

**MINUTES OF THE JOINT SPECIAL MEETING OF MADERA CITY COUNCIL, REGULAR MEETING OF THE MADERA CITY COUNCIL AS THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, AND SPECIAL MEETING OF THE MADERA CITY COUNCIL AS THE SUCCESSOR HOUSING AGENCY, CITY OF MADERA, CALIFORNIA**

September 9, 2015  
6:00 p.m.

City Hall  
Council Chambers

**1. CALL TO ORDER**

Mayor Pro Tem/Housing Authority Commissioner William Oliver opened the Special Meeting of the City Council, Regular Session portion of the Regular Meeting of the Housing Authority of the City of Madera and the Joint Special Meeting of the Madera City Council, Regular Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 6:00 p.m. and called for the roll call.

**ROLL CALL**

Present: Mayor Pro-Tem/Commissioner William Oliver  
Council Member/Commissioner Sally J. Bompreszi  
Council Member/Chairperson Donald E. Holley  
Council Member/Commissioner Andrew J. Medellin  
Council Member/Commissioner Charles F. Rigby  
Council Member/Vice-Chairperson Derek O. Robinson Sr.

Absent: Mayor/Commissioner Robert L. Poythress

Successor Agency staff members present:, City Attorney Brent Richardson, Business Manager Bob Wilson, and Recording Secretary Claudia Mendoza

City of Madera staff members present: City Administrator David Tooley, Neighborhood Preservation Supervisor Viola Rodriguez, Neighborhood Preservation Specialist Steve Montes, Neighborhood Preservation Consultant Fabela Rodriguez and Neighborhood Outreach Consultant Yuliana Franco

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor Pro Tem Oliver

**PUBLIC COMMENT – REGULAR SESSION**

The first fifteen minutes of the meeting are reserved for members of the public to address the Council/Agency on items which are within the subject matter jurisdiction of the Council/Agency. Speakers shall be limited to three minutes. Speakers will be asked to identify themselves and state the subject of their comment. If the subject is an item on the Agenda, the Mayor has the option of asking the speaker to hold the comment until that item is called. Comments on items listed as a Public Hearing on the Agenda should be held until the hearing is opened. The Council/Agency are prohibited by law from taking any action on matters discussed that are not on the Agenda, and no adverse conclusions should be drawn if the Council/Agency does not respond to public comment at this time.

*No comments were offered and Mayor Pro Tem Oliver closed the Public Comment portion of the meeting.*

*Mayor Pro Tem Oliver recessed the Joint Special Meeting of the Madera City Council, Regular Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 6:03 p.m.*

*Housing Authority Chairperson Donald Holley opened the Regular Meeting of the Housing Authority of the City of Madera, calling for items as listed on the agenda. The Housing Authority meeting was adjourned at 6:09 p.m.*

*Mayor Pro Tem Oliver reconvened the Joint Special Meeting of the Madera City Council, Regular Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 6:10 p.m.*

## **INTRODUCTIONS:**

Neighborhood Preservation Supervisor Rodriguez introduced Yuliana Franco as Neighborhood Outreach Consultant. She is married with three children and a resident of Madera. Her energy and upbeat personality is a perfect fit for this position. One of her many goals is to manage a foundation that will help develop leaders for a better Madera. We are very happy to have her join us.

Yuliana Franco stated that she is really excited to be working with many great leaders. Like Viola said, I do want to develop leaders and this is a great opportunity. This gets me in front of the community and I can see aspiring leaders growing up in the elementary schools, high schools and colleges.

Neighborhood Preservation Supervisor Rodriguez introduced Fabela Rodriguez as a part time Neighborhood Preservation Consultant. She is married and she is a resident of Madera. She is bilingual and her extensive banking experience has prepared her to provide the customer service to the public. She is very passionate about doing what she can to improve Madera. We are very proud to have her join us.

Fabela Rodriguez responded that she has resided in Madera her entire life. She has prior banking experience and working with the public for 5-6 years. She is looking to better Madera, not just for herself, but for her family and all the citizens of Madera.

## **PRESENTATIONS:**

**There are no items for this section.**

## **2. WORKSHOP:**

**There are no items for this section.**

*Announcement by Secretary:*

*Per Government Code Section 54957.5, members of the public are advised, that less than 72 Hours prior to this evening's meeting, Item 6A was provided to the City Council and staff. If you wish to obtain a copy of this item, it is located on the podium.*

*Mayor Pro Tem Oliver called for the items as listed on the Consent Calendar.*

## **3. CONSENT CALENDAR**

**3A. Minutes of the Joint Meeting of the Special Meeting of the Madera City Council, Regular Meeting of the City Council as the Successor Agency to the former Madera Redevelopment Agency and Special Meeting of the Successor Housing Agency – August 9, 2015 (City/Successor Agency/Successor Housing Agency)**

**3B. Listing of Warrants Issued from August 1, 2015 to August 31, 2015 (Successor Agency)**

**3C. Monthly Financial Reports – Successor Agency (Successor Agency)**

**3D. Monthly Financial Reports – Code Enforcement (City)**

**3E. Code Enforcement Activity Report (City)**

**3F. Code Enforcement Funds Collection Report for Period Ending August 31, 2015 (City)**

Mayor Pro Tem Oliver asked members of the Council if there were any items on the Consent Calendar they wished to have pulled for further discussion. There were none.

*On motion by Council Member Holley, seconded by Council Member Rigby the Consent Calendar was approved unanimously as presented by the following 6/0 vote: Ayes: Council Members Oliver, Robinson, Bomprezzi, Rigby, Medellin and Holley; Noes: None; Abstain: None; Absent: Mayor Poythress; resulting in the unanimous approval of the Minutes of the Joint Meeting of the Special Meeting of the Madera City Council, Regular Meeting of the City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Successor Housing Agency for August 9, 2015.*

#### **4. PROJECTS AND REPORTS**

**There are no items for this section.**

#### **5. AGREEMENTS**

**There are no items for this section.**

#### **6. HOUSING**

##### **6A. Joint Public Hearing Regarding Consideration of Resolutions Approving 33433 Report and Approval of Sale of Real Property Located at 1220 Nebraska Avenue (APN 004-111-019) to Jorge Garcia Pinacho and Juana Pacheco Matias (Successor Housing Agency)**

Business Manager Wilson reported that this is a joint public hearing between the City Council and the Successor Housing Agency regarding the sale of land owned by the former Madera Redevelopment Agency. The tenants of the property located at 1220 Nebraska Avenue requested to purchase the property from us. An appraisal was done and it was determined that the sales price is \$150,000.00. Normally the Agency will obtain an Affordability Covenant on the sale of a housing property. The loan application indicated that the family qualified for low income, however the housing unit did not qualify. In lieu of the Affordability Covenant, we are requesting an Owner Occupancy Covenant.

Mayor Pro Tem Oliver called for any other questions or comments, there were none.

Mayor Pro Tem Oliver opened the public hearing at 6:16 p.m.

There being no other speakers, the public hearing was closed at 6:16 p.m.

No other questions or comments were offered.

**Mayor Pro Tem Oliver called for a motion to adopt the City Council resolution.**

CC 15-191 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA, CALIFORNIA APPROVING SALE OF PROPERTY KNOWN AS 1220 NEBRASKA AVENUE STREET ACQUIRED BY TAX INCREMENT BY THE FORMER MADERA REDEVELOPMENT AGENCY AND MAKING FINDINGS RELATED THERETO

*On motion by Council Member Medellin, seconded by Council Member Holley, **Resolution Number CC 15-191** was approved unanimously as presented by the following 6/0 vote: Ayes: Council Members Oliver, Robinson, Bomprezzi, Rigby, Medellin and Holley; Noes: None; Abstain: None; Absent: Mayor Poythress.*

**Mayor Pro Tem Oliver called for a motion to adopt the Successor Housing Agency resolution.**

SHA 15-18 RESOLUTION OF THE CITY OF MADERA AS SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY MADERA, CALIFORNIA APPROVING THE SALE OF PROPERTY LOCATED AT 1220 NEBRASKA AVENUE LOCATED IN THE CITY OF MADERA

*On motion by Council Member Medellin, seconded by Council Member Holley, **Resolution Number SHA 15-18** was approved unanimously as presented by the following 6/0 vote: Ayes: Council Members Oliver, Robinson, Bomprezzi, Rigby, Medellin and Holley; Noes: None; Abstain: None; Absent: Mayor Poythress.*

**Mayor Pro Tem Oliver called for a motion to adopt the Successor Housing Agency resolution.**

SHA 15-19 RESOLUTION OF THE SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, MADERA, CALIFORNIA, APPROVING AGREEMENT WITH MADERA JORGE GARCIA PINACHO AND JUANA PACHEO MATIAS, AS JOINT TENANTS FOR THE PURCHASE AND SALE OF REAL PROPERTY KNOWN AS 1220 NEBRASKA AVENUE, IN THE CITY OF MADERA AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT, GRANT DEED AND ANY AND ALL DOCUMENTS

NECESSARY TO EFFECTUATE THE TRANSACTION ON BEHALF OF THE CITY OF MADERA, AS SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY

*On motion by Council Member Medellin, seconded by Council Member Holley, **Resolution Number SHA 15-19** was approved unanimously as presented by the following 6/0 vote: Ayes: Council Members Oliver, Robinson, Bomprezzi, Rigby, Medellin and Holley; Noes: None; Abstain: None; Absent: Mayor Poythress.*

**7. GENERAL**

**There are no items for this section.**

**8. AGENCY MEMBER REPORTS**

Council Member Robinson had nothing to report.

Council Member Bomprezzi had nothing to report.

Council Member Rigby had nothing to report.

Council Member Holley had nothing to report.

Council Member Medellin stated that there is a member of our family missing today, our Executive Director Jim Taubert. I am sure he would appreciate any well wishes sent his way. I have talked with him and he knows that the Agency is in good hands and everyone is doing a fantastic job.

Mayor Pro Tem Oliver reported that he attended Sonora Street Neighborhood Watch and thanked Council Member Holley for his attendance to this event.

**9. CLOSED SESSION**

**9A. Closed Session Announcement – General Counsel/City Attorney**

**9B. Conference with Legal Counsel – Existing Litigation. Subdivision (d)(1) of Government Code §54956.9**

**One case: City of Madera v. Roy Roberts  
MCV062827**

*The City Council retired to Closed Session at 6:20 p.m. and reconvened the meeting at 7:02 p.m. with all members present.*

**9C. Reconvene Closed Session**

*Mr. Richardson announced that the City Council met in Closed Session for one item pursuant to Government Code Section (d)(1) of Government Code §54956.9, and noted that no reportable action was taken during Closed Session.*

**10. ADJOURNMENT**

*Mayor Pro Tem Oliver adjourned the Joint Special Meeting of the Madera City Council, Regular Meeting of the Madera City Council as the Successor Agency to the former Madera Redevelopment Agency, and Special Meeting of the Madera City Council as the Successor Housing Agency at 7:03 p.m.*

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Claudia Mendoza, Recording Secretary

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Robert Poythress, Mayor



**THE SUCCESSOR AGENCY TO  
THE FORMER CITY OF MADERA REDEVELOPMENT AGENCY**

Memorandum To: The Honorable Chairman,  
Agency Board and  
Executive Director

From: Office of the Treasurer

Subject: Listing of Warrants Issued

Date: October 14, 2015

Attached, for your information, is the register of the warrants for the Successor Agency to the former Redevelopment Agency covering obligations paid during the period of:

September 1, 2015 to September 30, 2015

Each demand has been audited and I hereby certify to their accuracy and that there were sufficient funds for their payment.

General Warrants:	#10620 - #10635	\$87,095.72
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Respectfully submitted,

  
\_\_\_\_\_  
Tim Przybyla  
Finance Director

  
\_\_\_\_\_  
Bob Wilson  
Successor Agency Manager

THE SUCCESSOR AGENCY TO  
THE FORMER CITY OF MADERA REDEVELOPMENT AGENCY  
REGISTER OF AUDITED DEMANDS FOR BANK #1-UNION BANK MAIN ACCOUNT  
OCTOBER 14, 2015

CHECK	PAYDATE	ISSUED TO	DESCRIPTION	AMOUNT
010620	9/10/2015	BROWN, SANDI	REIMBURSEMENT FOR NOTARY TRAINING/APP	468.50
010621	9/10/2015	CAL VALLEY PRINTING	CHAMBER REPLACEMENT PLAQUE	673.92
010622	9/10/2015	DIAMOND COMMUNICATIONS INC	ALARM MONITORING SVCS OCT-DEC 2015	180.00
010623	9/10/2015	HARBISON INTERNATIONAL INC.	RIVERSIDE VILLAS STORM DRAIN 05/19-09/02	2,085.00
010624	9/10/2015	JOHNSON REAL ESTATE APPRAISAL	APPRAISAL FEES 1708 N. LAKE	250.00
010625	9/10/2015	MADERA CLEANERS AND LAUNDRY INC.	SLATE MAT SVCS	4.50
010626	9/10/2015	P G AND E	08/15 SVCS 2000655655-7	1,920.16
010627	9/10/2015	QUAD-KNOPF	ADELL STREET IMPROVEMENTS PROG PMT	2,479.30
010628	9/24/2015	CALIFORNIA HOUSING FINANCE AGENCY	HELP #020405-04 #8 FINAL PMT	77,291.65
010629	9/24/2015	WILLIAM J GLOVER	APPRAISAL RR POND PARCEL 011-183-002	800.00
010630	9/24/2015	CITY OF MADERA	5 E YOSEMITE AVE SEPT 2015 WATER SEWER	640.33
010631	9/24/2015	MADERA CLEANERS AND LAUNDRY INC.	SLATE MAT SVCS	4.50
010632	9/24/2015	MADERA TRIBUNE	PUB OF PUBLIC HEARING NOTICE	133.12
010633	9/24/2015	RICOH USA, INC.	COPIER MAINTENANCE FEE FOR PERIOD 08/15	16.34
010634	9/24/2015	TERMINIX INTERNATIONAL	PEST CONTROL SVCS	29.00
010635	9/24/2015	VERIZON WIRELESS	AUGUST 2015 CELLPHONE USAGE	119.40

**BANK #1 - Union Bank Main Acct. Total**

**87,095.72**

# CITY OF MADERA REDEVELOPMENT AGENCY REPORT TO SUCCESSOR AGENCY BOARD

SUCCESSOR AGENCY MEETING OF OCTOBER 14, 2015

SUCCESSOR AGENCY ITEM NUMBER 3C/3D

APPROVED BY

  
FINANCE DEPARTMENT

  
SUCCESSOR AGENCY EXECUTIVE DIRECTOR

  
SUCCESSOR AGENCY MANAGER

**Subject:** Monthly Financial Reports

**Background:** Each month the Finance Department will be including in the agenda packet a set of reports that present the operating results for the Successor Agency during the prior month. Reports for the Code Enforcement program are also included in this presentation.

**Recommendation:** This report is for Successor Board Member review and no formal action is being requested.

**Discussion:** Due to the timing of the Successor Agency meetings, it will not be possible to reflect the results from each month based on information that is reconciled to the bank statement, since the statements are not available from the bank in time to do so. However, the information shown in the actual column is cumulative, so later months will reflect any changes made to an earlier month based on the reconciliation of accounting data to the bank and trustee statements.

## CONSISTENCY WITH THE VISION MADERA 2025 PLAN

Approval of the monthly financial reports is not addressed in the vision or action plans; there is no formal action being requested, therefore, no conflict exists with any of the actions or goals contained in that plan.

Should the Successor Agency Board wish to have additional information, the Finance Department will make every effort to meet those requests.

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 40200: Low/Mod Hsg TI Housing Asset</b>						
<b>Account: Revenue</b>						
2001-8163	Interest Income - Loans	439.77-	439.77-	0.00	439.77	0.00
2001-8190	Rental Income	9,150.00-	9,150.00-	0.00	9,150.00	0.00
2001-8671	Sale of Real Estate	50,000.00-	50,000.00-	0.00	50,000.00	0.00
	NET Account: Revenue:	59,589.77-	59,589.77-	0.00	59,589.77	0.00
<b>Account: Expense</b>						
2001-1010	Salaries - Full-time	5,694.38	5,694.38	0.00	5,694.38-	0.00
2001-1020	Salaries - Part-time	357.90	357.90	0.00	357.90-	0.00
2001-1040	Salaries - Leave Payout	2,429.31-	2,429.31-	0.00	2,429.31	0.00
2001-2000	Public Employees Retirement System	1,231.10	1,231.10	0.00	1,231.10-	0.00
2001-2002	Long Term Disability Insurance	15.38	15.38	0.00	15.38-	0.00
2001-2003	Life Insurance Premiums	3.66	3.66	0.00	3.66-	0.00
2001-2004	Worker's Compensation Insurance	471.88	471.88	0.00	471.88-	0.00
2001-2005	Medicare Tax - Employer's Share	70.08	70.08	0.00	70.08-	0.00
2001-2007	Deferred Compensation - Part-time	13.43	13.43	0.00	13.43-	0.00
2001-2008	Deferred Compensation - Full-time	832.96	832.96	0.00	832.96-	0.00
2001-2009	Unemployment Insurance Premiums	0.73	0.73	0.00	0.73-	0.00
2001-2010	Section 125 Benefit Allow.	581.75	581.75	0.00	581.75-	0.00
2001-3001	Gas and Electric Utilities	1,266.19	1,266.19	0.00	1,266.19-	0.00
2001-3002	Telephone and Fax Charges	41.84	41.84	0.00	41.84-	0.00
2001-3011	Advertising - Bids and Legal Notice	262.08	262.08	0.00	262.08-	0.00
2001-3040	Contracted Services	1,761.17	1,761.17	0.00	1,761.17-	0.00
2002-3069	Disposal Costs	1,196.00	1,196.00	0.00	1,196.00-	0.00
2002-3802	Acquisition / Demolition	238,196.16	238,196.16	0.00	238,196.16-	0.00
	NET Account: Expense:	249,567.38	249,567.38	0.00	249,567.38-	0.00
	TOTAL Fund 40200: Low/Mod Hsg TI Housing Asset:	189,977.61	189,977.61	0.00	189,977.61-	0.00



For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 40300: Non Housing Tax Incr - RPTTF</b>						
<b>Account: Revenue</b>						
3001-8000	Current Secured Property Tax	1,893,696.00-	1,893,696.00-	0.00	1,893,696.00	0.00
	NET Account: Revenue:	1,893,696.00-	1,893,696.00-	0.00	1,893,696.00	0.00
<b>Account: Expense</b>						
3001-3135	Lease Property Maintenance	1,724.13	1,724.13	0.00	1,724.13-	0.00
3001-7000	Operating Transfer to Other Funds	2,371,196.90	2,371,196.90	0.00	2,371,196.90-	0.00
	NET Account: Expense:	2,372,921.03	2,372,921.03	0.00	2,372,921.03-	0.00
	TOTAL Fund 40300: Non Housing Tax Incr - RPTTF:	479,225.03	479,225.03	0.00	479,225.03-	0.00

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 57500: Administrative Allowance Fund</b>						
<b>Account: Expense</b>						
3501-1010	Salaries - Full-time	33,783.74	33,783.74	0.00	33,783.74-	0.00
3501-1020	Salaries - Part-Time	2,301.56	2,301.56	0.00	2,301.56-	0.00
3501-1040	Salaries - Leave Payout	5,575.08	5,575.08	0.00	5,575.08-	0.00
3501-2000	Public Employees Retirement System	7,300.01	7,300.01	0.00	7,300.01-	0.00
3501-2002	Long Term Disability Insurance	83.24	83.24	0.00	83.24-	0.00
3501-2003	Life Insurance Premiums	19.74	19.74	0.00	19.74-	0.00
3501-2004	Worker's Compensation Insurance	2,807.36	2,807.36	0.00	2,807.36-	0.00
3501-2005	Medicare Tax - Employer's Share	698.95	698.95	0.00	698.95-	0.00
3501-2007	Deferred Compensation - Part-Time	86.29	86.29	0.00	86.29-	0.00
3501-2008	Deferred Compensation - Full-time	4,579.25	4,579.25	0.00	4,579.25-	0.00
3501-2009	Unemployment Insurance Premiums	18.26	18.26	0.00	18.26-	0.00
3501-2010	Section 125 Benefit Allow.	3,145.75	3,145.75	0.00	3,145.75-	0.00
3501-3001	Gas and Electric Utilities	5,225.20	5,225.20	0.00	5,225.20-	0.00
3501-3002	Telephone and Fax Charges	226.12	226.12	0.00	226.12-	0.00
3501-3003	Cellular Phone and Pager Charges	352.79	352.79	0.00	352.79-	0.00
3501-3020	Mileage Reimbursement	135.01	135.01	0.00	135.01-	0.00
3501-3040	Contracted Services	3,374.67	3,374.67	0.00	3,374.67-	0.00
3501-3115	Taxes and Assessments	113.69	113.69	0.00	113.69-	0.00
3501-3130	Building Supplies, Keys and Repairs	116.00	116.00	0.00	116.00-	0.00
3501-3300	Conference/Training/Education	468.50	468.50	0.00	468.50-	0.00
	NET Account: Expense:	70,411.21	70,411.21	0.00	70,411.21-	0.00
	TOTAL Fund 57500: Administrative Allowance Fund:	70,411.21	70,411.21	0.00	70,411.21-	0.00

