax rate, approved by the voters of a city, county, city and county, or special district to make payments in support of pension programs or in support of capital projects and programs related to the State Water Project and levied in addition to the property tax rate limited by subdivision (a) of Section 1 of Article XIII A of the California Constitution, made by any county auditor-controller prior to June 15, 2015, are valid and shall not be affected by this section. A city, county, city and county, county auditor-controller, successor agency, department, or affected taxing entity shall not be subject to any claim for money, damages, or reallocated revenues based on any allocation of such revenues above one cent (\$0.01) prior to June 15, 2015.

(2) Second, on June 1, 2012, and each January 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, and July 1, 2012, and each January 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 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.

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

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

(b) If the successor agency reports, no later than April 1, 2012, and May 1, 2012, and each December 1 and May 1 thereafter, to the county auditor-controller that the total amount available to the successor agency from the Redevelopment Property Tax Trust Fund allocation to that successor agency's Redevelopment Obligation Retirement Fund, from other funds transferred from each redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations, are insufficient to fund the payments required by paragraphs (1) to (3), inclusive, of subdivision (a) in the next six-month fiscal period, the county auditor-controller shall notify the Controller and the Department of Finance no later than 10 days from the date of that notification. The county auditor-controller shall verify whether the successor agency will have sufficient funds from which to service debts according to the Recognized Obligation Payment Schedule and shall report the findings to the Controller. If the Controller concurs that there are insufficient funds to pay required debt service, the amount of the deficiency shall be deducted first from the amount remaining to be distributed to taxing entities pursuant to paragraph (4), and if that amount is exhausted, from amounts available for distribution for administrative costs in paragraph (3). If an agency, pursuant to the provisions of Section 33492.15, 33492.72, 33607.5, 33671.5, 33681.15, or 33688 or as expressly provided in a passthrough agreement entered into pursuant to Section 33401, made passthrough payment obligations subordinate to debt service payments required for enforceable obligations, funds for servicing bond debt may be deducted from the amounts for passthrough payments under paragraph (1), as provided in those sections, but only to the extent that the amounts remaining to be distributed to taxing entities pursuant to paragraph (4) and the amounts available for distribution for administrative costs in paragraph (3) have all been exhausted.

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

(d) The Controller may recover the costs of audit and oversight required under this part from the Redevelopment Property Tax Trust Fund by presenting an invoice therefor to the county auditor-controller who shall set aside sufficient funds for and disburse

the claimed amounts prior to making the next distributions to the taxing entities pursuant to Section 34188. Subject to the approval of the Director of Finance, the budget of the Controller may be augmented to reflect the reimbursement, pursuant to Section 28.00 of the Budget Act.

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

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

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

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

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

(c) Commencing on October 1, 2018, and each October 1 thereafter, the differences between actual payments and past estimated obligations on a Recognized Obligation Payment Schedule shall be submitted by the successor agency to the county auditor-controller for review. The county auditor-controller shall provide to the department in a manner of the department's choosing a review of the differences between actual payments and past estimated obligations, including cash balances, no later than February 1, 2019, and each February 1 thereafter.

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

**34187.** (a) (1) Commencing May 1, 2012, whenever a recognized obligation that had been identified in the Recognized Payment Obligation Schedule is paid off or retired, either through early payment or payment at maturity, the county auditor-controller 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 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 enforceable obligations have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency. The oversight board shall approve the request within 30 days, and shall submit the request to the department.

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



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

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

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

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

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

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

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

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

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

**34189.** (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, and 33645, and subdivision (b) of Section 33670, shall be inoperative. Solely for the purposes of the payment of enforceable obligations defined by subparagraphs (A) to (G), inclusive, of paragraph (1) of subdivision (d) of Section 34171 and subdivision (b) of Section 34191.4, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, and 33333.6. Notwithstanding any other provision in this section, this subdivision shall not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations specified in any of Section 33333.2, 33333.4, or 33333.6 were realized.

(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.

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

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

**34191.3.** (a) 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, 2016, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

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

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

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

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

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

(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 34191.5 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 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.

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

(A) Loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule.

(B) An agreement between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred a real property interest to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose and the former redevelopment agency was obligated to pay the city, county, or city and county that created the former redevelopment agency for the real property interest.