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 60500: Non Housing Bond Proceeds</b>						
<b>Account: Revenue</b>						
5001-8201	Services for Other Agencies	300.00-	300.00-	0.00	300.00	0.00
	NET Account: Revenue:	300.00-	300.00-	0.00	300.00	0.00
<b>Account: Expense</b>						
5001-1010	Salaries - Full-time	5,694.38	5,694.38	0.00	5,694.38-	0.00
5001-1020	Salaries - Part-time	357.90	357.90	0.00	357.90-	0.00
5001-1040	Salaries - Leave Payout	2,429.31-	2,429.31-	0.00	2,429.31	0.00
5001-2000	Public Employees Retirement System	1,231.10	1,231.10	0.00	1,231.10-	0.00
5001-2002	Long Term Disability Insurance	15.38	15.38	0.00	15.38-	0.00
5001-2003	Life Insurance Premiums	3.66	3.66	0.00	3.66-	0.00
5001-2004	Worker's Compensation Insurance	471.88	471.88	0.00	471.88-	0.00
5001-2005	Medicare Tax - Employer's Share	70.08	70.08	0.00	70.08-	0.00
5001-2007	Deferred Compensation - Part-time	13.43	13.43	0.00	13.43-	0.00
5001-2008	Deferred Compensation - Full-time	832.96	832.96	0.00	832.96-	0.00
5001-2009	Unemployment Insurance Premiums	0.73	0.73	0.00	0.73-	0.00
5001-2010	Section 125 Benefit Allow.	581.75	581.75	0.00	581.75-	0.00
5001-3001	Gas and Electric Utilities	241.65	241.65	0.00	241.65-	0.00
5001-3002	Telephone and Fax Charges	41.84	41.84	0.00	41.84-	0.00
5001-3040	Contracted Services	885.09	885.09	0.00	885.09-	0.00
5001-3115	Taxes and Assessments	34.13	34.13	0.00	34.13-	0.00
5002-3802	Acquisitions	800.00	800.00	0.00	800.00-	0.00
5002-3814	Adell Improvement Project	8,264.80	8,264.80	0.00	8,264.80-	0.00
5003-3807	Building Development Depot Building	240.00	240.00	0.00	240.00-	0.00
5004-3804	SouthWest Industrial Infract. Study	480.00	480.00	0.00	480.00-	0.00
5012-3810	Traffic Signal-Yosemite and Elm	6,765.59	6,765.59	0.00	6,765.59-	0.00
	NET Account: Expense:	24,597.04	24,597.04	0.00	24,597.04-	0.00
	TOTAL Fund 60500: Non Housing Bond Proceeds:	24,297.04	24,297.04	0.00	24,297.04-	0.00

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 60600: Low/Mod Housing Bond Proceeds</b>						
<b>Account: Expense</b>						
6016-3803	Riverside Villa Subdivision	2,085.00	2,085.00	0.00	2,085.00-	0.00
	NET Account: Expense:	2,085.00	2,085.00	0.00	2,085.00-	0.00
	TOTAL Fund 60600: Low/Mod Housing Bond Proceeds:	2,085.00	2,085.00	0.00	2,085.00-	0.00



For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 80400: Debt Service Fund</b>						
<b>Account: Revenue</b>						
4001-8162	Interest Income	1,798.32	1,798.32	0.00	1,798.32-	0.00
4001-8350	Transferees In	2,371,196.90-	2,371,196.90-	0.00	2,371,196.90	0.00
	NET Account: Revenue:	2,369,398.58-	2,369,398.58-	0.00	2,369,398.58	0.00
<b>Account: Expense</b>						
4002-3040	Contracted Services	1,674.10	1,674.10	0.00	1,674.10-	0.00
	NET Account: Expense:	1,674.10	1,674.10	0.00	1,674.10-	0.00
	TOTAL Fund 80400: Debt Service Fund:	2,367,724.48-	2,367,724.48-	0.00	2,367,724.48	0.00
	REPORT TOTALS:	1,601,728.59-	1,601,728.59-	0.00	1,601,728.59	0.00

\*\*\* End Of Report \*\*\*

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 10800: Code Enforcement</b>						
<b>Dept 414: Community Development - Code Enforcement</b>						
<b>Account: Revenue</b>						
2380-8076	Abandoned Property Registration fees	1,210.00-	1,210.00-	10,000.00-	8,790.00-	12.10
2380-8203	Background Check Service Fee	25.00-	25.00-	300.00-	275.00-	8.33
2380-8227	Vacant Building Ordinance	900.00-	900.00-	4,500.00-	3,600.00-	20.00
2380-8228	Graffiti Ordinance	151.76-	151.76-	0.00	151.76	0.00
2380-8551	Fines and Penalties for Violations	93,093.00-	93,093.00-	425,000.00-	331,907.00-	21.90
2380-8554	Vehicle Abatement Fee	0.00	0.00	48,000.00-	48,000.00-	0.00
2380-8556	Foreclosure Revenues	17,699.34-	17,699.34-	45,000.00-	27,300.66-	39.33
2380-8657	Miscellaneous Revenue	217.92-	217.92-	0.00	217.92	0.00
2380-8659	Refunds and Reimbursements	245.00-	245.00-	0.00	245.00	0.00
2380-8682	Collection Recovery-Code Enf.	0.00	0.00	30,000.00-	30,000.00-	0.00
2380-8684	Cost Recovery for Weed Abatement	1,305.66-	1,305.66-	65,000.00-	63,694.34-	2.01
2381-8334	Interfund Charges - CDBG	0.00	0.00	400,000.00-	400,000.00-	0.00
NET Account: Revenue:		114,847.68-	114,847.68-	1,027,800.00-	912,952.32-	11.17
<b>Account: Expense</b>						
2425-1010	Salaries / Full-time	82,569.87	82,569.87	528,790.00	446,220.13	15.61
2425-1020	Salaries / Part-time	23,926.70	23,926.70	119,547.00	95,620.30	20.01
2425-1030	Salaries / Overtime	533.34	533.34	0.00	533.34-	0.00
2425-1040	Salaries - Leave Payout	1,798.30	1,798.30	9,241.00	7,442.70	19.46
2425-1050	Salaries / Uniform Pay	1,000.00	1,000.00	1,000.00	0.00	100.00
2425-2000	Public Employees Retirement System	20,477.87	20,477.87	123,696.00	103,218.13	16.55
2425-2002	Long Term Disability Insurance	301.30	301.30	1,786.00	1,484.70	16.87
2425-2003	Life Insurance Premiums	103.60	103.60	593.00	489.40	17.47
2425-2004	Worker's Compensation Insurance	8,339.11	8,339.11	56,242.00	47,902.89	14.83
2425-2005	Medicare Tax - Employer's Share	1,531.05	1,531.05	9,959.00	8,427.95	15.37
2425-2007	Deferred Compensation / Part-time	783.40	783.40	2,486.00	1,702.60	31.51
2425-2008	Deferred Compensation / Full-time	9,081.38	9,081.38	33,573.00	24,491.62	27.05
2425-2009	Unemployment Insurance	243.40	243.40	4,188.00	3,944.60	5.81
2425-2010	Section 125 Benefit Allow.	27,660.96	27,660.96	172,297.00	144,636.04	16.05
2425-3001	Gas and Electric Utilities	0.00	0.00	11,000.00	11,000.00	0.00
2425-3002	Telephone and Fax Charges	696.88	696.88	7,000.00	6,303.12	9.96
2425-3011	Advertising - Bids and Legal Notices	0.00	0.00	1,000.00	1,000.00	0.00
2425-3014	Professional Dues	0.00	0.00	375.00	375.00	0.00
2425-3015	Publications and Subscriptions	0.00	0.00	250.00	250.00	0.00
2425-3016	Office Supplies - Expendable	101.83	101.83	8,000.00	7,898.17	1.27
2425-3018	Postage / Other Mailing Charges	949.98	949.98	13,000.00	12,050.02	7.31
2425-3020	Mileage Reimbursement	0.00	0.00	500.00	500.00	0.00
2425-3025	Vehicle Fuel, Supplies & Maintenance	811.76	811.76	18,000.00	17,188.24	4.51
2425-3037	Weed Abatement Expense	721.00	721.00	65,000.00	64,279.00	1.11
2425-3040	Contracted Services	4,264.49	4,264.49	104,000.00	99,735.51	4.10
2425-3050	Bad Debt Expense	12.00-	12.00-	3,000.00	3,012.00	0.40-
2425-3120	Other Supplies	1,158.00	1,158.00	23,500.00	22,342.00	4.93
2425-3130	Building Supplies, Keys, Repairs	14.56	14.56	3,000.00	2,985.44	0.49
2425-3138	Tool Replacement Cost	0.00	0.00	1,000.00	1,000.00	0.00
2425-3300	Conference, Training, Education	0.00	0.00	7,000.00	7,000.00	0.00
2425-4002	Interfund Charges - Central Supply	394.62	394.62	600.00	205.38	65.77
2425-4005	Interfund Charges - Vehicle Repairs	4,878.00	4,878.00	19,494.00	14,616.00	25.02
2425-4007	Interfund Charges - Vehicle Replacem	3,397.00	3,397.00	13,567.00	10,170.00	25.04
2425-4018	Interfund Charges-Computer Maint.	14,120.00	14,120.00	56,447.00	42,327.00	25.01
2425-4020	Interfund Charges - Computer Replace	3,654.00	3,654.00	14,616.00	10,962.00	25.00
2425-6002	Lease Payment	0.00	0.00	7,730.00	7,730.00	0.00
NET Account: Expense:		213,500.40	213,500.40	1,441,477.00	1,227,976.60	14.81
TOTAL Dept 414: Community Development - Code Enforcement:		98,652.72	98,652.72	413,677.00	315,024.28	23.85
TOTAL Fund 10800: Code Enforcement:		98,652.72	98,652.72	413,677.00	315,024.28	23.85

For All Revenue, Expense Accounts  
Zero Balance Accounts NOT Included

Transactions Entered From 07/01/2015  
To 09/30/2015

Account	Description	Period Actuals	YTD Actuals	YTD Budget	Variance	% Of Budget
<b>Fund 10865: LEA Tire Grant</b>						
<b>Dept 432: LEA Tire Grant</b>						
<b>Account: Revenue</b>						
2427-8428	Current Year Allocation-LEA Grant	5,896.82-	5,896.82-	18,338.00-	12,441.18-	32.16
	NET Account: Revenue:	5,896.82-	5,896.82-	18,338.00-	12,441.18-	32.16
<b>Account: Expense</b>						
2427-1010	Salaries / Full-time	0.00	0.00	6,335.00	6,335.00	0.00
2427-2000	Public Employees Retirement System	0.00	0.00	1,621.00	1,621.00	0.00
2427-2002	Long Term Disability Insurance	0.00	0.00	23.00	23.00	0.00
2427-2004	Worker's Compensation Insurance	0.00	0.00	553.00	553.00	0.00
2427-2005	Medicare Tax-Employer's Share	0.00	0.00	96.00	96.00	0.00
2427-2008	Deferred Compensation/Full-time	0.00	0.00	266.00	266.00	0.00
2427-2009	Unemployment Insurance	0.00	0.00	247.00	247.00	0.00
2427-2010	Section 125 Benefit Allow.	0.00	0.00	2,221.00	2,221.00	0.00
2427-3120	Other Supplies	0.00	0.00	205.00	205.00	0.00
2427-3300	Conference, Training, Education	0.00	0.00	6,956.00	6,956.00	0.00
	NET Account: Expense:	0.00	0.00	18,523.00	18,523.00	0.00
	TOTAL Dept 432: LEA Tire Grant:	5,896.82-	5,896.82-	185.00	6,081.82	3,187.47-
<b>Dept 436: Tire Amnesty Grant</b>						
<b>Account: Revenue</b>						
2428-8455	Tire Amnesty Grant	52,791.00-	52,791.00-	39,649.00-	13,142.00	133.15
	NET Account: Revenue:	52,791.00-	52,791.00-	39,649.00-	13,142.00	133.15
<b>Account: Expense</b>						
2428-1010	Salaries / Full-time	0.00	0.00	5,280.00	5,280.00	0.00
2428-2000	Public Employees Retirement System	0.00	0.00	1,351.00	1,351.00	0.00
2428-2002	Long Term Disability Insurance	0.00	0.00	19.00	19.00	0.00
2428-2004	Worker's Compensation Insurance	0.00	0.00	461.00	461.00	0.00
2428-2005	Medicare Tax - Employer's Share	0.00	0.00	80.00	80.00	0.00
2428-2008	Deferred Compensation / Full-time	0.00	0.00	222.00	222.00	0.00
2428-2009	Unemployment Insurance	0.00	0.00	206.00	206.00	0.00
2428-2010	Section 125 Benefit Allow.	0.00	0.00	1,851.00	1,851.00	0.00
2428-3012	Advertising - Other	0.00	0.00	4,318.00	4,318.00	0.00
2428-3040	Contracted Services	0.00	0.00	25,545.00	25,545.00	0.00
2428-3120	Other Supplies	0.00	0.00	665.00	665.00	0.00
	NET Account: Expense:	0.00	0.00	39,998.00	39,998.00	0.00
	TOTAL Dept 436: Tire Amnesty Grant:	52,791.00-	52,791.00-	349.00	53,140.00	0.00
	TOTAL Fund 10865: LEA Tire Grant:	58,687.82-	58,687.82-	534.00	59,221.82	0.00
	REPORT TOTALS:	39,964.90	39,964.90	414,211.00	374,246.10	9.65

\*\*\* End Of Report \*\*\*

## REPORT TO THE CITY COUNCIL

MEETING OF: October 14, 2015

AGENDA ITEM NUMBER: 3E

APPROVED BY:

  
for Executive Director

  
Neighborhood Preservation Supervisor

**Subject:** Activity Report – Code Enforcement Division

**Summary:** The City Council has identified pro-active code enforcement to be a major priority. We have modified the format in order to provide you and the public with a better understanding of the activity level of the Neighborhood Revitalization Program.

### HISTORY/BACKGROUND

Foreclosed properties continue to be a City-wide problem and not limited to individual census tracts. Our focus on these types of vacant buildings continues to dominate our list of priorities. To address such vacancies, our level of activity extends to regular monitoring and inspections, regular issuing of notices and administrative citations to property owner(s) and interested parties and when necessary placing a lien on the property for any continuing violation(s). The goal in this focused effort is to contact the responsible parties, (who in most cases are absentee financial institutions), early in the process, so as to prevent the properties from deterioration and blight, from attracting unauthorized persons into the home, and from health hazards but most of all to help preserve the well being of the neighborhood.

### RECOMMENDATION

No action is required.

JET/cm

Attachment:  
-Activity Report



## REPORT FOR SEPTEMBER 1 – SEPTEMBER 30, 2015

### Foreclosed Property Activities

	Activity	Amount
1.	Total Foreclosed Property Cases	197
2.	Properties Sold this month	13
3.	Monitoring (Occupied)	54
4.	Active Cases	130
5.	Properties Currently Registered	115
6.	Citations Issued - Fiscal year 2015-2016	52

\*\* Aside from the ( 13 ) Foreclosure Properties Sold, there were ( 3 ) additional Foreclosure cases closed due to cancellation of foreclosure sales in this month.

### Code Enforcement Activities

	Activity	Total for Month	Year to Date (From 7/1/2015)
1.	Files Opened	188	522
2.	Files Closed – <i>Public Nuisance, Zoning, Vacant Building, Substandard Housing</i>	96	318
3.	Remaining Active Files	955	N/A
4.	Citations Issued	32	111
*5.	Abandoned Vehicles Tagged	85	258
*6.	Abandoned Vehicles Towed	3	9
*7.	Abandoned Vehicles Removed	73	196

\*Vehicles removed will usually be a higher number, as there has been a backlog of vehicle cases that our department is currently focusing upon.

### Anti-Graffiti Activities

*Effective August 15, 2012 Graffiti Abatement Team is operating out of Public Works Department.  
Beginning January 1, 2015, Neighborhood Revitalization Department Staff is only tracking Anti-Graffiti efforts.*

	Activity	Total for Month	Year to Date (From 7/1/2015)
1.	Incidences Removed by Empowered Citizens/Property Owners	60	200
2.	Total Number of Empowered Citizens	6	1,830
3.	Public Presentations	8	18
4.	School Presentation (in partnership with MPD and Graffiti Abatement Team)	0	0
5.	Arrests by Madera Police Department	1	1

### Accounts Receivables Activities

	Activity	Total for Month	Year to Date (From 7/1/2015)
1.	Fines/Citations, Penalties, and Enforcement Fees <i>Levied</i> For Fiscal Year	\$13,750.00	\$66,425.00
2.	Fines/Citations, Penalties, and Enforcement Fees <i>Collected</i> For Fiscal Year	\$1,787.50	\$93,203.00
3.	Registration Fees for Vacant/Abandoned Buildings and Foreclosed Properties <i>Collected</i> For Fiscal Year	\$495.00	\$2,000.00
4.	Removed for Collections - Fines, Penalties, Citations and Towing Fees sent to Financial Credit Network For Fiscal Year	\$0.00	\$0.00

### Small Claims and Lien Activities

*Information provided by City Attorney's Office*

	Type	No. of files This month	No. of files Ytd.	Amount This month	Amount Ytd.
1.	Small Claims / Intercept Candidates	74	74	\$56,198.34	\$56,198.34
2.	Lien Confirmations	0	1	\$0.00	\$14,712.01
3.	Liens turned over to Assessor	0	0	\$0.00	\$0.00

Files currently being reviewed for appropriate action – 0

# REPORT TO THE CITY COUNCIL

MEETING OF: October 14, 2015

AGENDA ITEM NUMBER: 3F

APPROVED BY:

  
Executive Director

**Subject: Code Enforcement Funds Collection Report for Period Ending September 30, 2015**

**Summary: The City Council will be provided with an updated funds collection report.**

## HISTORY/BACKGROUND

The primary sources for Code Enforcement/Neighborhood Revitalization funding are General Fund, and CDBG funds. Other sources include:

- Foreclosure Registration Fee
- Abandoned Building Registration Fee
- Graffiti Restitution
- Fines and Penalties

Since we have begun recording Notice of Violations on foreclosures, we have experienced a significant increase in revenues from "Fines and Penalties." Revenue increases from "other sources" is illustrated below.

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	TOTAL
2010-11	\$ 9,845	\$ 7,980	\$ 5,806	\$ 7,953	\$10,873	\$12,240	\$10,304	\$5,354	\$11,147	\$19,446	\$13,501	\$42,760	\$157,209
2011-12	\$22,646	\$35,955	\$22,782	\$42,900	\$45,553	\$71,297	\$67,720	\$64,524	\$52,238	\$23,612	\$28,641	\$45,809	\$523,678
2012-13	\$33,216	\$36,791	\$24,520	\$56,500	\$61,504	\$62,101	\$60,271	\$76,941	\$70,142	\$61,138	\$66,261	\$22,660	\$632,045
2013-14	\$73,253	\$41,445	\$40,692	\$116,589	\$58,036	\$47,573	\$94,700	\$64,214	\$18,911	\$31,682	\$51,773	\$9,043	\$647,915
2014-15	\$12,262	\$60,675	\$171,037	\$38,146	\$129,213	\$37,074	\$11,836	\$27,967	\$144,602	\$29,078	\$75,658	\$8,867	\$753,645
2015-16	\$27,183	\$83,589	\$2,282										\$113,054

## RECOMMENDATION

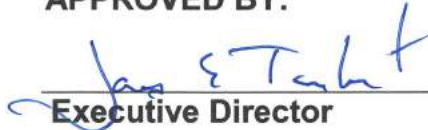
Report is provided for your information only – no action is required.

# **REPORT TO THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF: October 14, 2015**

**AGENDA ITEM NUMBER: 3G**

**APPROVED BY:**

  
Executive Director

**Subject: Consideration of a Resolution Approving Certain Officers to Order the Deposit or Withdrawal of Monies in the Local Agency Investment Fund (LAIF)**

**Summary: The Successor Agency will consider a resolution authorizing investment of monies in the Local Agency Investment Fund (LAIF) and stipulating certain officers authorized to order the deposit or withdrawal of monies in LAIF.**

## **HISTORY/BACKGROUND**

Currently, the Mayor, Executive Director, Treasurer and Business Manager are listed as officers authorized to order the deposit or withdrawal of monies in LAIF. Successor Agency Resolution SA 13-01 currently lists Joseph Aguilar, Interim Agency Treasurer, as an authorized officer.

## **SITUATION**

The hiring of Tim Przybyla as the City's Finance Director/Agency Treasurer necessitates the Successor Agency to the former Madera Redevelopment Agency adopt a new resolution stipulating its authorized signers. The authorized signers would be:

Robert L. Poythress, Mayor  
James E. Taubert, Executive Director  
Tim L. Przybyla, Agency Treasurer  
Robert C. Wilson, Business Manager

## **RECOMMENDATION**

Staff recommends the Successor Agency Board adopt the resolution authorizing investment of monies in LAIF and stipulating certain officers authorized to order the deposit or withdrawal of monies in LAIF.