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

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

(3) If the oversight board finds that the loan is an enforceable obligation, any interest on the remaining principal amount of the loan that was previously unpaid after the original effective date of the loan shall be recalculated from the date of origination of the loan as approved by the redevelopment agency on a quarterly basis, at a simple interest rate of 3 percent. The recalculated loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years. Moneys repaid shall be applied first to the principal, and second to the interest. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan 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 subdivision and paragraph (7) of

subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the 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, provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (7) of subdivision (e) of Section 34176.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. If the former redevelopment agency did not have real properties, the successor agency shall prepare a long-range property management plan certifying that the successor agency does not have real properties of the former redevelopment agency for disposition or use. The plan shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) All remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved for payment by the department pursuant to subdivision (m) or (o) of Section 34177.

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

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

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

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

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

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

(2) The Last and Final Recognized Obligation Payment Schedule shall include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation listed pursuant to subparagraphs (A) and (B) of paragraph (1), and the total outstanding obligation and interest rate of 4 percent, for loans or deferrals listed pursuant to subparagraph (C) of paragraph (1).

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

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

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

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

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

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

(5) If a successor agency receives insufficient funds to pay for the enforceable obligations approved in the Last and Final Recognized Obligation Payment Schedule in any given period, the city, county, or city and county that created the redevelopment agency may loan or grant funds to a successor agency for that period at the successor agency's request for the sole purpose of paying for approved items on the Last and Final Recognized Obligation Payment Schedule that would otherwise go unpaid. Any loans provided pursuant to this paragraph by the city, county, or city and county that created the redevelopment agency shall not include an interest component. Additionally, at the request of the department, the county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Last and Final Recognized Obligation Payment Schedule in order to ensure prompt payments of successor agency debts. Any loans provided pursuant to this paragraph by the county treasurer shall not include an interest component. A loan made under this section shall be repaid from the source of funds approved for payment of the underlying enforceable obligation in the Last and Final Recognized Obligation Payment Schedule once sufficient funds

become available from that source. Payment of the loan shall not increase the total amount of Redevelopment Property Tax Trust Fund received by the successor agency as approved on the Last and Final Recognized Obligation Payment Schedule.

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

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

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

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

(8) Commencing on the effective date of the approved Last and Final Recognized Obligation Payment Schedule, oversight board resolutions shall not be submitted to the department pursuant to subdivision (h) of Section 34179. This paragraph shall not apply to oversight board resolutions necessary for refunding bonds pursuant to Section 34177.5, long-range property management plans pursuant to Section 34191.5, amendments to the Last and Final Recognized Obligation Payment Schedule under paragraph (2) of subdivision (c), and the final oversight board resolutions pursuant to Section 34187.

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

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

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

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

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

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

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

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

(F) Repayment in the amount specified in paragraph (6) of subdivision (c) of loans and deferrals listed and approved on the Last and Final Recognized Obligation Payment Schedule pursuant to subparagraph (C) of paragraph (1) of subdivision (b) and subdivision (c).

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

(3) If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund their current or future fiscal year obligations, and if the county auditor-

controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to subdivision (b) of Section 34183.

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

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

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

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

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

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

**96.11.** Notwithstanding any other provision of this article, for purposes of property tax revenue allocations, the county auditor of a county for which a negative sum was calculated pursuant to subdivision (a) of former Section 97.75 as that section read on September 19, 1983, shall, in reducing the amount of property tax revenue that otherwise would be allocated to the county by an amount attributable to that negative sum, do all of the following:

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

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

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

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

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

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

(c) For the 2013–14 fiscal year and for the 2014–15 fiscal year, apply a reduction amount that is determined on the basis of the reduction amount applied for the immediately preceding fiscal year.

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

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

**96.24.** Notwithstanding any other law, the property tax apportionment factors applied in allocating property tax revenues in the County of San Benito for each fiscal year through the 2000–01 fiscal year, inclusive, are deemed to be correct. Notwithstanding the audit time limits specified in paragraph (3) of subdivision (c) of Section 96.1, the county auditor shall make the allocation adjustments identified in the State Controller's audit of the County of San Benito for the 2001–02 fiscal year pursuant to the other provisions of paragraph (3) of subdivision (c) of Section 96.1. For the 2002–03 fiscal year and each fiscal year thereafter, property tax apportionment factors applied in allocating property tax revenues in the County of San Benito shall be determined on the basis of property tax apportionment factors for prior fiscal years that have been fully corrected and adjusted, pursuant to the review and recommendation of the Controller, as would be required in the absence of the preceding sentences.