JET:sb

Attachment:  
-Resolution

**RESOLUTION NO. SA 15-\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MADERA AS THE SUCCESSOR AGENCY TO THE FORMER  
MADERA REDEVELOPMENT AGENCY OF THE CITY OF  
MADERA APPROVING THE LIST OF AUTHORIZED SIGNERS  
FOR THE AGENCY'S ACCOUNT WITH THE LOCAL AGENCY  
INVESTMENT FUND (LAIF)**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS the City Council of the City of Madera as the Successor Agency to the former Madera Redevelopment Agency ("Agency") utilizes its account in LAIF for the purpose of conducting its business; and

WHEREAS the Agency desires to maintain property safeguards over its financial assets through the identification of individuals authorized to approve payments from the Agency's accounts; and

WHEREAS, the Agency has new officers who need to become an authorized signer on the LAIF account;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA AS THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY HEREBY finds orders and resolves as follows:

1. The above recitals are true and correct.
2. The list of signers on the LAIF account as shown in Exhibit "A" to this resolution and incorporated by reference herein is approved.
3. A signed copy of this resolution shall be forwarded to the office of the Finance Director.
4. The Executive Director shall mail a certified copy of this resolution to LAIF as notification of the identity of the authorized signers as shown in Exhibit "A" to this resolution.
5. This resolution is effective immediately.

\* \* \* \* \*



## **Exhibit "A"**

### **List of Authorized Signers on the LAIF Account**

Robert L. Poythress, Mayor

James E. Taubert, Executive Director

Tim L. Przybyla, Agency Treasurer

Robert C. Wilson, Business Manager

# **REPORT TO THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:**      October 14, 2015

**AGENDA ITEM NUMBER:** 3H

**APPROVED BY:**

  
Executive Director

**Subject:**      **Consideration of a Resolution Approving the List of Authorized Signers for the Account of the City of Madera as Successor Agency to the former Madera Redevelopment Agency (Agency) and Directing that No Less than Two Authorized Signers Shall Approve Payments from the Agency's Bank Account**

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**Summary:**    **The Successor Agency will consider a resolution approving the list of authorized signers for the Agency's bank account.**

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## **HISTORY/BACKGROUND**

There has been an unwritten requirement calling for the signature of two authorized signers before monies can be paid from the Agency's bank account. Requiring two signatures from the list of authorized signers to withdraw funds safeguards the Agency's assets.

## **SITUATION**

Successor Agency Resolution SA 13-02 currently lists Joseph Aguilar, Interim Agency Treasurer, as an authorized officer. The hiring of Tim Przybyla as the City's Finance Director/Agency Treasurer necessitates the Successor Agency update its list of authorized officers. Additionally, to be consistent with the approved officers authorized to order the deposit or withdrawal of monies in LAIF, staff is recommending the Successor Agency Business Manager, Robert C. Wilson, be added as an authorized signer for the Agency's bank accounts. The authorized signers would be:

James E. Taubert, Executive Director  
David E. Tooley, City Administrator  
Tim L. Przybyla, Agency Treasurer  
Robert C. Wilson, Business Manager

## **RECOMMENDATION**

Staff recommends the Successor Agency adopt the resolution approving the revised list of authorized signers for the Agency's account.

JET:sb

Attachments:  
-Resolution

RESOLUTION NO. SA 15-\_\_\_\_

**A RESOLUTION OF THE CITY OF MADERA AS THE  
SUCCESSOR AGENCY TO THE FORMER MADERA  
REDEVELOPMENT AGENCY (AGENCY) APPROVING THE  
LIST OF AUTHORIZED SIGNERS FOR THE ACCOUNT AND  
DIRECTING THAT NO LESS THAN TWO AUTHORIZED  
SIGNERS SHALL APPROVE PAYMENTS FROM THE  
AGENCY'S ACCOUNT**

WHEREAS, the Agency's operations require the use of a financial institution to perform banking and other financial functions; and

WHEREAS the Agency maintains a list of authorized signers on its bank account as shown in Exhibit "A", attached to this resolution and incorporated by reference herein; and

WHEREAS, the Agency desires to establish the requirement that no less than two (2) authorized signers shall approve payments from the Agency's account.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA AS THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY HEREBY finds orders and resolves as follows:

1. The above recitals are true and correct.
2. The list of signers on the Agency's bank account as shown in Exhibit "A" to this resolution is hereby approved.
3. The Successor Agency Board directs that no fewer than two (2) authorized signers must approve the payment of monies from the Agency's account.
4. A signed copy of this resolution shall be forwarded to the office of the Finance Director who shall maintain compliance with the approved list of signers.
5. This resolution is effective immediately.

\* \* \* \* \*

## **Exhibit "A"**

### **List of Authorized Signers on the Agency's Bank Account**

James E. Taubert, Executive Director

David E. Tooley, City Administrator

Tim L. Przybyla, Agency Treasurer

Robert C. Wilson, Business Manager

**REPORT TO THE CITY COUNCIL AND THE  
SUCCESSOR AGENCY  
OF THE FORMER MADERA REDEVELOPMENT AGENCY**

BOARD MEETING OF: October 14, 2015  
AGENDA ITEM NUMBER: 3I

APPROVED BY:



Neighborhood Outreach Coordinator



Executive Director

**Subject:** Update on Neighborhood Outreach Activities.

**Summary:** The City Council has identified pro-active neighborhood outreach to be a major priority. This is a brief report outlining the activities of the Neighborhood Watch Program and other pertinent outreach activities.

**History/Background:**

The purpose of this report is to provide the city council a monthly update for the month of September on projects and tasks undertaken by the Neighborhood Outreach team:

- Saleh Alhomed, Neighborhood Outreach Coordinator, full-time employee.
- Yuliana Franco, Neighborhood Outreach Consultant, part-time employee (29hrs/week.)
- Christina Herrera, Neighborhood Outreach Assistant, full-time employee.

**I. National Night Out (NNO) follow-up**

- a. "Thank You" letter sent to participants
- b. Reported to the city council
- c. Submitted report to the National Night Out Involvement Committee

**II. Neighborhood Meetings:**

- a. September's neighborhood meetings
  - i. Location: Sonora Ave N/W; Attended: Councilman Will Oliver and Councilman Donald Holley
  - ii. Location: Sherwood Square N/W; Attended: Councilman Will Oliver and Councilman Derek Robinson
- b. Upcoming Meetings
  - i. October's neighborhood meetings (calendar sent out to the mayor and the council members)
    1. Date: October 13, 2015; Location: N. L Street N/W; Time: 6 p.m. - 7 p.m.

2. Date: October 17, 2015; Location: Fillmore (block party); Time: 2 p.m. - 7 p.m.
3. Date: October 20, 2015; Location: Persimmon Street N/W; Time: 6 p.m. - 7 p.m.
4. Date: October 22, 2015; Location: Stanford Ave N/W; Time: 6 p.m. - 7 p.m.
5. Date: October 24, 2015; Location: San Ramon (block party); Time: 2 p.m. - 7 p.m.
6. Date: October 29, 2015; Location: Sherwood Square N/W; Time: 6 p.m. - 7 p.m.
- ii. Neighborhood Leaders Quarterly Meeting, October 30<sup>th</sup> at the Successors Agency, Conference Room.
  1. The National Night Out Involvement Committee members, three council members, and neighborhood leaders will be present to discuss this year's NNO, to get feedback on ways to enhance our outreach and prepare for next year's NNO, as well as share with neighborhood leaders information about the city's water conservation program.

### **III. Outreach Activities:**

- a. September
  - i. Madera Fair
  - ii. Old Timers' Parade Booth
- b. October
  - i. Madera Coalition for Community Justice (MCCJ) Health& Resource Fair; October 27<sup>th</sup> at 1125 N Lake St.

### **IV. Established Community Partnerships:**

- a. Community Partnership October 1<sup>st</sup> meeting:
  - i. Ten (10) public, private, and non-profit agencies' representatives attended: Madera Coalition, WIC, Madera County Library, Lowe's, Camarena Health, Madera Workforce, California Rural Legal Assistance, and MUSD; we agreed on creating a platform to coordinate our events to improve our community outreach and reach a greater audience.
- b. Parent Resource Center
  - i. Our agency is coordinating with David Hernandez, the MUSD Community Service Director, in supporting him with recruiting parents to volunteer at our targeted elementary schools through the MUSD Parent Resource Center: Sierra Vista, James Monroe, and Millview. This objective is to improve students' academic performance through enhancing their reading and writing skills.
- c. Resident Engagement Study Group
  - i. Community members, public officials, and faith-based representatives met on September 2nd to discuss ways to enhance residents' public engagement for the betterment of our City. The group is still at the brainstorming phase.
- d. SCORE
  - i. Score is an organization that provides business counseling to small businesses. They hosted their meeting on September 17th in the Successor



Agency's Conference Room. The objective is to recruit retired business volunteers to provide counseling to small businesses in the City of Madera.

**VISION 2025 LINKAGE**

These items are compatible with the objectives and goals set forth in the Vision Madera 2025 Action Plan.

**RECOMMENDATION**

This report is merely informational. No action is required.

# **REPORT TO THE SUCCESSOR AGENCY OF THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:** October 14, 2015  
**AGENDA ITEM NUMBER:** 3J

**APPROVED BY:**

  
Executive Director

**Subject:** Reconsideration of a Resolution Approving Termination of Easement with Ji-eun Hsu for Improvements at the Bethard Square Shopping Center and Authorizing the Mayor to Execute the Termination on behalf of the Agency

**Summary:** The Successor Agency will reconsider a resolution terminating a Development and Grant Agreement with Thomas and Ji-eun Hsu for improvements at the Bethard Square Shopping Center

## **HISTORY/BACKGROUND**

By previous action at their July 8, 2015 meeting the Successor Agency approved a resolution terminating the easement with Ji-eun Hsu for improvements at the Bethard Square Shopping Center. The resolution was also approved at the August 17, 2015 Oversight Board meeting. As required the Agency submitted the resolution to DOF for approval.

## **SITUATION**

On October 5, 2015 the Agency received a letter from DOF declining approval. The letter stated:

"Pursuant to HSC section 34181(e), the OB has the authority to terminate or renegotiate an agreement between the dissolved redevelopment agency and any private parties if it finds that amendment or early termination would be in the best interest of the taxing entities. However, the OB has not made the required finding that the termination of the easement is in the best interest of the taxing entities."

Bethard Square has been an under-performing shopping center for many years. Termination of the easement agreement will aide in the sale of the center to Highpoint Capital Group. Their lenders have expressed concerns with the RDA agreements and are requesting that they be terminated.

Termination of the easement will allow for extensive improvements of the existing shopping center. These improvements will increase the property values which increase revenue for taxing entities. The revitalized shopping center will generate new sales tax revenue and eliminate both physical and economic conditions of Blight.

## **RECOMMENDATION**

Staff recommends the Successor Agency adopt the resolution approving Termination of Easement with Ji-eun Hsu for improvements at the Bethard Square Shopping Center and authorize the Mayor to execute the termination on behalf of the Agency.

RESOLUTION NO. SA 15-XX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA AS SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, MADERA, CALIFORNIA, APPROVING TERMINATION OF EASEMENT AND AUTHORIZING THE MAYOR TO EXECUTE THE TERMINATION ON BEHALF OF THE AGENCY

WHEREAS, Thomas T. Hsu and Ji-eun R. Hsu ("Grantors") granted an easement for the maintenance of a facade to the former Madera Redevelopment Agency, now the Successor Agency to the former Madera Redevelopment Agency (the "Agency"), dated October 1, 2007, and recorded October 10, 2007 as Document No. 2007038189 in the official records of Madera County, California; and

WHEREAS, Highpoint Capital Group, LLC ("Highpoint") is in negotiations to acquire the property more commonly known as Bethard Square, which is subject to the easement for the purpose of demolishing certain structures and making new improvements to the property; and

WHEREAS, Highpoint has requested termination of the easement in response to their lenders concern with the easement relative to their acquisition of the property; and

WHEREAS, termination of the easement will allow for the sale of the shopping center and planned extensive improvements benefiting the taxing entities; and

WHEREAS, the improvements will increase the property values which increase revenue for the taxing entities; and

WHEREAS, the revitalized shopping center will generate new sales tax revenue to the benefit of the taxing entities; and

WHEREAS, the new development will eliminate both physical and economic conditions of blight and encourage other investment in the area which will benefit the taxing entities; and

WHEREAS, the Agency desires to facilitate the rehabilitation of the property as proposed by Highpoint and desires to terminate the easement.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA as the Successor Agency to the Former Madera Redevelopment Agency does hereby resolve, find and order as follows:

1. The above recitals are true and correct.
2. The following findings are made;
  - a. Termination of the easement will allow for the sale of the shopping center and planned extensive improvements benefiting the taxing entities.
  - b. The proposed improvements will increase the property values which increase revenue for the taxing entities.
  - c. The revitalized shopping center will generate new sales tax revenue to the benefit of the taxing entities.
  - d. The new development will eliminate both physical and economic conditions of blight and encourage other investment in the area which will benefit the taxing entities.
  - e. The new development will eliminate both physical and economic conditions of blight and encourage other investment in the area which will benefit the taxing entities.

2. The Termination of Easement, a copy of which is on file in the Office of the Executive Director of the Successor Agency and referred to for more particulars is hereby approved.

3. The Mayor is authorized to execute the Termination of Easement on behalf of the Successor Agency to the former Madera Redevelopment Agency.

4. The Executive Director is hereby authorized to cause the Termination of Easement to be recorded with the Madera County Recorder

5. This resolution is effective immediately upon adoption.

\*\*\*\*\*

**RECORDING REQUESTED BY:**

Successor Agency to the former  
Madera Redevelopment Agency

**AFTER RECORDING MAIL TO:**

Successor Agency to the former  
Madera Redevelopment Agency  
428 East Yosemite Avenue  
Madera CA 93638-  
Attn: Jim Taubert, Executive Director

Recorder's fee waived pursuant to Govt. Code §27383

(Space Above This Line for Recorder's Use)

**TERMINATION OF EASEMENT**

The Successor Agency to the Former Madera Redevelopment Agency hereby gives notice that the certain Grant of Easement by Thomas T. Hsu and Ji-eun R. Hsu ("Grantors") to the Madera Redevelopment Agency (Agency), now known as the Successor Agency to the former Madera Redevelopment Agency, dated October 1, 2007, and recorded October 10, 2007 as Document No. 2007038189 in the official records of Madera County, California in favor of the former Madera Redevelopment Agency against the real property described below, is hereby terminated.

The property subject to this Termination of Easement is located in the City of Madera, County of Madera, State of California, and is described as follows:

**SEE ATTACHED LEGAL DESCRIPTION**

DATED: This \_\_\_\_\_ Day of \_\_\_\_\_, 2015

SUCCESSOR AGENCY to the  
former Madera Redevelopment Agency

STATE OF CALIFORNIA     )  
  ) SS  
COUNTY OF MADERA     )

By: \_\_\_\_\_  
Robert Poythress, Mayor

On \_\_\_\_\_ before me, \_\_\_\_\_ Notary Public,  
personally appeared \_\_\_\_\_,  
who proved to me on the basis of satisfactory evidence to be the  
person(s) whose name(s) is/are subscribed to the within instrument  
and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s), or the entity upon behalf  
of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State  
Of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_

(This area for official notary seal)

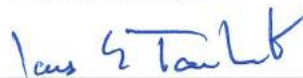


# REPORT TO THE SUCCESSOR AGENCY OF THE FORMER MADERA REDEVELOPMENT AGENCY

BOARD MEETING OF: October 14, 2015

AGENDA ITEM NUMBER: 4A

APPROVED BY:

  
\_\_\_\_\_  
Executive Director

**Subject:** Consideration of a Resolution Approving an Amendment to the Bylaws of the Successor Agency to the former Madera Redevelopment Agency

**Summary:** The Agency Board will consider a resolution approving an amendment to the Bylaws for the Successor Agency to the former Madera Redevelopment Agency.

## **HISTORY/BACKGROUND**

Previous actions of the Successor Agency Board approving changes in the meeting time and reformatting the meeting agenda require an amendment to the Agency Bylaws. The changes being recommended are as follows:

1. **Article V - Section 501 – Regular Meetings**
  - ✓ The meeting time has been corrected to reflect the new start time of the Regular Session from 6:30 p.m. to 6:00 p.m. approved by the Agency Board at their January 14, 2015 meeting.
2. **Article V - Section 507 – Order of Business**
  - ✓ The general order of business at Agency Meetings has been corrected to reflect the new agenda format approved by the Agency Board at their January 14, 2015 meeting.

## **SITUATION**

Staff has prepared a "redline" version of the amended Agency Bylaws for the Board's consideration that specifically identify the changes being recommended to Sections 501 and 507.

## **RECOMMENDATION**

Staff recommends the Agency Board adopt the resolution approving the amendment to the Bylaws of the Successor Agency to the former Madera Redevelopment Agency.

JET:sb

Attachment:

- Resolution (Agency)
- Amended Bylaws (Redline version)



RESOLUTION NO. SA 15-\_\_

RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER  
MADERA REDEVELOPMENT AGENCY, MADERA CALIFORNIA,  
APPROVING AMENDMENTS TO THE BYLAWS OF SUCCESSOR  
AGENCY TO THE FORMER MADERA REDEVELOPMENT  
AGENCY

WHEREAS, the Successor Agency to the former Madera Redevelopment Agency (Agency) has been established to take certain actions to wind down the affairs of the Madera Redevelopment Agency in accordance with the California Health and Safety Code; and

WHEREAS, in order to facilitate the process of the meetings and establish rules for the Agency, at a regular meeting of the Agency held April 11, 2012, the Agency adopted Bylaws for the general operation of the Agency, including but not limited to the setting of regular meeting date and times, and the general order of business; and

WHEREAS, the Agency has prepared amendments to the Bylaws and such amended Bylaws are on file in the Office of the Executive Director of the Agency for further particulars.

NOW, THEREFORE the City Council of the City of Madera as the Successor Agency to the former Madera Redevelopment Agency hereby finds, determines, resolves and orders as follows:

1. The above recitals are true and correct.
2. The Agency hereby approves the amendments to the Agency Bylaws which are on file in the Office of the Executive Director of the Agency which are incorporated herein and are referred to for particulars.
3. This resolution is effective immediately upon adoption.

\* \* \* \* \*

**SUCCESSOR AGENCY TO THE  
FORMER MADERA REDEVELOPMENT AGENCY  
CITY OF MADERA  
CALIFORNIA**

**BYLAWS**

**ARTICLE I**

**SECTION 100. THE AGENCY**

Section 101. Name of the Agency

The name of the Agency shall be the "Successor Agency to the former Madera Redevelopment Agency," hereinafter referred to as the "Agency."

Section 102. Agency Members

The City Council of the City of Madera has by Resolution No. CC 12-08, adopted on January 11, 2012, accepted the designation as the Successor Agency to the former Madera Redevelopment Agency. The Members of the Agency shall be the Members of the City Council as the body is constituted and shall remain Agency Members only so long as said Members remain on the Council, and new Members of the City Council shall automatically become Members of the Agency.

Section 103. Business Offices of the Agency

The business offices of the Agency shall be in such location in the City as may be selected from time-to-time by resolution or motion of the Agency Members. The principal business office of the Agency shall be at 428 East Yosemite Avenue, Madera, California unless and until changed by resolution or motion of the Agency Members.

**ARTICLE II**

**SECTION 200. OFFICERS OF THE AGENCY**

Section 201. Designation of Officers

The officers of the Agency shall be the Mayor, the Mayor Pro-Tempore of the City Council, the Executive Director, the Secretary, the Finance Director/Treasurer, and the General Counsel.

The Executive Director shall be appointed by a majority of the Agency Members. The Executive Director shall appoint the Agency Secretary to serve as the Secretary of the Agency. The Executive Director shall appoint the Business Manager, upon approval of the Agency, and may be a member of the staff of the City or a consultant retained by the Agency. The City Finance Director shall serve as the Finance Director/Treasurer of the Agency. The City Attorney shall serve as the General Counsel of the Agency. Any office not provided for immediately above shall be filled by appropriate action on the part of the Agency Members.

#### Section 202. Terms of Officers

The Executive Director shall hold office at the directive of Agency Members. Other Agency officers shall hold such offices only as long as they hold the appropriate City offices or have retained contracts. Provided, however, the Members may by majority vote retain the services of either the Executive Director, the General Counsel, or the Finance Director whether or not such officers continue to hold the appropriate City offices.

#### Section 203. Duties of Officers

The Mayor shall preside at the Agency meetings and perform such other duties as are incident to the office of Mayor.

The Mayor Pro-Tempore, in the absence or incapacity of the Mayor, shall perform the duties of the Mayor. The Mayor Pro-Tempore shall also perform all other duties incident to the office of the Mayor Pro-Tempore.

The Executive Director is charged with the administration, management and general supervision of the business and affairs of the Agency.

The Secretary shall keep and maintain the records of the Agency and the minutes of the Agency meetings. The Secretary shall also perform all other duties incident to the office of Secretary to the Agency.

The Finance Director/Treasurer shall supervise the fiscal affairs of the Agency and shall also supervise the care and custody of all monies of the Agency. The Finance Director/Treasurer shall cause adequate, correct, and regular accounts of the properties, monies and transaction of the Agency to be kept and maintained. The Finance Director/Treasurer shall render to the Members of the Agency and the Executive Director, whenever requested, a Finance Director's report of the Agency's transactions and financial condition. The Finance Director/Treasurer shall submit to the Members of the Agency and the Executive Director significant information and recommendations concerning the fiscal

affairs of the Agency. The Finance Director/Treasurer shall also perform all other duties incidental to the office of Finance Director.

The General Counsel shall be in overall charge of the legal affairs of the Agency.

The Business Manager shall be under the supervision of the Executive Director and shall provide administration, management and general supervision and guidance, as necessary and appropriate to effectuate the implementation of the Agency's activities.

#### Section 204. Compensation and Expenses of Members

Members of the Agency may receive their actual and necessary expenses, including traveling expenses incurred in the discharge of their duties. Such expenses shall be reimbursed upon proper claim submitted to and approved by the Agency.

Members of the Agency shall also receive \$30 per member for each meeting of the Agency attended by the members. No member shall receive compensation for attending more than four (4) meetings of the Agency during any calendar month.

#### Section 205. Compensation of Officers

Agency Members may fix and determine the compensation and allowable expenses for the discharge of the Agency duties of officers, other than Agency Members, by resolution or motion.

### **ARTICLE III**

#### **SECTION 300. EMPLOYEES, AGENTS, AND CONSULTANTS**

##### Section 301. Appointment of Employees, Agents, and Consultants

The Members of the Agency may from time-to-time select and appoint such agents and consultants, permanent and temporary, as it may require.

##### Section 302. Use of City Employees of Agency Work

To minimize the operating and administrative costs of the Agency, it is hereby stated to be the policy of the Agency to utilize consultant and contract services in carrying out the Agency function. City personnel required to devote additional services may be utilized and such services in excess of normal hours and working conditions of City employment shall be deemed Agency employees for such periods and may be compensated from Agency funds.

### Section 303. Compensation of Employees, Agents and Consultants

The Agency Members may determine and fix the compensation and allowable expenses for the discharge of Agency duties of employees, agents and consultants by motion or resolution.

## **ARTICLE IV**

### **SECTION 400. GENERAL**

#### Section 401. Authority to Bind Agency

No Member, officer, agent or employee of the Agency, without prior authority by a vote of the Agency Members, shall have any power or authority to bind the Agency by any contract, to pledge its credits, or to render it liable for any purpose in any amount.

#### Section 402. Contracts, Deeds and Other Documents

The Mayor, or Mayor Pro-Tempore in the absence of the Mayor, shall execute on behalf of the Agency all contracts, deeds and other documents and instruments as authorized by the Agency Members. Nothing herein contained shall prohibit or be construed to prohibit the Agency Members from authorizing any officer or employee of the Agency to so execute such instrument and documents.

#### Section 403. Payment of Money, Notes or Other Indebtedness

All checks, drafts or other orders for the payment of money, notes or other evidence of indebtedness issued in the name of or payable to the Agency shall be signed and endorsed and the Executive Director or Finance Director.

## **ARTICLE V**

### **SECTION 500. MEETINGS**

#### Section 501. Regular Meetings

Regular meetings may be held without notice on the second Wednesday of each month in the Council Chambers of the City, or another place established by Members of the Agency, **at 6:00 p.m.** ~~with Closed Session at 6:00 p.m. and Regular Session at 6:30 p.m.,~~ or as soon thereafter as the regular meeting of the Housing Authority of the City of Madera shall have been adjourned; provided, however, that if the same shall be a legal holiday, the regular meeting shall be held on the next succeeding business day at the same hour and location.



#### Section 502. Special Meetings

A special meeting may be called at any time pursuant to and in accordance with the provisions of the Ralph M. Brown Act (Government Code Sections 54959 et seq.).

#### Section 503. Executive Sessions

All meetings of a majority or more Agency Members to take action or to deliberate concerning Agency Business and its conduct shall be open and public to the extent required by law. All persons shall be permitted to attend any such meetings except as otherwise permitted by law.

Nothing contained in these Bylaws shall be construed to prevent the Agency Members from holding Executive Sessions during a regular or special meeting concerning any matters permitted by law to be considered in an Executive Session.

#### Section 504. Hearings

All public hearings held by the Agency Members shall be held during regular or special meetings of the Agency Members.

#### Section 505. Adjourning and Continuing Meetings and Public Hearing to Other Times and Places

The Agency Members may continue or adjourn any meeting to a time and place specified in order of adjournment. Less than a quorum may so continue or adjourn from time-to-time. If all members are absent from any regular meeting or adjourned regular meeting, the Secretary of the Agency may declare the meeting continued or adjourned to a stated time and place and shall cause a written notice of continuance or adjournment to be given in the same manner as provided for special meetings. A copy of the order or notice on continuance or adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within 24 hours after the time of the continuance or adjournment. When a regular, continued, or adjourned regular meeting is continued or adjourned as provided in this Section, the resulting continued or adjourned regular meeting is a regular meeting for all purposes. When an order or continuance of adjournment of any meeting fails to state the hour at which the continued or adjourned meeting is to be held, it shall be held at the hour specified for regular meetings.

Any public hearing being held, or any public hearing noticed or ordered to be held at any meeting may by order or notice of continuance or adjournment be continued, recontinued, adjourned, or readjoined to any subsequent meeting in the same manner and to the same extent set forth for the continuance or adjournment of meetings.



If any meeting or hearing is continued or adjourned to a time less than 24 hours after the time specified in these Bylaws or in the order or notice of meeting or hearing, a copy of the order or notice of continuance or adjournment shall be posted immediately following the meeting at which the order or declaration of continuance or adjournment was adopted or made.

#### Section 506. Quorum

A majority of the Agency Members shall constitute a quorum for the purpose of conducting its business, exercising its powers, and for all other purposes. A small number of Agency Members may adjourn a meeting from time-to-time until a quorum is present.

#### Section 507. Order of Business

The following shall be the general order of business at Agency Meetings:

1. ~~Closed Session: Roll Call and Public Comment~~
2. ~~Regular Session: Roll Call, Pledge of Allegiance and Public Comment~~
3. ~~Consent Calendar and Approval of Minutes~~
4. ~~Projects and Reports~~
5. ~~Agreements~~
6. ~~Housing~~
7. ~~General~~
8. ~~Agency Member Reports~~
9. ~~Adjournment~~

Roll Call and Public Comment

Presentations

Introductions

Workshop

Consent Calendar

Projects and Reports

Agreements

Housing

General

Agency Member Reports

Closed Session

Adjournment

At any meeting, the Agency Members, by a vote or a majority of the Agency Members, may change the order of business.

## **ARTICLE VI**

### **SECTION 600. CONFLICT OF INTEREST**

The terms of California Code of Regulations, Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference, and constitute the Conflict of Codes for the following:

- (a) Officers of the Agency as set forth in Section 200 herein;
- (b) Employees, agents and consultants of the Agency as set forth in Section 300 herein.

## **ARTICLE VII**

### **SECTION 700. AMENDMENT OF THE BYLAWS**

No amendment to the Bylaws shall be adopted unless at least seven (7) days written notice of the general nature hereof has been sent previously to all Members of the Agency or a written waiver signed by all Members not receiving such notices shall be obtained. Any amendment to these Bylaws shall require a majority vote of the Board of the Agency.

## **ARTICLE VIII**

### **SECTION 800. SEVERABILITY**

If any article, section or portion of these Bylaws are declared to be unconstitutional or violative of the Health and Safety Code, Section 34170 through 34189, California Community Redevelopment Law where applicable, or other applicable laws of the State of California, then only that article, section or portion shall be stricken. Such determination of unconstitutionality or unfeasibility shall not affect the remainder.

ADOPTED April 11, 2012, by Resolution No. SA 12-10 by the Successor Agency to the former Madera Redevelopment Agency, **AMENDED October 14, 2015 by RESOLUTION NO. SA-\_\_\_\_\_ by the Successor Agency to the former Madera Redevelopment Agency**

---

Robert L. Poythress, Mayor  
Successor Agency to the former Madera  
Redevelopment Agency

I hereby certify and attest that the foregoing Amended By-Laws were adopted by Resolution No. SA-\_\_\_\_\_, introduced at a regular meeting of the Successor Agency to the former Madera Redevelopment Agency on October 14, 2015.

---

Claudia Mendoza, Recording Secretary  
Successor Agency to the former  
Madera Redevelopment Agency



# **REPORT TO THE CITY COUNCIL AND THE SUCCESSOR AGENCY OF THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:** October 14, 2015  
**AGENDA ITEM NUMBER:** 4B

**APPROVED BY:**

  
Business Manager

**Subject:** Update on Legislative Activities Related to Redevelopment, Senate Bill No. 107 and Assembly Bill No. 2

**Summary:** The Board will be provided with an update of legislative activity as it relates to redevelopment, Senate Bill No. 107 and Assembly Bill No. 2

## **HISTORY/BACKGROUND**

Existing law dissolved redevelopment agencies as of February 1, 2012. Since that time a lot of legislation has been tossed around and discussed.

## **SB 102**

Recently passed SB 107 amended several sections of existing law. Most changes will not have an impact on Madera. However a couple of the items that will immediately affect us are listed below:

### **ROPS changes:**

- ROPS submittal, previously ROPS were due every six months. With the passage of SB 107 ROPS will be required annually instead of semiannually with the first annual ROPS due to DOF February 1, 2016

### **Items requiring DOF approval:**

- Several Agency Actions will no longer require DOF approval
  - Meeting Minutes and agendas
  - Administrative budgets.
  - Changes in oversight board members or the selection of an oversight board chair or vice chair.
  - Transfers of governmental property pursuant to an approved LRPMP.
  - Transfers of property to be retained by the sponsoring entity... pursuant to an approved LRPMP.
  - Disposition of property pursuant to an approved LRPMP.

## **AB 2**

Recently signed by the governor AB 2 authorizes local governments to create Community Revitalization and Investment Authorities (Authority) to use tax increment revenue to improve the infrastructure, assist businesses, and support affordable housing in disadvantaged communities. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues. The Authority may be

created by a combination of City, County, City and County, and special district. 80% of the land in the plan area must meet the two following conditions:

(1) An annual median household income that is less than 80 percent of the statewide annual median income.

(2) Three of the following four conditions:

(A) Nonseasonal unemployment that is at least 3 percent higher than statewide median unemployment, as defined by the report on labor market information published by the Employment Development Department in January of the year in which the community revitalization plan is prepared.

(B) Crime rates that are 5 percent higher than the statewide median crime rate, as defined by the most recent annual report of the Criminal Justice Statistics Center within the Department of Justice, when data is available on the California Attorney General's Internet Web site.

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

(D) Deteriorated commercial or residential structures.

### **RECOMMENDATION**

No action is required

BW:cm

Attachment:

-Legislation Information

*California*  
LEGISLATIVE INFORMATION**SB-107 Local government.** (2015-2016)**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

## 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 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.

(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 (1), 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) Expediently 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 (\$.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 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.



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.



*California*  
LEGISLATIVE INFORMATION**AB-2 Community revitalization authority.** (2015-2016)**Assembly Bill No. 2****CHAPTER 319**

An act to add Division 4 (commencing with Section 62000) to Title 6 of the Government Code, relating to economic development.

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

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2, Alejo. Community revitalization authority.

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined by means of redevelopment projects financed by the issuance of bonds serviced by tax increment revenues derived from the project area. 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 agencies and to fulfill the enforceable obligations of those agencies. Existing law also provides for various economic development programs that foster community sustainability and community and economic development initiatives throughout the state.

This bill would authorize certain local agencies to form a community revitalization authority (authority) within a community revitalization and investment area, as defined, to carry out provisions of the Community Redevelopment Law in that area for purposes related to, among other things, infrastructure, affordable housing, and economic revitalization. The bill would provide for the financing of these activities by, among other things, the issuance of bonds serviced by tax increment revenues, and would require the authority to adopt a community revitalization and investment plan for the community revitalization and investment area that includes elements describing and governing revitalization activities. The bill would also provide for periodic audits by the Controller. The bill would also require the Department of Housing and Community Development, advised by an advisory committee appointed by the Director of Housing and Community Development, to periodically review the calculation of surplus housing under these provisions. The bill would require certain funds allocated to the authority to be deposited into a separate Low and Moderate Income Housing Fund and used by the authority for the purposes of increasing, improving, and preserving the community's supply, as specified. The bill would, if an authority failed to expend or encumber surplus funds in the Low and Moderate Income Housing Fund, require those funds to be disbursed towards housing needs. The bill would require an authority to make relocation provisions for persons displaced by a plan and replace certain dwelling units that are destroyed or removed as part of a plan. The bill would authorize an authority to acquire interests in real property and exercise the power of eminent domain, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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

**SECTION 1.** The Legislature finds and declares all of the following:

(a) Certain areas of the state are generally characterized by buildings in which it is unsafe or unhealthy for persons to live or work, conditions that make the viable use of buildings or lots difficult, high business vacancies

and lack of employment opportunities, and inadequate public improvements, water, or sewer utilities. It is the intent of the Legislature to create a planning and financing tool to support the revitalization of these communities.

(b) It is in the interest of the state to support the economic revitalization of these communities through tax increment financing.

(c) It is the intent of the Legislature to authorize the creation of Community Revitalization and Investment Authorities to invest property tax increment revenue to relieve conditions of unemployment, reduce high crime rates, repair deteriorated or inadequate infrastructure, promote affordable housing, and improve conditions leading to increased employment opportunities.

**SEC. 2.** Division 4 (commencing with Section 62000) is added to Title 6 of the Government Code, to read:

**DIVISION 4. Community Revitalization and Investment Authorities**  
**PART 1. General Provisions**

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

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

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

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

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

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

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

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

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

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

(B) No former redevelopment agency assets which are the subject of litigation against the state, where the city or county or its successor agency or designated local authority are a named plaintiff, have been or will be used to benefit any efforts of an authority formed under this part unless the litigation, has been resolved by entry of a final judgment by any court of competent jurisdiction and any appeals have been exhausted.

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

(c) (1) The governing board of an authority created pursuant to subparagraph (A) of paragraph (1) of subdivision (b) shall be appointed by the legislative body of the city, county, or city and county that created the authority and shall include three members of the legislative body of the city, county, or city and county that created the authority and two public members. The appointment of the two public members shall be subject to the provisions of Section 54974. The two public members shall live or work within the community revitalization and investment area.

(2) The governing body of the authority created pursuant to subparagraph (B) of paragraph (1) of subdivision (b) shall be comprised of a majority of members from the legislative bodies of the public agencies that created the authority and a minimum of two public members who live or work within the community revitalization and investment area. The majority of the board shall appoint the public members to the governing body. The appointment of the public members shall be subject to the provisions of Section 54974.

(d) An authority may carry out a community revitalization plan within a community revitalization and investment area. Not less than 80 percent of the land calculated by census tracts, or census block groups, as defined by the United States Census Bureau, within the area shall be characterized by both of the following conditions:

(1) An annual median household income that is less than 80 percent of the statewide annual median income.

(2) Three of the following four conditions:

(A) Nonseasonal unemployment that is at least 3 percent higher than statewide median unemployment, as defined by the report on labor market information published by the Employment Development Department in January of the year in which the community revitalization plan is prepared.

(B) Crime rates that are 5 percent higher than the statewide median crime rate, as defined by the most recent annual report of the Criminal Justice Statistics Center within the Department of Justice, when data is available on the California Attorney General's Internet Web site.

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

(D) Deteriorated commercial or residential structures.

(e) As an alternative to subdivision (d), an authority may also carry out a community revitalization plan within a community revitalization and investment area established within a former military base that is principally characterized by deteriorated or inadequate infrastructure and structures. Notwithstanding subdivision (c), the governing board of an authority established within a former military base shall include a member of the military base closure commission as a public member.

(f) An authority created pursuant to this part shall be a local public agency subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), and the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)).

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

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

**62002.** An authority may do all of the following:

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

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

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

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

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

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

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

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

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

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

(k) Provide direct assistance to businesses within the plan area in connection with new or existing facilities for industrial or manufacturing uses, except as specified in this division.

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

(a) A statement of the principal goals and objectives of the plan including territory to be covered by the plan.

(b) A description of the deteriorated or inadequate infrastructure within the area and a program for construction of adequate infrastructure or repair or upgrading of existing infrastructure.

(c) A housing program that describes how the authority will comply with Part 2 (commencing with Section 62100). The program shall include the following information:

(1) The amount available in the Low and Moderate Income Housing Fund and the estimated amounts that will be deposited in the fund during each of the next five years.

(2) Estimates of the number of new, rehabilitated, or price restricted residential units to be assisted during each of the five years and estimates of the expenditures of moneys from the Low and Moderate Income Housing Fund during each of the five years.

(3) A description of how the program will implement the requirements for expenditures of funds in the Low and Moderate Income Housing Fund over a 10-year period for various groups as required by Chapter 2 (commencing with Section 62115) of Part 2.

(4) Estimates of the number of units, if any, developed by the authority for very low, low-, and moderate-income households during the next five years.

(d) A program to remedy or remove a release of hazardous substances, if applicable.

(e) A program to provide funding for or otherwise facilitate the economic revitalization of the area.

(f) A fiscal analysis setting forth the projected receipt of revenue and projected expenses over a five-year planning horizon, including the potential issuance of bonds backed by tax increment during the term of the plan. Bonds shall be issued in conformity with Article 4.5 (commencing with Section 53506) and Article 5 (commencing with Section 53510) of Chapter 3 of Part 1 of Division 2 of Title 5. An authority shall not spend revenue for any purpose that is not identified as part of a program described in subdivisions (b), (c), (d), and (e).

(g) Time limits that may not exceed the following:

(1) Thirty years for establishing loans, advances and indebtedness.

(2) Forty-five years for the repayment of all of the authority's debts and obligations, and fulfilling all of the authority's housing obligations. The plan shall specify that an authority shall dissolve as a legal entity in no more than 45 years, and no further taxes shall be allocated to the authority pursuant to Section 62005. Nothing in this paragraph shall be interpreted to prohibit an authority from refinancing outstanding debt solely to reduce interest costs.

(h) A determination that the community revitalization investment area complies with the conditions described in subdivision (d) or (e) of Section 62001.

**62004.** (a) The authority shall consider adoption of the plan at three public hearings that shall take place at least 30 days apart. At the first public hearing, the authority shall hear all written and oral comments but take no action. At the second public hearing, the authority shall consider any additional written and oral comments and take action to modify or reject the plan. If the plan is not rejected at the second public hearing, then the authority shall conduct a protest proceeding at the third public hearing to consider whether the property owners and residents within the plan area wish to present oral or written protests against the adoption of the plan.

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

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

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

(B) Describe the purpose of the plan.

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

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

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

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

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

(e) If a majority of the property owners and residents vote against the plan, then the authority shall not take any further action to implement the proposed plan. The authority shall not propose a new or revised plan to the



affected property owners and residents for at least one year following the date of an election in which the plan was rejected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**62006.** (a) The authority shall review the plan at least annually and make any amendments that are necessary and appropriate in accordance with the procedures set forth in Section 62004 and shall require the preparation of an annual independent financial audit paid for from revenues of the authority.

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

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

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

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

(3) The amount of tax increment revenues received.

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

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

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

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

(e) Every 10 years, at the public hearing held pursuant to subdivision (b), the authority shall conduct a protest proceeding to consider whether the property owners and residents within the plan area wish to present oral or written protests against the authority. Notice of this protest proceeding shall be included in the written notice of the hearing on the annual report and shall inform the property owner and resident of his or her right to submit an oral or written protest before the close of the public hearing. The protest may state that the property owner or resident objects to the authority taking action to implement the plan on and after the date of the election described in subdivision (f). The authority shall consider all written and oral protests received prior to the close of the public hearing.

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

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

(h) If a majority of the property owners and residents vote against the plan, then the authority shall not take any further action to implement the plan on and after the date of the election held pursuant to subdivision (e). This section shall not prevent the authority from taking any and all actions and appropriating and expending funds, including, but not limited to, any and all payments on bonded or contractual indebtedness, to carry out and complete projects for which expenditures of any kind had been made prior to the date of the election and any expenditures for obligations required by Part 2 (commencing with Section 62100) that were incurred prior to the date of the election.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **PART 2. Housing**

### **CHAPTER 1. Housing for Persons of Low and Moderate Income**

**62100.** (a) Not less than 25 percent of all taxes that are allocated to the authority from any participating entity pursuant to Section 62005 shall be deposited into a separate Low and Moderate Income Housing Fund pursuant to Section 62101 and used by the authority for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost, as defined by the following sections of the Health and Safety Code: Section 50052.5, to persons and families of low or moderate income, as defined in Section 50093, lower income households, as defined by Section 50079.5, very low income households, as defined in Section 50105, and extremely low income households, as defined by Section 50106, that is occupied by these persons and families unless the authority makes a finding that combining funding received under this program with other funding for the same purpose shall reduce administrative costs or expedite the construction of affordable housing. If the authority makes such a finding, then (1) an authority may transfer funding from the program adopted pursuant to subdivision (c) of Section 62003 to the housing authority within the territorial jurisdiction of the local jurisdiction that created the authority or to the entity that received the housing assets of the former redevelopment agency pursuant to Section 34176 of the Health and Safety Code or to a private nonprofit housing developer, and (2) Section 34176.1 of the Health and Safety Code shall not apply to funds transferred. Funding shall be spent within the plan area in which the funds were generated. Any recipient of funds transferred pursuant to this subdivision shall comply with all applicable provisions of this part.