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

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

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



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

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

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

(4) In lieu of making the allocations of annual tax increment pursuant to subdivision (e) of Section 96.5 or its predecessor section, the auditor shall, for the 1989–90 fiscal year and each fiscal year thereafter, allocate the amount of property tax revenue determined pursuant to subdivision (d) of Section 96.5 or its predecessor section to jurisdictions in the tax rate area using the proportionate shares derived pursuant to paragraph (3).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) The amount of property tax revenue received pursuant to this chapter in excess of the amount allocated for the 1986–87 fiscal year by all special districts that are governed by the city council of the qualifying city or whose governing body is the same as the city council of the qualifying city with respect to all tax rate areas within the boundaries of the qualifying city.

Notwithstanding this paragraph:

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

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

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

(g) Notwithstanding any other provision of this section, in no event may the auditor reduce the amount of ad valorem property tax revenue otherwise allocated to a qualifying city pursuant to this section on the basis of any additional ad valorem property tax

revenues received by that city pursuant to a services for revenue agreement. For purposes of this subdivision, a "services for revenue agreement" means any agreement between a qualifying city and the county in which it is located, entered into by joint resolution of that city and that county, under which additional service responsibilities are exchanged in consideration for additional property tax revenues.

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

(i) If the auditor determines that the amount to be distributed to a qualifying city pursuant to subdivision (b), as modified by subdivisions (e), (f), and (g) would result in a qualifying city having proceeds of taxes in excess of its appropriation limit, the auditor shall reduce the amount, on a dollar-for-dollar basis, by the amount that exceeds the city's appropriations limit.

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

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

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

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

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

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

(i) Reduce the total amount of ad valorem property tax revenue otherwise required to be allocated to qualifying cities in that county by the ERAF reimbursement amount. This reduction for each qualifying city in the county for each fiscal year shall be the percentage share, of the total reduction required by this clause for all qualifying cities in the county for the 2006–07 fiscal year, that is equal to the proportion that the total amount of additional ad valorem property tax revenue that is required to be allocated to the qualifying city as a result of the act that added this subdivision bears to the total amount of additional ad valorem property tax revenue that is required to be allocated to all qualifying cities in the county as a result of the act that added this subdivision.

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

(B) For purposes of this subdivision, "ERAF reimbursement amount" means an amount equal to the difference between the following two amounts:

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

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

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

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

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

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

- (II) For the second fiscal year in which qualifying cities receive an allocation pursuant to this subdivision, 60 percent.
- (III) For the third fiscal year in which qualifying cities receive an allocation pursuant to this subdivision, 40 percent.
- (IV) For the fourth fiscal year in which qualifying cities receive an allocation pursuant to this subdivision, 20 percent.
- (V) For the fifth fiscal year in which qualifying cities receive an allocation pursuant to this subdivision, and for each fiscal year thereafter in which a qualifying city receives an allocation pursuant to this subdivision, zero percent.

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

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

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

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

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

- (1) The Mission Bay North Owner Participation Agreement.
- (2) The Mission Bay South Owner Participation Agreement.
- (3) The Disposition and Development Agreement for Hunters Point Shipyard Phase 1.
- (4) The Candlestick Point-Hunters Point Shipyard Phase 2 Disposition and Development Agreement.
- (5) The Transbay Implementation Agreement.

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

(c) Due to insufficient property tax revenues in the Redevelopment Property Tax Trust Fund, of the total number of affordable housing units that the successor agency is obligated to fund and develop under the enforceable obligations described in subdivision (a), the successor agency has been able to finance the construction of only 642 units. Additionally, the successor agency has not been able to fulfill its public infrastructure obligation under the Transbay Implementation Agreement.

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

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

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

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

**SEC. 28.** (a) For the 2015–16 fiscal year, the sum of twenty-three million seven hundred fifty thousand dollars (\$23,750,000) is hereby appropriated from the General Fund to the Department of Forestry and Fire Protection. Provision of these funds to the department shall be contingent on the County of Riverside agreeing to forgive amounts owed to it by the Cities of Eastvale, Jurupa Valley, Menifee, and Wildomar for services rendered to the cities between the respective dates of their incorporation, and June 30, 2015. The county's agreement to forgive these funds shall be forwarded to the Chairperson of the Joint Legislative Budget Committee and to the Director of Finance no later than December 1, 2015. The county's agreement shall be accompanied by a summary of the actual amount owed to the county by each of the cities for the period between the date of their incorporation and June 30, 2015. The agreement reflects a valid public purpose which benefits the cities, the county, and its citizens.

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

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

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

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

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

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

(c) The Legislature finds and declares that the special law contained in Section 26 of this measure is necessary and that a general law cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique fiscal pressures being experienced by qualifying cities, as defined in Section 98 of the Revenue and Taxation Code, in the County of Santa Clara.

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

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