(b) In carrying out the purposes of this section, the authority may exercise any or all of its powers for the construction, rehabilitation, or preservation of affordable housing for extremely low, very low, low- and moderate-income persons or families, including the following:

(1) Acquire real property or building sites subject to Section 62112.



(2) (A) Improve real property or building sites with onsite or offsite improvements, but only if both (i) the improvements are part of the new construction or rehabilitation of affordable housing units for low- or moderate-income persons that are directly benefited by the improvements, and are a reasonable and fundamental component of the housing units, and (ii) the authority requires that the units remain available at affordable housing cost to, and occupied by, persons and families of extremely low, very low, low, or moderate income for the same time period and in the same manner as provided in subdivision (c) and paragraph (2) of subdivision (f) of Section 62101.

(B) If the newly constructed or rehabilitated housing units are part of a larger project and the agency improves or pays for onsite or offsite improvements pursuant to the authority in this subdivision, the authority shall pay only a portion of the total cost of the onsite or offsite improvement. The maximum percentage of the total cost of the improvement paid for by the authority shall be determined by dividing the number of housing units that are affordable to low- or moderate-income persons by the total number of housing units, if the project is a housing project, or by dividing the cost of the affordable housing units by the total cost of the project, if the project is not a housing project.

(3) Donate real property to private or public persons or entities.

(4) Finance insurance premiums necessary for the provision of insurance during the construction or rehabilitation of properties that are administered by governmental entities or nonprofit organizations to provide housing for lower income households, as defined in Section 50079.5 of the Health and Safety Code, including rental properties, emergency shelters, transitional housing, or special residential care facilities.

(5) Construct buildings or structures.

(6) Acquire buildings or structures.

(7) Rehabilitate buildings or structures.

(8) Provide subsidies to, or for the benefit of, extremely low income households, as defined by Section 50106 of the Health and Safety Code, very low income households, as defined by Section 50105 of the Health and Safety Code, lower income households, as defined by Section 50079.5 of the Health and Safety Code, or persons and families of low or moderate income, as defined by Section 50093 of the Health and Safety Code, to the extent those households cannot obtain housing at affordable costs on the open market. Housing units available on the open market are those units developed without direct government subsidies.

(9) Develop plans, pay principal and interest on bonds, loans, advances, or other indebtedness, or pay financing or carrying charges.

(10) Maintain the community's supply of mobilehomes.

(11) Preserve the availability to lower income households of affordable housing units in housing developments that are assisted or subsidized by public entities and that are threatened with imminent conversion to market rates.

(c) The authority may use these funds to meet, in whole or in part, the replacement housing provisions in Section 62120. However, this section shall not be construed as limiting in any way the requirements of that section.

(d) The authority shall use these funds inside the plan area.

(e) The Legislature finds and declares that expenditures or obligations incurred by the authority pursuant to this section shall constitute an indebtedness of the plan area.

(f) (1) (A) An action to compel compliance with the requirement of this section to deposit not less than 25 percent of all taxes that are allocated to the authority pursuant to Section 62005 in the Low and Moderate Income Housing Fund shall be commenced within 10 years of the alleged violation. A cause of action for a violation accrues on the last day of the fiscal year in which the funds were required to be deposited in the Low and Moderate Income Housing Fund.

(B) An action to compel compliance with the requirement of this section that money deposited in the Low and Moderate Income Housing Fund be used by the agency for purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing available at affordable housing cost shall be commenced within 10 years of the alleged violation. A cause of action for a violation accrues on the date of the actual expenditure of the funds.



(C) An agency found to have deposited less into the Low and Moderate Income Housing Fund than mandated by Section 62101 or to have spent money from the Low and Moderate Income Housing Fund for purposes other than increasing, improving, and preserving the community's supply of low- and moderate-income housing, as mandated by this section, shall repay the funds with interest in one lump sum pursuant to Section 970.4 or 970.5 or may do either of the following:

(i) Petition the court under Section 970.6 for repayment in installments.

(ii) Repay the portion of the judgment due to the Low and Moderate Income Housing Fund in equal installments over a period of five years following the judgment.

(2) Repayment shall not be made from the funds required to be set aside or used for low- and moderate-income housing pursuant to this section.

(3) Notwithstanding clauses (i) and (ii) of subparagraph (C) of paragraph (1), all costs, including reasonable attorney's fees if included in the judgment, are due and shall be paid upon entry of judgment or order.

(4) Except as otherwise provided in this subdivision, Chapter 2 (commencing with Section 970) of Part 5 of Division 3.6 of Title 1 for the enforcement of a judgment against a local public entity applies to a judgment against a local public entity that violates this section.

(5) This subdivision applies to actions filed on and after January 1, 2016.

(6) The limitations period specified in subparagraphs (A) and (B) of paragraph (1) does not apply to a cause of action brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

**62101.** (a) The funds that are required by Section 62100 or 62103 to be used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate-income housing shall be held in a separate Low and Moderate Income Housing Fund until used.

(b) Any interest earned by the Low and Moderate Income Housing Fund and any repayments or other income to the authority for loans, advances, or grants, of any kind from the Low and Moderate Income Housing Fund, shall accrue to and be deposited in, the fund and may only be used in the manner prescribed for the Low and Moderate Income Housing Fund.

(c) The moneys in the Low and Moderate Income Housing Fund shall be used to increase, improve, and preserve the supply of low- and moderate-income housing within the territorial jurisdiction of the authority.

(d) It is the intent of the Legislature that the Low and Moderate Income Housing Fund be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low- and moderate-income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing. The authority shall determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing.

(e) (1) Planning and general administrative costs that may be paid with moneys from the Low and Moderate Income Housing Fund are those expenses incurred by the authority that are directly related to the programs and activities authorized under subdivision (e) of Section 62100 and are limited to the following:

(A) Costs incurred for salaries, wages, and related costs of the authority's staff or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto.

(B) Costs incurred by a nonprofit corporation which are not directly attributable to a specific project.

(2) Legal, architectural, and engineering costs and other salaries, wages, and costs directly related to the planning and execution of a specific project that are authorized under subdivision (e) of Section 62100 and that are incurred by a nonprofit housing sponsor are not planning and administrative costs for the purposes of this section, but are instead project costs.

(f) (1) The requirements of this subdivision apply to all new or substantially rehabilitated housing units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund. Except to the extent that a longer period of time may be required by other provisions of law, the authority shall require that housing units subject to this subdivision shall remain available at affordable housing cost to, and occupied by,

persons and families of low or moderate income and very low income and extremely low income households for the longest feasible time, but for not less than the following periods of time:

(A) Fifty-five years for rental units. However, the authority may replace rental units with equally affordable and comparable rental units in another location within the community if (i) the replacement units are available for occupancy prior to the displacement of any persons and families of low or moderate income residing in the units to be replaced, and (ii) the comparable replacement units are not developed with moneys from the Low and Moderate Income Housing Fund.

(B) Forty-five years for owner-occupied units. However, the authority may permit sales of owner-occupied units prior to the expiration of the 45-year period for a price in excess of that otherwise permitted under this subdivision pursuant to an adopted program which protects the agency's investment of moneys from the Low and Moderate Income Housing Fund, including, but not limited to, an equity sharing program which establishes a schedule of equity sharing that permits retention by the seller of a portion of those excess proceeds based on the length of occupancy. The remainder of the excess proceeds of the sale shall be allocated to the authority and deposited in the Low and Moderate Income Housing Fund. Only the units originally assisted by the authority shall be counted towards the agency's obligations under Section 62102.

(C) Fifteen years for mutual self-help housing units that are occupied by and affordable to very low and low-income households. However, the authority may permit sales of mutual self-help housing units prior to expiration of the 15-year period for a price in excess of that otherwise permitted under this subdivision pursuant to an adopted program that (i) protects the agency's investment of moneys from the Low and Moderate Income Housing Fund, including, but not limited to, an equity sharing program that establishes a schedule of equity sharing that permits retention by the seller of a portion of those excess proceeds based on the length of occupancy, and (ii) ensures through a recorded regulatory agreement, deed of trust, or similar recorded instrument that if a mutual self-help housing unit is sold at any time after expiration of the 15-year period and prior to 45 years after the date of recording of the covenants or restrictions required pursuant to paragraph (2), the authority recovers, at a minimum, its original principal from the Low and Moderate Income Housing Fund from the proceeds of the sale and deposits those funds into the Low and Moderate Income Housing Fund. The remainder of the excess proceeds of the sale not retained by the seller shall be allocated to the agency and deposited in the Low and Moderate Income Housing Fund. For the purposes of this subparagraph, "mutual self-help housing unit" means an owner-occupied housing unit for which persons and families of very low and low income contribute no fewer than 500 hours of their own labor in individual or group efforts to provide a decent, safe, and sanitary ownership housing unit for themselves, their families, and others authorized to occupy that unit. This subparagraph shall not preclude the authority and the developer of the mutual self-help housing units from agreeing to 45-year deed restrictions.

(2) If land on which those dwelling units are located is deleted from the plan area, the authority shall continue to require that those units remain affordable as specified in this subdivision.

(3) The authority shall require the recording in the office of the county recorder of the following documents:

(A) The covenants or restrictions implementing this subdivision for each parcel or unit of real property subject to this subdivision. The authority shall obtain and maintain a copy of the recorded covenants or restrictions for not less than the life of the covenant or restriction.

(B) For all new or substantially rehabilitated units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund, a separate document called "Notice of Affordability Restrictions on Transfer of Property," set forth in 14-point type or larger. This document shall contain all of the following information:

(i) A recitation of the affordability covenants or restrictions. The document recorded under this subparagraph shall be recorded concurrently with the covenants or restrictions recorded under subparagraph (A), the recitation of the affordability covenants or restrictions shall also reference the concurrently recorded document.

(ii) The date the covenants or restrictions expire.

(iii) The street address of the property, including, if applicable, the unit number, unless the property is used to confidentially house victims of domestic violence.

(iv) The assessor's parcel number for the property.

(v) The legal description of the property.

(4) The authority shall require the recording of the document required under subparagraph (B) of paragraph (3) not more than 30 days after the date of recordation of the covenants or restrictions required under subparagraph (A) of paragraph (3).

(5) The county recorder shall index the documents required to be recorded under paragraph (3) by the authority and current owner.

(6) Notwithstanding Section 27383, a county recorder may charge all authorized recording fees to any party, including a public agency, for recording the document specified in subparagraph (B) of paragraph (3).

(7) Notwithstanding any other law, the covenants or restrictions implementing this subdivision shall run with the land and shall be enforceable against any owner who violates a covenant or restriction and each successor in interest who continues the violation, by any of the following:

(A) The authority.

(B) The city or county that established the authority.

(C) A resident of a unit subject to this subdivision.

(D) A residents' association with members who reside in units subject to this subdivision.

(E) A former resident of a unit subject to this subdivision who last resided in that unit.

(F) An applicant seeking to enforce the covenants or restrictions for a particular unit that is subject to this subdivision, if the applicant conforms to all of the following:

(i) Is of low or moderate income, as defined in Section 50093 of the Health and Safety Code.

(ii) Is able and willing to occupy that particular unit.

(iii) Was denied occupancy of that particular unit due to an alleged breach of a covenant or restriction implementing this subdivision.

(G) A person on an affordable housing waiting list who is of low or moderate income, as defined in Section 50093, and who is able and willing to occupy a unit subject to this subdivision.

(8) A dwelling unit shall not be counted as satisfying the affordable housing requirements of this part, unless covenants for that dwelling unit are recorded in compliance with subparagraph (A) of paragraph (3).

(9) Failure to comply with the requirements of subparagraph (B) of paragraph (3) shall not invalidate any covenants or restrictions recorded pursuant to subparagraph (A) of paragraph (3).

(g) "Housing," as used in this section, includes residential hotels, as defined in subdivision (k) of Section 37912 of the Health and Safety Code. The definitions of "lower income households," "very low income households," and "extremely low income households" in Sections 50079.5, 50105, and 50106 of the Health and Safety Code shall apply to this section. "Longest feasible time," as used in this section, includes, but is not limited to, unlimited duration.

(h) "Increasing, improving, and preserving the community's supply of low- and moderate-income housing," as used in this section and in Section 62100, includes the preservation of rental housing units assisted by federal, state, or local government on the condition that units remain affordable to, and occupied by, low- and moderate-income households, including extremely low and very low income households, for the longest feasible time, but not less than 55 years, beyond the date the subsidies and use restrictions could be terminated and the assisted housing units converted to market rate rentals. In preserving these units the authority shall require that the units remain affordable to, and occupied by, persons and families of low- and moderate-income and extremely low and very low income households for the longest feasible time, but not less than 55 years.

(i) Funds from the Low and Moderate Income Housing Fund shall not be used to the extent that other reasonable means of private or commercial financing of the new or substantially rehabilitated units at the same level of affordability and quantity are reasonably available to the agency or to the owner of the units. Prior to the expenditure of funds from the Low and Moderate Income Housing Fund for new or substantially rehabilitated housing units, where those funds will exceed 50 percent of the cost of producing the units, the authority shall find, based on substantial evidence, that the use of the funds is necessary because the authority or owner of the units has made a good faith attempt but has been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity.

**62102.** (a) Except as specified in subdivision (d), each authority shall expend over each 10-year period of the community revitalization plan the moneys in the Low and Moderate Income Housing Fund to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of housing units needed that each of those income groups bears to the total number of units needed for persons of moderate, low, and very low income within the community, as those needs have been determined for the community pursuant to Section 65584. In determining compliance with this obligation, the authority may adjust the proportion by subtracting from the need identified for each income category, the number of units for persons of that income category that are newly constructed over the duration of the implementation plan with other locally controlled government assistance and without agency assistance and that are required to be affordable to, and occupied by, persons of the income category for at least 55 years for rental housing and 45 years for ownership housing, except that in making an adjustment the agency may not subtract units developed pursuant to a replacement housing obligation under state or federal law.

(b) Each authority shall expend over the duration of each plan, the moneys in the Low and Moderate Income Housing Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the number of low-income households with a member under 65 years of age bears to the total number of low-income households of the community as reported in the most recent census of the United States Census Bureau.

(c) An authority that has deposited in the Low and Moderate Income Housing Fund over the first five years of the period of a plan an aggregate that is less than two million dollars (\$2,000,000) shall have an extra five years to meet the requirements of this section.

(d) For the purposes of this section, "locally controlled" means government assistance where the city or county that created the authority or other local government entity has the discretion and the authority to determine the recipient and the amount of the assistance, whether or not the source of the funds or other assistance is from the state or federal government. Examples of locally controlled government assistance include, but are not limited to, the Community Development Block Grant Program (42 U.S.C. Sec. 5301 et seq.) funds allocated to a city or county, the Home Investment Partnership Program (42 U.S.C. Sec. 12721 et seq.) funds allocated to a city or county, fees or funds received by a city or county pursuant to a city or county authorized program, and the waiver or deferral of city or other charges.

**6210 .** Every community revitalization plan shall contain both of the following:

(a) A provision that requires, whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a revitalization project, the authority to, within two years of such destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income an equal number of replacement dwelling units at affordable housing costs, as defined by Section 50052.5 of the Health and Safety Code, within the territorial jurisdiction of the authority, in accordance with all of the provisions of Sections 62120 and 62120.5.

(b) A provision that prohibits the number of housing units occupied by extremely low, very low-, and low-income households, including the number of bedrooms in those units, at the time the plan is adopted, from being reduced in the plan area during the effective period of the plan.

**62104.** Programs to assist or develop low- and moderate-income housing pursuant to this part shall be entitled to priority consideration after a program implemented by a housing successor pursuant to Section 34176.1 of the Health and Safety Code for assistance in housing programs administered by the California Housing Finance Agency, the Department of Housing and Community Development, and other state agencies and departments, if those agencies or departments determine that the housing is otherwise eligible for assistance under a particular program.

**62105.** The same notice requirements as specified in Section 65863.10 shall apply to multifamily rental housing that receives financial assistance pursuant to Sections 62100 and 62101.

**62106.** Notwithstanding Sections 62100 and 62101, assistance provided by an authority to preserve the availability to lower income households of affordable housing units within the plan area which are assisted or subsidized by public entities and which are threatened with imminent conversion to market rates may be credited and offset against an agency's obligations under Section 62100.



**62107.** (a) Except as otherwise provided in this subdivision, not later than six months following the close of any fiscal year of an authority in which excess surplus accumulates in the authority's Low and Moderate Income Housing Fund, the authority may adopt a plan pursuant to this section for expenditure of all moneys in the Low and Moderate Income Housing Fund within five years from the end of that fiscal year. The plan may be general and need not be site-specific, but shall include objectives respecting the number and type of housing to be assisted, identification of the entities, which will administer the plan, alternative means of ensuring the affordability of housing units for the longest feasible time, as specified in subdivision (e) of Section 62101 the income groups to be assisted, and a schedule by fiscal year for expenditure of the excess surplus.

(b) The authority shall separately account for any excess surplus accumulated each year either as part of or in addition to a Low and Moderate Income Housing Fund.

(c) If the authority develops a plan for expenditure of excess surplus or other moneys in the Low and Moderate Income Housing Fund, a copy of that plan and any amendments to that plan shall be included in the authority's annual report pursuant to Section 62006.

**62108.** (a) (1) Upon failure of the authority to expend or encumber excess surplus in the Low and Moderate Income Housing Fund within one year from the date the moneys become excess surplus, as defined in paragraph (1) of subdivision (g), the authority shall do either of the following:

(A) Disburse voluntarily its excess surplus to the county housing authority, a private nonprofit housing developer, or to another public agency exercising housing development powers within the territorial jurisdiction of the agency in accordance with subdivision (b).

(B) Expend or encumber its excess surplus within two additional years.

(2) If an authority, after three years has elapsed from the date that the moneys become excess surplus, has not expended or encumbered its excess surplus, the authority shall be subject to sanctions pursuant to subdivision (e), until the authority has expended or encumbered its excess surplus plus an additional amount, equal to 50 percent of the amount of the excess surplus that remains at the end of the three-year period. The additional expenditure shall not be from the authority's Low and Moderate Income Housing Fund, but shall be used in a manner that meets all requirements for expenditures from that fund.

(b) The housing authority or other public agency to which the money is transferred shall utilize the moneys for the purposes of, and subject to the same restrictions that are applicable to, the authority under this part, and for that purpose may exercise all of the powers of a housing authority under Part 2 (commencing with Section 34200) of Division 24 of the Health and Safety Code to an extent not inconsistent with these limitations.

(c) Notwithstanding Section 34209 of the Health and Safety Code or any other law, for the purpose of accepting a transfer of, and using, moneys pursuant to this section, the housing authority of a county or other public agency may exercise its powers within the territorial jurisdiction of an authority located in that county.

(d) The amount of excess surplus that shall be transferred to the housing authority or other public agency because of a failure of the authority to expend or encumber excess surplus within one year shall be the amount of the excess surplus that is not so expended or encumbered. The housing authority or other public agency to which the moneys are transferred shall expend or encumber these moneys for authorized purposes not later than three years after the date these moneys were transferred from the Low and Moderate Income Housing Fund.

(e) (1) Until a time when the authority has expended or encumbered excess surplus moneys pursuant to subdivision (a), the authority shall be prohibited from encumbering any funds or expending any moneys derived from any source, except that the authority may encumber funds and expend moneys to pay the following obligations, if any, that were incurred by the authority prior to three years from the date the moneys became excess surplus:

(A) Bonds, notes, interim certificates, debentures, or other obligations issued by an authority, whether funded, refunded, assumed, or otherwise, pursuant to subdivision (f) of Section 62003.

(B) Loans or moneys advanced to the authority, including, but not limited to, loans from federal, state, or local agencies, or a private entity.

(C) Contractual obligations which, if breached, could subject the authority to damages or other liabilities or remedies.

(D) Indebtedness incurred pursuant to Section 62100 or 62104.



(E) An amount, to be expended for the operation and administration of the authority, that may not exceed 75 percent of the amount spent for those purposes in the preceding fiscal year.

(2) This subdivision shall not be construed to prohibit the expenditure of excess surplus funds or other funds to meet the requirement in paragraph (2) of subdivision (a) that the agency spend or encumber excess surplus funds, plus an amount equal to 50 percent of excess surplus, prior to spending or encumbering funds for any other purpose.

(f) This section shall not be construed to limit any authority that an authority may have under other provisions of this part to contract with a housing authority, private nonprofit housing developer, or other public agency exercising housing developer powers, for increasing or improving the community's supply of low- and moderate-income housing.

(g) For purposes of this section:

(1) "Excess surplus" means any unexpended and unencumbered amount in an authority's Low and Moderate Income Housing Fund that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the Low and Moderate Income Housing Fund pursuant to Sections 62100 and 62104 during the authority's preceding four fiscal years. The first fiscal year to be included in this computation is the 2016-17 fiscal year, and the first date on which an excess surplus may exist is July 1, 2021.

(2) Moneys shall be deemed encumbered if committed pursuant to a legally enforceable contract or agreement for expenditure for purposes specified in Sections 62100 and 62101.

(3) (A) For purposes of determining whether an excess surplus exists, it is the intent of the Legislature to give credit to authorities which convey land for less than fair market value, on which low- and moderate-income housing is built or is to be built if at least 49 percent of the units developed on the land are available at an affordable housing cost to lower income households for at least the time specified in subdivision (e) of Section 62101, and otherwise comply with all of the provisions of this division applicable to expenditures of moneys from a low- and moderate-income housing fund established pursuant to Section 62101. Therefore, for the sole purpose of determining the amount, if any, of an excess surplus, an authority may make the following calculation: if an authority sells, leases, or grants land acquired with moneys from the Low and Moderate Income Housing Fund, established pursuant to Section 62101, for an amount which is below fair market value, and if at least 49 percent of the units constructed or rehabilitated on the land are affordable to lower income households, as defined in Section 50079.5 of the Health and Safety Code, the difference between the fair market value of the land and the amount the authority receives may be subtracted from the amount of moneys in an agency's Low and Moderate Income Housing Fund.

(B) If taxes that are deposited in the Low and Moderate Income Housing Fund are used as security for bonds or other indebtedness, the proceeds of the bonds or other indebtedness, and income and expenditures related to those proceeds, shall not be counted in determining whether an excess surplus exists. The unspent portion of the proceeds of bonds or other indebtedness, and income related thereto, shall be excluded from the calculation of the unexpended and unencumbered amount in the Low and Moderate Income Housing Fund when determining whether an excess surplus exists.

(C) This subdivision shall not be construed to restrict the authority of an authority provided in any other provision of this part to expend funds from the Low and Moderate Income Housing Fund.

(D) The Department of Housing and Community Development shall develop and periodically revise the methodology to be used in the calculation of excess surplus as required by this section. The director shall appoint an advisory committee to advise in the development of this methodology. The advisory committee shall include department staff, affordable housing advocates, and representatives of the housing successors of former redevelopment agencies, the League of California Cities, the California Society of Certified Public Accountants, the Controller, and any other authorities or persons interested in the field that the director deems necessary and appropriate.

(h) Communities in which an agency has disbursed excess surplus funds pursuant to this section shall not disapprove a low- or moderate-income housing project funded in whole or in part by the excess surplus funds if the project is consistent with applicable building codes and the land use designation specified in any element of the general plan as it existed on the date the application was deemed complete. A local agency may require compliance with local development standards and policies appropriate to and consistent with meeting the quantified objectives relative to the development of housing, as required in housing elements of the community pursuant to subdivision (b) of Section 65583.

**62109.** (a) Notwithstanding Sections 50079.5, 50093, and 50105 of the Health and Safety Code, for purposes of providing assistance to mortgagors participating in a homeownership residential mortgage revenue bond program pursuant to Section 33750 of the Health and Safety Code, or a home financing program pursuant to Section 52020 of the Health and Safety Code, or a California Housing Finance Agency home financing program, "area median income" means the highest of the following:

- (1) Statewide median household income.
- (2) Countywide median household income.
- (3) Median family income for the area, as determined by the United States Department of Housing and Urban Development with respect to either a standard metropolitan statistical area or an area outside of a standard metropolitan statistical area.

(b) To the extent that any portion of the Low and Moderate Income Housing Fund is expended to provide assistance to mortgagors participating in programs whose income exceeds that of persons and families of low or moderate income, as defined in Section 50093 of the Health and Safety Code, the authority shall, within two years, expend or enter into a legally enforceable agreement to expend twice that sum exclusively to increase and improve the community's supply of housing available at an affordable housing cost, as defined in Section 50052.5, to lower income households, as defined in Section 50079.5 of the Health and Safety Code, of which at least 50 percent shall be very low income households, as defined in Section 50105 of the Health and Safety Code.

(c) In addition to the requirements of subdivision (c) of Section 33413 of the Health and Safety Code, the authority shall require that the lower and very low income dwelling units developed pursuant to this subdivision remain available at an affordable housing cost to lower and very low income households for at least 45 years, except as to dwelling units developed with the assistance of federal or state subsidy programs which terminate in a shorter period and cannot be extended or renewed.

(d) The authority shall include within the report required by Section 62008 information with respect to compliance by the agency with the requirements of this subdivision.

**62110.** The covenants or restrictions imposed by the authority pursuant to subdivision (f) of Section 62101 may be subordinated under any of the following alternatives:

(a) To a lien, encumbrance, or regulatory agreement under a federal or state program when a federal or state agency is providing financing, refinancing, or other assistance to the housing units or parcels, if the federal or state agency refuses to consent to the seniority of the authority's covenant or restriction on the basis that it is required to maintain its lien, encumbrance, or regulatory agreement or restrictions due to statutory or regulatory requirements, adopted or approved policies, or other guidelines pertaining to the financing, refinancing, or other assistance of the housing units or parcels.

(b) To a lien, encumbrance, or regulatory agreement of a lender other than the authority or from a bond issuance providing financing, refinancing, or other assistance of owner-occupied units or parcels where the authority makes a finding that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available.

(c) To an existing lien, encumbrance, or regulatory agreement of a lender other than the authority or from a bond issuance providing financing, refinancing, or other assistance of rental units, where the agency's funds are utilized for rehabilitation of the rental units.

(d) To a lien, encumbrance, or regulatory agreement of a lender other than the authority or from a bond issuance providing financing, refinancing, or other assistance of rental units or parcels where the authority makes a finding that an economically feasible alternative method of financing, refinancing, or assisting the units or parcels on substantially comparable terms and conditions, but without subordination, is not reasonably available, and where the authority obtains written commitments reasonably designed to protect the authority's investment in the event of default, including, but not limited to, any of the following:

- (1) A right of the authority to cure a default on the loan.
- (2) A right of the authority to negotiate with the lender after notice of default from the lender.

(3) An agreement that if prior to foreclosure of the loan, the authority takes title to the property and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the authority.

(4) A right of the authority to purchase property from the owner at any time after a default on the loan.

**62111.** Subsidies provided pursuant to subdivision (e) of Section 62100 may include payment of a portion of the principal and interest on bonds issued by a public agency to finance housing for persons and families specified in that paragraph if the authority ensures by contract that the benefit of the subsidy will be passed on to those persons and families in the form of lower housing costs.

**62112.** For each interest in real property acquired using moneys from the Low and Moderate Income Housing Fund, the authority shall, within five years from the date it first acquires the property interest for the development of housing affordable to persons and families of low and moderate income, initiate activities consistent with the development of the property for that purpose. These activities may include, but are not limited to, zoning changes or agreements entered into for the development and disposition of the property. If these activities have not been initiated within this period, the city or county that created the authority may, by resolution, extend the period during which the authority may retain the property for one additional period not to exceed five years. The resolution of extension shall affirm the intention of the city or county that the property be used for the development of housing affordable to persons and families of low and moderate income. In the event that physical development of the property for this purpose has not begun by the end of the extended period, or if the authority does not comply with this requirement, the property shall be sold and the moneys from the sale, less reimbursement to the agency for the cost of the sale, shall be deposited in the authority's Low and Moderate Income Housing Fund.

#### **CHAPTER 2. Replacement and Location**

**62115.** The authority shall prepare a feasible method or plan for relocation of all of the following:

- (a) Families and persons to be temporarily or permanently displaced from housing facilities in the plan area.
- (b) Nonprofit local community institutions to be temporarily or permanently displaced from facilities actually used for institutional purposes in the project area.
- (c) The relocation plan required by this section shall comply with the relocation plan and assistance requirements of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1.

**62116.** The city, county, or city and county that created the authority shall insure that the method or plan of the authority for the relocation of families or single persons to be displaced by a revitalization project shall provide that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement and that all other requirements of Chapter 16 (commencing with Section 7260) of Division 7 of Title 1 of the Government Code are met. The housing units shall be suitable to the needs of those displaced persons or families and must be decent, safe, sanitary, and otherwise standard dwellings. The authority shall not displace the person or family until the housing units are available and ready for occupancy.

**62117.** Whenever all or any portion of a revitalization plan area is developed with low- or moderate-income housing units and whenever any low- or moderate-income housing units are developed with any authority assistance or pursuant to Section 62120, the authority shall require in the recorded covenants for those units that the housing be made available for rent or purchase to the persons and families of low or moderate income displaced by the revitalization project. Those persons and families shall be given priority in renting or buying that in advance of marketing the units to the general public. Failure to give that priority shall not affect the validity of title to real property; however, a unit may not be counted as a replacement or production unit in the event of noncompliance with this provision. The authority shall keep a list of persons and families of low and moderate income displaced by the revitalization project who are to be given priority, and may establish reasonable rules for determining the order or priority on the list. The list shall be provided to the owner of those properties at or before any certificate of occupancy is issued.

**62118.** If insufficient suitable housing units are available in the plan area for low- and moderate-income persons and families to be displaced from a community revitalization area, the city council or board of supervisors that created the authority shall assure that sufficient land be made available within its territorial jurisdiction for

suitable housing for rental or purchase by low- and moderate-income persons and families. If insufficient suitable housing units are available in the community for use by persons and families of low and moderate income displaced by the revitalization project, the authority may, to the extent of that deficiency, direct or cause the development, rehabilitation, or construction of housing units within the community, both inside and outside of revitalization plan areas.

**62119.** Permanent housing facilities shall be made available within two years from the time occupants are displaced and that pending the development of such facilities there will be available to such displaced occupants adequate temporary housing facilities at rents comparable to the units from which the displaced occupants were displaced.

**62120.** (a) Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low- and moderate-income housing market as part of a revitalization project that is subject to a written agreement with the authority or where financial assistance has been provided by the authority, the authority shall, within two years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the authority. One hundred percent of the replacement dwelling units shall be available at an affordable housing cost to persons in the same or a lower income category (extremely low, low, very low, or moderate), as the persons displaced from those destroyed or removed units.

(b) (1) Prior to the time limit on the effectiveness of the community revitalization plan established pursuant to subdivision (g) of Section 62003 at least 30 percent of all new and substantially rehabilitated dwelling units developed by an authority shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Not less than 50 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

(2) (A) (i) Prior to the time limit on the effectiveness of the revitalization plan established pursuant to subdivision (g) of Section 62003 at least 15 percent of all new and substantially rehabilitated dwelling units developed within a plan area under the jurisdiction of an authority by public or private entities or persons other than the authority shall be available at affordable housing cost to, and occupied by, persons and families of low or moderate income. Not less than 40 percent of the dwelling units required to be available at affordable housing cost to, and occupied by, persons and families of low or moderate income shall be available at affordable housing cost to, and occupied by, very low income households.

(ii) To satisfy this paragraph, in whole or in part, the authority may cause, by regulation or agreement, to be available, at an affordable housing cost, to, and occupied by, persons and families of low or moderate income or to very low income households, as applicable, two units outside a project area for each unit that otherwise would have been required to be available inside a project area.

(iii) "Substantially rehabilitated dwelling units" means all units substantially rehabilitated, with authority assistance.

(iv) As used in this paragraph and in paragraph (1), "substantial rehabilitation" means rehabilitation, the value of which constitutes 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value.

(B) To satisfy the requirements of paragraph (1) and subparagraph (A), the authority may purchase, or otherwise acquire or cause by regulation or agreement the purchase or other acquisition of, long-term affordability covenants on multifamily units that restrict the cost of renting or purchasing those units that either: (i) are not presently available at affordable housing cost to persons and families of low- or very low income households, as applicable; or (ii) are units that are presently available at affordable housing cost to this same group of persons or families, but are units that the authority finds, based upon substantial evidence, after a public hearing, cannot reasonably be expected to remain affordable to this same group of persons or families.

(C) To satisfy the requirements of paragraph (1) and subparagraph (A), the long-term affordability covenants purchased or otherwise acquired pursuant to subparagraph (B) shall be required to be maintained on dwelling units at affordable housing cost to, and occupied by, persons and families of low or very low income, for the longest feasible time but not less than 55 years for rental units and 45 years for owner-occupied units. Not more than 50 percent of the units made available pursuant to paragraph (1) and subparagraph (A) may be assisted through the purchase or acquisition of long-term affordability covenants pursuant to subparagraph (B). Not less than 50 percent of the units made available through the purchase or acquisition of long-term



affordability covenants pursuant to subparagraph (B) shall be available at affordable housing cost to, and occupied by, very low income households.

(D) To satisfy the requirements of paragraph (1) and subparagraph (A), each mutual self-help housing unit, as defined in subparagraph (C) of paragraph (1) of subdivision (f) of Section 62101, that is subject to a 15-year deed restriction shall count as one-third of a unit.

(3) The requirements of this subdivision shall apply independently of the requirements of subdivision (a). The requirements of this subdivision shall apply, in the aggregate, to housing made available pursuant to paragraphs (1) and (2), respectively, and not to each individual case of rehabilitation, development, or construction of dwelling units, unless an agency determines otherwise.

(4) Each authority, as part of the community revitalization and investment plan required by Section 62003, shall adopt a plan to comply with the requirements of this subdivision. The plan shall be consistent with the community's housing element. The plan shall be reviewed and, if necessary, amended at least in conjunction with the plan implementation cycle. The plan shall ensure that the requirements of this subdivision are met every 10 years. If the requirements of this subdivision are not met by the end of each 10-year period, the agency shall meet these goals on an annual basis until the requirements for the 10-year period are met. If the agency has exceeded the requirements within the 10-year period, the agency may count the units that exceed the requirement in order to meet the requirements during the next 10-year period.

(c)(1) The authority shall require all replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price restricted pursuant to subdivision (a) or (b) remain available at affordable housing cost to, and occupied by, persons and families of extremely low income, low-income, moderate-income, and very low income households, respectively, for the longest feasible time, but for not less than 55 years for rental units, 45 years for home ownership units, and 15 years for mutual self-help housing units, as defined in subparagraph (C) of paragraph (1) of subdivision (f) of Section 62101, except as set forth in paragraph (2). Nothing in this paragraph precludes the agency and the developer of the mutual self-help housing units from agreeing to 45-year deed restrictions.

(2) Notwithstanding paragraph (1), the authority may permit sales of owner-occupied units prior to the expiration of the 45-year period, and mutual self-help housing units prior to the expiration of the 15-year period, established by the authority for a price in excess of that otherwise permitted under this subdivision pursuant to an adopted program that protects the authority's investment of moneys from the Low and Moderate Income Housing Fund, including, but not limited to, an equity sharing program that establishes a schedule of equity sharing that permits retention by the seller of a portion of those excess proceeds, based on the length of occupancy. The remainder of the excess proceeds of the sale shall be allocated to the authority, and deposited into the Low and Moderate Income Housing Fund. The authority shall, within three years from the date of sale pursuant to this paragraph of each home ownership or mutual self-help housing unit subject to a 45-year deed restriction, and every third mutual self-help housing unit subject to a 15-year deed restriction, expend funds to make affordable an equal number of units at the same or lowest income level as the unit or units sold pursuant to this paragraph, for a period not less than the duration of the original deed restrictions. Only the units originally assisted by the authority shall be counted towards the authority's obligations under Section 62120.

(3) The requirements of this section shall be made enforceable in the same manner as provided in paragraph (7) of subdivision (f) of Section 62101.

(4) If land on which the dwelling units required by this section are located is deleted from the plan area, the authority shall continue to require that those units remain affordable as specified in this subdivision.

(5) For each unit counted towards the requirements of subdivisions (a) and (b), the authority shall require the recording in the office of the county recorder of covenants or restrictions that ensure compliance with this subdivision and shall comply with the requirements of paragraphs (3) and (4) of subdivision (f) of Section 62101.

(d) Except as otherwise authorized by law, this section does not authorize an authority to operate a rental housing development beyond the period reasonably necessary to sell or lease the housing development.

(e) Notwithstanding subdivision (a), the authority may replace destroy or remove dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

(1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.



(2) The replacement units are affordable to, and occupied by, the same income level of households as the destroyed or removed units.

(f) "Longest feasible time," as used in this section, includes, but is not limited to, unlimited duration.

**62120.5.** (a) Not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low- and moderate-income housing market, the authority shall adopt by resolution a replacement housing plan. Not less than 30 days prior to adopting a replacement housing plan by resolution, the authority shall make available a draft of the proposed replacement housing plan for review and comment by property owners and residents within the plan area, any persons who have requested notice of that replacement housing plan, other public agencies, and the general public.

The replacement housing plan shall include all of the following:

(1) A description of the housing to be destroyed or removed, including the address, parcel number, number and size of units, whether the units are occupied, and if so, the income categories of the occupants, if that information is available, whether the units are rental or ownership, the rent levels or sale price of the units, and if the units have existing affordable covenants, the nature and source of the subsidy and duration of the covenants.

(2) A description of the housing to be rehabilitated, developed, or constructed pursuant to Section 62120 to replace the units described in paragraph (1), including the general location of the replacement units, the number and size of the replacement units, the affordability levels of the replacement units, whether the replacement units will be rental or ownership, and duration of the affordability covenants applicable to the units.

(3) An analysis of the cost of producing the replacement units and a description of the source and adequacy of funds or financing, or both, available for the rehabilitation, development, or construction.

(4) A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained.

(5) The timetable for meeting the plan's relocation, rehabilitation, and replacement housing objectives. A dwelling unit whose replacement is required by Section 62120 but for which no replacement housing plan has been prepared, shall not be destroyed or removed from the low- and moderate-income housing market until the agency has by resolution adopted a replacement housing plan.

(b) Nothing in this section shall prevent an authority from destroying or removing from the low- and moderate-income housing market a dwelling unit which the authority owns and which is an immediate danger to health and safety. The authority shall, as soon as practicable, adopt by resolution a replacement housing plan with respect to that dwelling unit pursuant to this part.

**62120.7.** An authority causing the rehabilitation, development, or construction of replacement dwelling units, other than single-family residences, pursuant to Section 62120, or pursuant to a replacement housing plan as required by Section 62120.5, or pursuant to provisions of a revitalization plan required by Section 62103, primarily for persons of low income, as defined in Section 50093 of the Health and Safety Code, shall give preference to those developments that are proposed to be organized as limited-equity housing cooperatives, when so requested as part of the public review, provided the project is achievable in an efficient and timely manner.

The limited-equity housing cooperatives shall, in addition to the provisions of Section 817 of the Civil Code, be organized so that the consideration paid for memberships or shares by the first occupants following construction or acquisition by the corporation, including the principal amount of obligations incurred to finance the share or membership purchase, does not exceed 3 percent of the development cost or acquisition cost, or of the fair market value appraisal by the permanent lender, whichever is greater.

**62121.** An authority shall provide relocation assistance and shall make all of the payments required by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1, including the making of those payments financed by the federal government.

This section shall not be construed to limit any other authority which an authority may have to make other relocation assistance payments, or to make any relocation assistance payment in an amount which exceeds the

maximum amount for that payment authorized by Chapter 16 (commencing with Section 7260) of Division 7 of Title 1.

**62122.** In order to facilitate the rehousing of families and single persons displaced by any governmental action, an authority, at the request of the city council or board of supervisors that created the authority, may dispose of the real property acquired under the provisions of subdivision (b) of section 62201, by sale or long-term lease, for use as, or development of, housing for those displaced persons.

**62123.** (a) An authority shall monitor, on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to any provisions of this part. As part of this monitoring, an authority shall require owners or managers of the housing to submit an annual report to the authority. The annual reports shall include for each rental unit the rental rate and the income and family size of the occupants, and for each owner-occupied unit whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners. The income information required by this section shall be supplied by the tenant in a certified statement on a form provided by the authority.

(b) The data specified in subdivision (a) shall be obtained by the authority from owners and managers of the housing specified therein and current data shall be included in any reports required by law to be submitted to the Department of Housing and Community Development or the Controller. The information on income and family size that is required to be reported by the owner or manager shall be supplied by the tenant and shall be the only information on income or family size that the owner or manager shall be required to submit on his or her annual report to the agency.

(c) (1) The authority shall compile and maintain a database of existing, new, and substantially rehabilitated, housing units developed or otherwise assisted with moneys from the Low and Moderate Income Housing Fund, or otherwise counted towards the requirements of subdivision (a) or (b) of Section 62120. The database shall be posted in an easily identifiable and accessible location on the authority's Internet Web site and updated on an annual basis and shall include the date the database was last updated. The database shall require all of the following information for each owner-occupied unit or rental unit, or for each group of units, if more than one unit is subject to the same covenant:

(A) The street address and the assessor's parcel number of the property.

(B) The size of each unit, measured by the number of bedrooms.

(C) The year in which the construction or substantial rehabilitation of the unit was completed.

(D) The date of recordation and document number of the affordability covenants or restrictions required under subdivision (f) of Section 33334.3 of the Health and Safety Code.

(E) The date on which the covenants or restrictions expire.

(F) For owner-occupied units that have changed ownership during the reporting year, as described in subdivision (a), the date and document number of the new affordability covenants or other documents recorded to assure that the affordability restriction is enforceable and continues to run with the land.

(G) Whether occupancy in the unit or units is restricted to any special population, including, but not limited to, senior citizens and persons with disabilities.

(H) Whether occupancy in the unit or units is restricted to an extremely low, very low, low-, or moderate-income household.

(2) Notwithstanding subparagraphs (A) and (D) of paragraph (1), the database shall omit any property used to confidentially house victims of domestic violence.

(3) Upon establishment of a database under this section, the authority shall provide reasonable notice to the community regarding the existence of the database.

(d) The authority shall adequately fund its monitoring activities as needed to insure compliance of applicable laws and agreements in relation to affordable units. For purposes of defraying the cost of complying with the requirements of this section and the changes in reporting requirements enacted by the act enacting this section, an authority may establish and impose fees upon owners of properties monitored pursuant to this section.

### **PART 3. Property Acquisition**

**62200.** "Real property" means any of the following:

- (a) Land, including land under water and waterfront property.
- (b) Buildings, structures, fixtures, and improvements on the land.
- (c) Any property appurtenant to or used in connection with the land.
- (d) Every estate, interest, privilege, easement, franchise, and right in land, including rights-of-way, terms for years, and liens, charges, or encumbrances by way of judgment, mortgage, or otherwise and the indebtedness secured by those liens.

**62201.** Within the plan area or for purposes of revitalization an authority may:

- (a) Purchase, lease, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, any interest in property, and any improvements on it, including repurchase of developed property previously owned by the authority. An authority shall obtain an appraisal from a qualified independent appraiser to determine the fair market value of property before the authority acquires or purchases real property.
  - (b) Accept, at the request of the legislative body of the community, a conveyance of real property (located either within or outside the plan area) owned by a public entity and declared surplus by the public entity, or owned by a private entity. The authority may dispose of that property to private persons or to public or private entities, by sale or long-term lease for development. All or any part of the funds derived from the sale or lease of that property may, at the discretion of the legislative body of the community, be paid to the community, or to the public entity from which any of that property was acquired.
  - (c) Sell, lease, grant, or donate real property owned or acquired by the authority in a plan area to a housing authority or to any public agency for public housing projects.
  - (d) Offer for resale property acquired by an authority for rehabilitation and resale within one year after completion of rehabilitation. Properties held by the authority in excess of a one-year period shall be listed in the authority's annual report with information conveying the reasons that property remains unsold and indicating plans for its disposition.
  - (e) Acquire real property by eminent domain, provided that authority is exercised within 12 years from the adoption of the plan.
- (1) Every plan adopted by an authority which contemplates property owner participation in the revitalization of the plan area shall contain alternative provisions for revitalization of the property if the owners fail to participate in the revitalization as agreed. Prior to the adoption of a plan, each property owner whose property would be subject to acquisition by purchase or condemnation under the plan shall be sent a statement in nontechnical language and in a clear and coherent manner using words with common and everyday meaning to that effect attached to the notice of the hearing as required by subdivision (b) of Section 62004. Alternatively, a list or map of all properties which would be subject to acquisition by purchase or condemnation under the plan may be mailed to affected property owners with the notices of hearing pursuant to Section 62004.
- (2) Without the consent of an owner, an authority shall not acquire any real property on which an existing building is to be continued on its present site and in its present form and use unless that building requires structural alteration, improvement, modernization, or rehabilitation, or the site or lot on which the building is situated requires modification in size, shape, or use, or it is necessary to impose upon that property any of the standards, restrictions, and controls of the plan and the owner fails or refuses to agree to participate in the plan.
- (3) Property already devoted to a public use may be acquired by the agency through eminent domain, but property of a public body shall not be acquired without its consent.
- (4) An authority shall not acquire from any of its members or officers any property or interest in property except through eminent domain proceedings.

**62202.** An authority shall not provide any form of direct assistance to:

- (a) An automobile dealership that will be or is on a parcel of land which has not previously been developed for urban use.

(b) A development that will be or is on a parcel of land of five acres or more which has not previously been developed for urban use and that will, when developed, generate sales or use tax pursuant to Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code, unless the principal permitted use of the development is office, hotel, manufacturing, or industrial. For the purposes of this subdivision, a parcel shall include land on an adjacent or nearby parcel on which a use exists that is necessary for the legal development of the parcel.

(c) A development or business, either directly or indirectly, for the acquisition, construction, improvement, rehabilitation, or replacement of property that is or would be used for gambling or gaming of any kind whatsoever, including, but not limited to, casinos, gaming clubs, bingo operations, or any facility wherein banked or percentage games, any form of gambling device, or lotteries, other than the California State Lottery, are or will be played.

(d) The prohibition in subdivision (c) is not intended to prohibit an authority from acquiring property on or in which an existing gambling enterprise is located, for the purpose of selling or leasing the property for uses other than gambling, provided that the agency acquires the property for fair market value.

(e) This section shall not be construed to apply to an authority's assistance in the construction of public improvements that serve all or a portion of a project area and that are not required to be constructed as a condition of approval of a development described in subdivision (a), (b), or (c), or to prohibit assistance in the construction of public improvements that are being constructed for a development that is not described in subdivision (a), (b), or (c).

**62203.** (a) Any covenants, conditions, or restrictions existing on any real property within a plan area prior to the time the authority acquires title to that property, which covenants, conditions, or restrictions restrict or purport to restrict the use of, or building upon, that real property, shall be void and unenforceable as to the authority and any other subsequent owners, tenants, lessees, easement holders, mortgagees, trustees, beneficiaries under a deed of trust, or any other persons or entities acquiring an interest in that real property from that time as title to the real property is acquired by an authority whether acquisition is by gift, purchase, eminent domain, or otherwise.

(b) Thirty days prior to the acquisition of real property other than by eminent domain, the authority shall provide notice of that acquisition and the provisions of this section to holders of interests which would be made void and unenforceable pursuant to this section, as follows:

(1) The authority shall publish notice once in a newspaper of general circulation in the community in which the agency is functioning.

(2) The authority shall mail notice to holders of those interests if those holders appear of record 60 days prior to the date of acquisition.

The authority may accept any release by written instrument from the holder of any interest or may commence action to acquire that interest after the date of acquisition of the real property.

(c) This section shall not apply to covenants, conditions, or restrictions imposed by an authority pursuant to a plan. This section also shall not apply to covenants, conditions, or restrictions where an authority in writing expressly acquires or holds property subject to those covenants, conditions, or restrictions.

This section shall not limit or preclude any rights of reversion of owners, assignees, or beneficiaries of those covenants, conditions, or restrictions limiting the use of land in gifts of land to cities, counties, or other governmental entities. This section shall not limit or preclude the rights of owners or assignees of any land benefited by any covenants, conditions, or restrictions to recover damages against the agency if under law that owner or assignee has any right to damages. No right to damages shall exist against any purchaser from the authority or his or her successors or assignees, or any other persons or entities.

**62204.** (a) If an authority has adopted a plan but has not commenced an eminent domain proceeding to acquire any particular parcel of property subject to eminent domain thereunder within three years after the date of adoption of the plan, the owner or owners of the entire fee at any time thereafter may offer in writing to sell the property to the authority for its fair market value. If the authority does not, within 18 months from the date of receipt of the original offer, acquire or institute eminent domain proceedings to acquire the property, the property owner or owners may file an action against the authority in inverse condemnation to recover damages from the authority for any interference with the possession and use of the real property resulting from the plan, provided that this section shall not be construed as establishing or creating a presumption to any right to

damages or relief solely by reason of the failure of the authority to acquire the property within the time set forth in this section.

(b) No claim need be presented against an authority under Part 3 (commencing with Section 900) of Division 3.6 of Title 1 as a prerequisite to commencement or maintenance of an action under subdivision (a), but any action shall be commenced within one year and six months after the expiration of the 18 months period.

(c) An authority may commence an eminent domain proceeding or designate the property to be exempt from eminent domain under the plan at any time before the property owner commences an action under this section. If the authority commences an eminent domain proceeding or designates the property to be exempt from acquisition by eminent domain before the property owner commences an action under this section, the property owner may not thereafter bring an action under this section.

(d) After a property owner has commenced an action under this section, the authority may declare the property to be exempt from acquisition by eminent domain and abandon the taking of the property only under the same circumstances and subject to the same conditions and consequences as abandonment of an eminent domain proceeding.

(e) Commencement of an action under this section does not affect any authority an authority may have to commence an eminent domain proceeding, take possession of the property pursuant to Article 3 (commencing with Section 1255.410) of Chapter 6 of Title 7 of the Code of Civil Procedure, or abandon the eminent domain proceeding.

(f) In lieu of bringing an action under subdivision (a) or if the limitations period provided in subdivision (b) has run, the property owner may obtain a writ of mandate to compel the authority, within that time as the court deems appropriate, to declare the property acquisition exempt or to commence an eminent domain proceeding to acquire the property.

(g) A declaration that the property is exempt from acquisition by eminent domain shall be by resolution and shall be recordable. It shall exempt the property from eminent domain under the plan, and the authority shall have no power of eminent domain as to the property.

**62205.** Section 1245.260 of the Code of Civil Procedure shall not apply to any resolution or ordinance adopting, approving, or amending the amendment of plan. Section 1245.260 of the Code of Civil Procedure shall apply to a resolution adopted by an authority pursuant to Section 1245.220 of the Code of Civil Procedure with respect to a particular parcel or parcels of real property.

**62206.** (a) The authority shall obligate lessees and purchasers of real property acquired in revitalization projects undertaken or assisted by the authority and owners of property improved as a part of a revitalization project to refrain from restricting the rental, sale, or lease of the property on any basis listed in subdivision (a) or (d) of Section 12955, as those basis are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2. All deeds, leases, or contracts for the sale, lease, sublease, or other transfer of any land in a revitalization project shall contain or be subject to the nondiscrimination or nonsegregation clauses hereafter prescribed.

(b) Notwithstanding subdivision (a), with respect to familial status, subdivision (a) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in subdivision (a) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51, Section 4760, and Section 6714 of the Civil Code, and subdivisions (n), (o), and (p) of Section 12955 shall apply to subdivision (a).

**62207.** Express provisions shall be included in all deeds, leases, and contracts that the authority proposes to enter into with respect to the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of any land in a revitalization project in substantially the following form:

(a) (1) In deeds the following language shall appear:

"The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those basis are defined in Sections 12926, 12926.1 of, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 of, and Section 12955.2 of, the Government Code, in the



sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of, and Sections 4760 and 6714 of, the Civil Code, and subdivisions (n), (o), and (p) of Section 12955 shall apply to paragraph (1).

(b) (1) In leases the following language shall appear:

"The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those basis are defined in Sections 12926, 12926.1 of, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955 of, and Section 12955.2 of, the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(2) Notwithstanding paragraph (1), with respect to familial status, paragraph (1) shall not be construed to apply to housing for older persons, as defined in Section 12955.9. With respect to familial status, nothing in paragraph (1) shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 of, and Sections 4760 and 6714 of, the Civil Code, and subdivisions (n), (o), and (p) of Section 12955 shall apply to paragraph (1).

(c) In contracts entered into by the agency relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the forms set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument.

**62208.** (a) The authority shall retain controls and establish restrictions or covenants running with land sold or leased for private use for those periods of time and under those conditions as are provided in the plan. The establishment of those controls is a public purpose under this division.

(b) An authority shall obligate lessees or purchasers of property acquired in a revitalization project to:

(1) Use the property for the purpose designated in the revitalization plans.

(2) Begin the revitalization of the project area within a period of time which the authority fixes as reasonable.

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

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

**REPORT TO THE CITY COUNCIL AND THE  
SUCCESSOR AGENCY  
OF THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:**        October 14, 2015

**AGENDA ITEM NUMBER:**   5A

**APPROVED BY:**

  
\_\_\_\_\_  
**Executive Director**

  
\_\_\_\_\_  
**Business Manager**

**Subject:**     **Joint Public Hearing Regarding Consideration of Resolutions Approving 33433 Report and Approval of Sale of Real Property Located in the South 'E' Street Corridor APN 011-183-002 and 011-183-004 to Mario Gutierrez Jr. and Mario Gutierrez Sr. as Joint Tenants.**

**Summary:**   **The Agency Board will consider resolutions approving a sales agreement for properties located in the South 'E' Street Corridor APN 011-183-002 and 004. The buyer is Mario Gutierrez Jr. and Mario Gutierrez Sr. as Joint Tenants and the sales price is \$29,000.00**

**HISTORY/BACKGROUND**

By previous action, the former Redevelopment Agency using non-housing bond funds acquired property in the South 'E' Street corridor. At that time it was part of an initiative to assemble properties on E Street from Evan's Feed to Olive Avenue. A master plan for the development of the area was prepared by TRIAD Architects and Planning. A downturn in the economy and dissolution led to the abandonment of the project. These two properties were acquired from Union Pacific Railroad.

**SITUATION**

**Parcel 011-183-004** is a 19'x 400', strip of vacant land adjacent and due west of the old potato shed on 'D' Street between 13<sup>th</sup> and 14<sup>th</sup> Street. This parcel if not merged with an adjacent parcel is unusable. The property was appraised by William Glover. The appraised value of this parcel in its current condition is **\$7,600.00**.

**Parcel 011-183-002** is located on South 'E' Street between 13<sup>th</sup> and 14<sup>th</sup> Street. This parcel has a large basin depressed into the ground. To become a usable parcel, this basin will have to be filled with dirt. The Agency has two options;

- 1) Fill the basin and sell the parcel after the work is complete, or
- 2) Sell the property "as is".

The appraisal by William Glover valued the parcel "with the basin filled" with dirt at \$120,000.00. To determine fair market value of the parcel "as is" with the basin not filled in, the appraiser William Glover requested that the Agency provide an estimate of the cost to fill the basin with dirt. The Agency obtained a quote from San Joaquin Sand & Gravel. The cost to fill the basin was determined to be \$98,600.00. Therefore the fair market value for this

parcel "as is" is \$120,000.00 less the cost to fill the basin \$98,600.00 or **\$21,400.00**. Due to the cost of filling the basin the Agency always felt this was going to be a hard parcel to sell. Consequently this is a great opportunity for the Agency.

Selling the parcel "as is" has a couple benefits. One being that the Agency will not have to enter into a new agreement which is more in line with dissolution. Secondly the proposed buyer prefers to purchase the parcel "as is". He is in the process of acquiring the old potato shed. This is the parcel adjacent and to the east. This adjacent parcel contains excess dirt that can be used in the filling of the basin that he would have otherwise had to haul away.

The sales price total for both parcels "as is" is proposed to be **\$29,000.00**. This is considered to be fair market value based upon the existing conditions of the parcels.

In prior sales, the Agency would typically enter into a Disposition and Development Agreement to insure the project is developed as proposed. The dissolution of redevelopment prohibits us from entering into these agreements on non-housing projects. The buyer is proposing to do a general plan amendment and zoning change to allow single family units to be built.

This action is consistent with the Agencies Long Range Property Maintenance plan as approved by the Department of Finance.

### **RECOMMENDATION**

Staff recommends that the properties be sold "as is" approving the following actions:

1. The City Council adopts the resolution approving the sale of property known as APN 011-183-002 and APN 011-183-004 acquired by tax increment by the former Madera Redevelopment Agency.
2. The Successor Agency adopts the resolution approving the sale of property known as APN 011-183-002 and APN 011-183-004.
3. The Successor Agency adopts the resolution approving agreement with Mario Gutierrez Jr. and Mario Gutierrez Sr. as Joint Tenants for the purchase and sale of real property known as APN 011-183-002 and APN 011-183-004.

JET:cm

Attachments:  
-33433 Report  
-Resolutions (City & Successor Agency)

**SUMMARY REPORT PURSUANT TO SECTION 33433 OF THE CALIFORNIA COMMUNITY  
REDEVELOPMENT LAW ON A SALES AGREEMENT  
BY AND BETWEEN THE SUCCESSOR AGENCY TO THE FORMER MADERA  
REDEVELOPMENT AGENCY AND MARIO GUTIERREZ JR. AND MARIO GUTIERREZ SR.**

This summary report has been prepared for the Successor Agency to the former Madera Redevelopment Agency ("Agency") pursuant to Section 33433 of the California Health and Safety Code. APN 011-183-002 & 011-183-004 are vacant parcels located on the South E Street Corridor.

I. The proposed sale of land to Mario Gutierrez Jr. and Mario Gutierrez Sr. is summarized as follows:

A. The cost of the Agreement to Agency:

	Description	Amount
1	Acquisition of Land (October 15, 2008)	\$406,438.94
2	Escrow Closing Fees (Sept. 14, 2009)	\$1,194.11
3	Appraisal Services (2008)	\$6,605.86
4	Appraisal Services (2015)	\$800.00
5	Environmental Assessment	\$29,818.14
6	Public Hearing Notice	\$130.00
7	Estimated Closing Costs	\$600.00
8	Subtotal	\$445,587.05
9	Less Land Sale Proceeds	(\$29,000.00)
10	Net Cost to Agency	\$416,587.05

B. The highest and best use permitted under the City of Madera General Plan is for professional office and industrial use of the property. The estimated value of the interest conveyed, determined the highest uses permitted for the area is \$29,000.00.

C. The purchase price pursuant to the proposed agreement is \$29,000.00.

D. The amount of the purchase price is fair market value of the subject parcel. The cost of the property to the Agency is more than the purchase price. However, staff is of the opinion that the cost to the Agency and the purchase price are justified based on several factors, including:

1. The proposed agreement will upgrade the South E Street corridor and the Project Area.
2. The project will eliminate a blighted condition.
3. The proposed agreement will stimulate new investment beneficial to the citizens of Madera.
4. The proposed agreement will further the objectives of the Redevelopment Plan.
5. The purchase price is consistent with, and based upon previous sales in the area.

II. Salient Points of the Agreement

A. The proposed development will conform to the City General Plan.

B. Developer Responsibilities

1. The Developer will purchase the site from the Agency for \$29,000.00.

### C. Agency Responsibilities

1. The Agency will convey the property to the Developer for \$29,000.00.

### III. Blight Elimination

The vacant parcels represent a major blighting influence on the area. The sale of these parcels should increase economic activity in the area, thus strengthening the area for future development, while eliminating a blighted condition. In as much the buyer is proposing to rezone the property and construct single family residential development.

/CM  
Revised 9/30/2015



RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA, CALIFORNIA APPROVING SALE OF PROPERTY KNOWN AS APN 011-183-002 AND 011-183-004 ACQUIRED BY TAX INCREMENT BY THE FORMER MADERA REDEVELOPMENT AGENCY AND MAKING FINDINGS RELATED THERETO

WHEREAS, the City of Madera, as Successor Agency to the Former Madera Redevelopment Agency (the "Agency") is involved in the elimination of blight; and

WHEREAS, the Agency has acquired certain property specifically described on Exhibit "A" attached hereto and generally described as APN 011-183-002 and 011-183-004 (the "Subject Property"); and

WHEREAS, the sales price for the Subject Property is not less than the fair market reuse value of the parcel based upon the existing condition that parcel 011-183-004 is an unusable strip of land unless merged with the adjacent parcel, and that parcel 011-183-002 has a large basin which would need to be filled in to create usable land; and

WHEREAS, a public hearing concerning sale was duly noticed and came on for hearing on October 14, 2015; and

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF MADERA does hereby resolve, find and order as follows:

1. The above recitals are true and correct
2. The sale of the Subject Property will provide for the development of the area, and is consistent with the implementation plan adopted pursuant to Section 33490 of

Community Redevelopment Law, California Government Code Sections 33000 *et seq.*

3. The consideration to be paid for the Subject Property is not less than the fair market reuse value at its highest and best use in accordance with the Former Madera Redevelopment Agency Redevelopment Plan.

4. The sale of the Subject Property is hereby approved.

5. This resolution is effective immediately upon adoption.

\* \* \* \* \*

RESOLUTION NO. SA

RESOLUTION OF THE CITY OF MADERA AS SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY MADERA, CALIFORNIA APPROVING THE SALE OF PROPERTY KNOWN AS APN 011-183-002 AND 011-183-044 LOCATED IN THE CITY OF MADERA

WHEREAS, Mario Gutierrez Jr. and Mario Gutierrez Sr., have applied to purchase property generally described as APN 011-183-002 and 011-183-004 from the Successor Agency for development of the parcels (the "Project"); and

WHEREAS, The proposed project is consistent with the general plan designation of the property as service commercial and commercial.

WHEREAS, a Purchase and Sales Agreement (the "Agreement") has been prepared and is on file in the office of the Executive Director of the Successor Agency to the Former Madera Redevelopment Agency and referred to for more particulars; and

WHEREAS, the purpose of the sale of the property is to effectuate the Redevelopment Plan of the City of Madera (the "Plan"); and

WHEREAS, the sale of the property is in the best interest of the Developer and Successor Agency in that it will assist in the elimination of blight in the Southeast area of Madera.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF MADERA as Successor Agency to the Former Madera Redevelopment Agency, hereby finds, determines, resolves and orders as follows:

1. Each of the above recitals is true and correct.
2. Based upon the general plan conformity determination dated October 8, 2015, the approval of the sale of the property is in the best interest of the City of Madera, and the

Successor Agency finds the proposed project is consistent with the development anticipated in the general plan.

3. The consideration to be paid for the Subject Property is not less than the fair market reuse value at its highest and best use in accordance with the Redevelopment Plan.

4. The Successor Agency to the Former Madera Redevelopment Agency approves the sale of APN 011-183-002 and 011-183-004, for the Project.

5. This resolution is effective immediately upon adoption.

\* \* \* \* \*

RESOLUTION NO. SA 15-XX

RESOLUTION OF THE SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, MADERA, CALIFORNIA, APPROVING AGREEMENT WITH MARIO GUTIERREZ SR AND MARIO GUTIERREZ JR, AS JOINT TENANTS FOR THE PURCHASE AND SALE OF REAL PROPERTY KNOWN AS APN 011-183-002 AND 011-183-004, IN THE CITY OF MADERA AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT, GRANT DEED AND ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE TRANSACTION ON BEHALF OF THE CITY OF MADERA, AS SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY

WHEREAS, the City of Madera as Successor Agency to the Former Madera Redevelopment Agency (the "Agency") has offered for sale to Mario Gutierrez Sr. and Mario Gutierrez Jr., as joint tenants (the "Buyer"), two parcels of land (the "Property") in the City of Madera; and

WHEREAS, the Property is more specifically described in the Agreement For Purchase and Sale of Real Property and Escrow Instructions (the "Agreement") on file in the Office of the Agency Executive Director and referred to for more particulars; and

WHEREAS, the purchase price of \$29,000.00 to be paid for the Property under the terms of the Agreement is determined to be consistent with the fair market value of the Property; and

WHEREAS, the use of the Property will be for redevelopment purposes, and to eliminate blight and is consistent with the General Plan of the City of Madera; and

WHEREAS, the sale of the Property for the amount of \$29,000 is consistent with the Agency's Long Range Property Management Plan which was previously approved by the California Department of Finance.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA, as Successor Agency to the former Madera Redevelopment Agency does hereby resolve, find and order as follows:

1. The above recitals are true and correct.
2. The Agreement between the Agency and Mario Gutierrez Sr. and Mario Gutierrez Jr., as joint



tenants, is approved in the amount of \$29,000.00, and a copy of said agreement can be found in the office of the Executive Director of the Agency for more particulars.

3. The Mayor of the City of Madera as Successor Agency to the former Madera Redevelopment Agency is authorized to execute the Agreement on behalf of the Agency as well as all other documents necessary to perfect the sale of the Property.

4. The Executive Director of the Successor Agency is directed to take all steps necessary to convey the Property in accordance with the Agreement.

5. This resolution is effective immediately upon adoption.

\* \* \* \* \*

## **AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS**

The CITY OF MADERA AS SUCCESSOR AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, a public body, corporate and politic, hereinafter called the "Agency," agrees to sell to Mario Gutierrez Sr. and Mario Gutierrez Jr., as joint tenants, hereinafter called the "Buyer," the real property described in Exhibit "A" attached hereto (the "Subject Property").

1. The purchase price for the Subject Property shall be the sum of Twenty-Nine Thousand and no/one hundredths dollars (\$29,000.00) as just compensation therefor.
2. Agency warrants that the Subject Property has been offered for sale and that it is not being acquired under threat of condemnation.
3. Agency represents and warrants that they have the authority to make the agreement herein made, and that they hold fee title to the Subject Property.
4. The sale shall be completed through an escrow to be opened by Chicago Title Company, 1653 North Schnoor Avenue, Suite 107, Madera, CA 93637 (the "Title Company"). Said escrow shall be opened upon the following terms and conditions, and Agency and Buyer by their signature to this Agreement make this section their escrow instructions:
  - a. It is the intent of the parties to this Agreement that the Agency will place into escrow a grant deed to the Subject Property in favor of the Buyer. The Buyer will place into escrow, funds in the amount of the Purchase Price and any costs to be paid by the Buyer.
  - b. The escrow fee, cost of CLTA Owner's Policy of Title Insurance, and recording fees (if any) shall be paid by Agency. Agency will pay any cost to clear the title to the Subject Property prior to the recording of the grant deed conveying the property to the Buyer.
  - c. Buyer shall deposit the sums specified in Paragraph 1 of this Agreement.
  - d. Agency shall deposit a duly executed grant deed sufficient to convey to Buyer marketable fee simple title to the Subject Property free and clear of all recorded and unrecorded deeds of trusts, liens, encumbrances, assessments, easements, leases, and taxes EXCEPT:
    - (1). Quasi-public utility, public alley, public street easements, and rights of way of record.
  - e. It is understood that Agency shall be responsible for the payment of all current, delinquent and unpaid taxes, penalties, redemptions, and costs allocable to the Subject Property for all periods prior to close of escrow. Any taxes which have been paid by Agency, prior to opening of this escrow, shall not be prorated between Buyer and Agency. There will be no reimbursement of any taxes to Agency.
  - f. Disbursements to be in the amounts, at the times, and in all respects in accordance with the terms and conditions and subject to the limitations of this Agreement.
  - g. Agency shall provide a duly executed grant deed and Buyer shall submit to Title Company the amounts required to be paid by Buyer, and Title Company shall record the grant deed in favor of the Buyer within 30 days from the date of both parties' compliance with the terms of this Agreement. Should a party not be able to comply with the terms of this Agreement and escrow instructions and the property is not conveyed within said period of time, a fifteen day extension for compliance with the terms of escrow may be granted by the other party hereto. Such extension in order to be effective must be in writing and filed with the Title Company before the expiration of the time of performance and terms of escrow required herein.

5. Agency shall vacate the property immediately upon close of escrow and Buyer shall have the immediate right of possession of such property.

6. Agency hereby grants to Buyer, or its authorized agents, permission to enter upon the Subject Property at all reasonable times prior to close of escrow for the purpose of making necessary or appropriate inspections.

7. Loss or damage to the Subject Property or any improvements thereon, by fire or other casualty, occurring prior to the recordation of the Deed shall be at the risk of Agency. In the event that loss or damage to the Subject Property or any improvements thereon, by fire or other casualty, occurs prior to the recordation of the Deed, Buyer may elect to require that the Agency pay to Buyer the proceeds of any insurance which may become payable to Agency by reason thereof, or to permit such proceeds to be used for the restoration of the damage done, or to reduce the total price by an amount equal to the diminution in value of the Subject Property by reason of such loss or damage or the amount of insurance payable to Agency, whichever is greater.

8. To the best of Agency's knowledge the Subject Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state, and local laws pertaining to air and water quality, hazardous waste, waste disposal, and other environmental matters, including but not limited to, the Clean Water, Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation Recovery and Comprehensive Environmental Response Compensation and Liability Acts, and the California Environmental Quality Act, and the rules regulations, and ordinances of the city within which the Subject Property is located, the California Department of Health Service, the Regional Water Quality Control Board, the State Water Resources Control Board, the Environmental Protection Agency, and all applicable federal, state, and local agencies and bureaus.

9. Agency hereby warrants, represents and/or covenants to Buyer that:

a. To the best of Agency's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Subject Property or any portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign.

b. To the best of Agency's knowledge, there are no encroachments onto the Subject Property by improvements on any adjoining property, nor do any buildings or improvements encroach on other properties.

c. Until the closing, Agency shall maintain the Subject Property in good condition and state of repair and maintenance, and shall perform all of its obligations under any service contracts or other contracts affecting the Subject Property.

d. Until the closing, Agency shall not do anything which would impair Agency's title to any of the Subject Property.

e. To the best of Agency's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, or other agreement or instrument to which the Subject Property may be bound.

f. Until the closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Warranties, Representations, and Covenants of Agency Section not to be true as of closing, immediately give written notice of such fact or condition to Buyer.

11. Buyer acknowledges it is purchasing the Subject Property **as is** and Agency does **not** warrant that the Subject Property is free from any hazardous materials.

12. Time is of the essence of each and every term, condition, and covenant hereof.

13. It is understood and agreed that upon the execution of this Agreement, it shall become a contract for the purchase and sale of real property binding upon Agency and Buyer, their heirs, executors, administrators, successors in interest, and assigns.

[signatures on next page]

BUYER: MARIO GUTIERREZ SR. and  
MARIO GUTIERREZ JR., as joint  
Tenants.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Mario Gutierrez Sr.

By: \_\_\_\_\_  
Mario Gutierrez Jr.

This Agreement is executed by the Seller, by and through the Mayor of the City of Madera, as Successor  
Agency to the former Madera Redevelopment Agency pursuant to the authority granted by the Agency on  
\_\_\_\_\_, 2015.

Dated: \_\_\_\_\_

APPROVED AS TO FORM:

City of Madera, as Successor Agency to the former  
Madera Redevelopment Agency

By: \_\_\_\_\_  
J. Brent Richardson, General Counsel

ATTEST:

By: \_\_\_\_\_  
Robert L. Poythress, Mayor

By: \_\_\_\_\_  
Claudia Mendoza, Recording Secretary

*ATTACH NOTARY ACKNOWLEDGMENTS*



## **REPORT TO THE SUCCESSOR HOUSING AGENCY OF THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:      October 14, 2015**

**AGENDA ITEM NUMBER: 6A**

**APPROVED BY:**

  
\_\_\_\_\_  
**Executive Director**

  
\_\_\_\_\_  
**Business Manager**

**Subject:      Consideration of a Resolution Rescinding Resolution SHA 15-19 and Approving Revised Sales Agreement for Real Property Located at 1220 Nebraska Avenue (APN 004-111-019) to Jorge Garcia Pinacho and Juana Pacheco Matias**

**Summary:      The Successor Housing Agency will consider a resolution rescinding Resolution SHA 15-19 and approving the revised sales agreement for real property located at 1220 Nebraska Avenue. The buyer is Jorge Garcia Pinacho and Juana Pacheco Matias, and the sales price is \$150,000.00.**

### **HISTORY/BACKGROUND**

By previous action, the Madera Redevelopment Agency approved a Disposition and Development Agreement, Construction Loan Agreement, and Promissory Note between the Madera Redevelopment Agency and Kyriss Construction for the construction of an affordable housing unit at 1220 Nebraska Avenue. The lot was sold to the developer at a discount per the agreement with the promise of creating an affordable unit. With the turn in the economy, Mr. Kyriss was not able to pay off the construction loan and the Agency was eventually forced to record a Grant Deed in Lieu of Foreclosure on July 17, 2012. The Agency then assumed the role of landlord to Mr. Kyriss' tenants who remain in the house to date.

Upon receiving a request from the tenants, Jorge Garcia Pinacho and Juana Pacheco Matias, to purchase the home, the Successor Housing Agency at their meeting on September 9, 2015 approved the sale of the property at 1220 Nebraska to Jorge Garcia Pinacho and Juana Pacheco Matias. The sales price of \$150,000.00 was determined to be "Fair Market Value" based upon an appraisal conducted by the Agency. Upon receipt and review of the buyer's loan application, staff determined the family's income fell within the very-low income group; however, their annual housing costs were at 37% of their annual income, placing them above the 30% requirement set by redevelopment law. As an alternative to the buyer executing the

Agency's affordability agreements, staff prepared a twenty (20) year "Owner-Occupancy Covenant and Restrictions" to be executed by the buyers. The Agency approved the sales agreement, which included a requirement to execute the owner-occupancy covenant, by Resolution number SHA 15-19.

### **SITUATION**

During the sales process, the terms of the Owner-Occupancy Covenant and Restrictions were explained to the buyers. They ultimately decided not to sign the covenants and restrictions because they were purchasing the property at full market value and not a reduced price. They are requesting to purchase the property at the appraised value of \$150,000.00 without being required to sign the Owner Occupancy Covenant and Restrictions. They have been tenants at this property for the past six (6) years and wish to purchase the home and become home owners.

The Successor Housing Agency normally requires an affordability covenant be recorded with the sale of its housing units. This property, which is currently being rented and the Agency holds the position as "landlord," has created a different situation for the Agency, for which there are two scenarios for the Agency to consider.

1. The Agency can rescind Resolution No. SHA 15-19 and approve a revised sales agreement with Jorge Garcia Pinacho and Juana Pacheco Matias, removing the owner-occupancy covenant and allowing them to purchase the property at the fair market value of \$150,000.00, or
2. The Agency can require the tenants to vacate the property, allowing the Agency to rehab the property, establish the rehabbed fair market value, and offer the property for sale to an income eligible family who would be required to meet the income eligibility requirements and execute the Agency's affordability agreements.

Given the Agency's three (3) year relationship with Jorge Garcia Pinacho and Juana Pacheco Matias as outstanding tenants, making monthly lease payments on time, exhibiting excellent property maintenance standards, and who now desire to become home owners, staff feels it's in the best interest of the Agency, as well as Jorge, Juana and their three children, to allow them to purchase the home at the appraised value of \$150,000.00, without covenants and restrictions.

### **RECOMMENDATION**

Staff recommends the Successor Housing Agency adopt the resolution rescinding resolution SHA 15-19 and approve the revised Agreement for Purchase and Sale of Real Property and Escrow Instructions with Jorge Garcia Pinacho and Juana Pacheco Matias for property located at 1220 Nebraska Avenue.

JET/BW:sb

Attachments:

- Resolution (Successor Housing Agency)
- Revised Agreement for Purchase/Sale of Real Property and Escrow Instructions

RESOLUTION NO. SHA 15-

RESOLUTION OF THE SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, MADERA, CALIFORNIA, RESCINDING RESOLUTION SHA 15-19 AND APPROVING REVISED AGREEMENT WITH JORGE GARCIA PINACHO AND JUANA PACHEO MATIAS, AS JOINT TENANTS FOR THE PURCHASE AND SALE OF REAL PROPERTY KNOWN AS 1220 NEBRASKA AVENUE, IN THE CITY OF MADERA AND AUTHORIZING THE MAYOR TO EXECUTE THE REVISED AGREEMENT, GRANT DEED AND ANY AND ALL DOCUMENTS NECESSARY TO EFFECTUATE THE TRANSACTION ON BEHALF OF THE CITY OF MADERA, AS SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY

WHEREAS, on September 9, 2015 the City of Madera as Successor Housing Agency to the former Madera Redevelopment Agency (the "Agency") adopted Resolution No. SHA15-19 approving the Agreement offered for sale to Jorge Garcia Pinacho and Juana Pacheco Matias, as joint tenants (the "Buyer"), one parcel of land (the "Property") in the City of Madera; and

WHEREAS, following the adoption of the Resolution, the Buyers did not accept the sales offer; and

WHEREAS, the City of Madera as Successor Housing Agency to the Former Madera Redevelopment Agency (the "Agency") has revised the offer for sale to Jorge Garcia Pinacho and Juana Pacheco Matias, as joint tenants (the "Buyer"), one parcel of land (the "Property") in the City of Madera; and

WHEREAS, the Property is more specifically described in the Revised Agreement For Purchase and Sale of Real Property and Escrow Instructions (the "Agreement") on file in the Office of the Agency Executive Director and referred to for more particulars; and

WHEREAS, the purchase price of \$150,000.00 to be paid for the Property under the terms of the Agreement is determined to be consistent with the fair market value of the Property; and

WHEREAS, the use of the Property will be for redevelopment purposes, and to eliminate blight and is consistent with the General Plan of the City of Madera; and

WHEREAS, the sale of the Property for the amount of \$150,000 is consistent with the Agency's

Long Range Property Management Plan which was previously approved by the California Department of Finance.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MADERA, as Successor Housing Agency to the former Madera Redevelopment Agency does hereby resolve, find and order as follows:

1. The above recitals are true and correct.
2. Resolution SHA15-19 adopted September 9, 2015 is hereby rescinded.
3. The Revised Agreement between the Agency and Jorge Garcia Pinacho and Juana Pacheco Matias, as joint tenants, is approved in the amount of \$150,000.00, and a copy of said agreement can be found in the office of the Executive Director of the Agency for more particulars.
4. The Mayor of the City of Madera as Successor Housing Agency to the former Madera Redevelopment Agency is authorized to execute the Agreement on behalf of the Agency as well as all other documents necessary to perfect the sale of the Property.
5. The Executive Director of the Successor Housing Agency is directed to take all steps necessary to convey the Property in accordance with the Agreement.
6. This resolution is effective immediately upon adoption.

\* \* \* \* \*



## **AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY AND ESCROW INSTRUCTIONS**

The CITY OF MADERA AS SUCCESSOR HOUSING AGENCY TO THE FORMER MADERA REDEVELOPMENT AGENCY, a public body, corporate and politic, hereinafter called the "Agency," agrees to sell to Jorge Garcia Pinacho and Juana Pacheco Matias, as joint tenants, hereinafter called the "Buyer," the real property described in Exhibit "A" attached hereto (the "Subject Property").

1. The purchase price for the Subject Property shall be the sum of One Hundred Fifty Thousand and no/one hundredths dollars (\$150,000.00) as just compensation therefor.
2. Agency warrants that the Subject Property has been offered for sale and that it is not being acquired under threat of condemnation.
3. Agency represents and warrants that they have the authority to make the agreement herein made, and that they hold fee title to the Subject Property.
4. The sale shall be completed through an escrow to be opened by Chicago Title Company, 1653 North Schnoor Avenue, Suite 107, Madera, CA 93637 (the "Title Company"). Said escrow shall be opened upon the following terms and conditions, and Agency and Buyer by their signature to this Agreement make this section their escrow instructions:
  - a. It is the intent of the parties to this Agreement that the Agency will place into escrow a grant deed to the Subject Property in favor of the Buyer. The Buyer will place into escrow, funds in the amount of the Purchase Price and any costs to be paid by the Buyer.
  - b. The escrow fee, cost of CLTA Owner's Policy of Title Insurance, and recording fees (if any) shall be paid by Agency. Agency will pay any cost to clear the title to the Subject Property prior to the recording of the grant deed conveying the property to the Buyer.
  - c. Buyer shall deposit the sums specified in Paragraph 1 of this Agreement together with all closing costs in connection with Buyer's new loan in escrow upon receipt of a demand and statement from Title Company therefore.
  - d. Agency shall deposit a duly executed grant deed sufficient to convey to Buyer marketable fee simple title to the Subject Property free and clear of all recorded and unrecorded deeds of trusts, liens, encumbrances, assessments, easements, leases, and taxes EXCEPT:
    - (1). Quasi-public utility, public alley, public street easements, and rights of way of record.
  - e. It is understood that Agency shall be responsible for the payment of all current, delinquent and unpaid taxes, penalties, redemptions, and costs allocable to the Subject Property for all periods prior to close of escrow. Any taxes which have been paid by Agency, prior to opening of this escrow, shall not be prorated between Buyer and Agency. There will be no reimbursement of any taxes to Agency.
  - f. Disbursements to be in the amounts, at the times, and in all respects in accordance with the terms and conditions and subject to the limitations of this Agreement.



g. Agency shall provide a duly executed grant deed and Buyer shall submit to Title Company the amounts required to be paid by Buyer, and Title Company shall record the grant deed in favor of the Buyer within 60 days from the date of both parties' compliance with the terms of this Agreement. Should a party not be able to comply with the terms of this Agreement and escrow instructions and the property is not conveyed within said period of time, a fifteen day extension for compliance with the terms of escrow may be granted by the other party hereto. Such extension in order to be effective must be in writing and filed with the Title Company before the expiration of the time of performance and terms of escrow required herein.

5. Agency shall vacate the property immediately upon close of escrow and Buyer shall have the immediate right of possession of such property.

6. Agency hereby grants to Buyer, or its authorized agents, permission to enter upon the Subject Property at all reasonable times prior to close of escrow for the purpose of making necessary or appropriate inspections.

7. Loss or damage to the Subject Property or any improvements thereon, by fire or other casualty, occurring prior to the recordation of the Deed shall be at the risk of Agency. In the event that loss or damage to the Subject Property or any improvements thereon, by fire or other casualty, occurs prior to the recordation of the Deed, Buyer may elect to require that the Agency pay to Buyer the proceeds of any insurance which may become payable to Agency by reason thereof, or to permit such proceeds to be used for the restoration of the damage done, or to reduce the total price by an amount equal to the diminution in value of the Subject Property by reason of such loss or damage or the amount of insurance payable to Agency, whichever is greater.

8. To the best of Agency's knowledge the Subject Property complies with all applicable laws and governmental regulations including, without limitation, all applicable federal, state, and local laws pertaining to air and water quality, hazardous waste, waste disposal, and other environmental matters, including but not limited to, the Clean Water, Clean Air, Federal Water Pollution Control, Solid Waste Disposal, Resource Conservation Recovery and Comprehensive Environmental Response Compensation and Liability Acts, and the California Environmental Quality Act, and the rules regulations, and ordinances of the city within which the Subject Property is located, the California Department of Health Service, the Regional Water Quality Control Board, the State Water Resources Control Board, the Environmental Protection Agency, and all applicable federal, state, and local agencies and bureaus.

9. Agency hereby warrants, represents and/or covenants to Buyer that:

a. To the best of Agency's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Subject Property or any portion thereof, at law, or in equity before any court or governmental agency, domestic or foreign.

b. To the best of Agency's knowledge, there are no encroachments onto the Subject Property by improvements on any adjoining property, nor do any buildings or improvements encroach on other properties.

c. Until the closing, Agency shall maintain the Subject Property in good condition and state of repair and maintenance, and shall perform all of its obligations under any service contracts or other contracts affecting the Subject Property.

d. Until the closing, Agency shall not do anything which would impair Agency's title to any of the

Subject Property.

e. To the best of Agency's knowledge, neither the execution of this Agreement nor the performance of the obligations herein will conflict with, or breach any of the provisions of any bond, note, evidence of indebtedness, contract, lease, or other agreement or instrument to which the Subject Property may be bound.

f. Until the closing, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Warranties, Representations, and Covenants of Agency Section not to be true as of closing, immediately give written notice of such fact or condition to Buyer.

11. Buyer acknowledges it is purchasing the Subject Property **as is** and Agency does **not** warrant that the Subject Property is free from any hazardous materials.

12. Time is of the essence of each and every term, condition, and covenant hereof.

13. It is understood and agreed that upon the execution of this Agreement, it shall become a contract for the purchase and sale of real property binding upon Agency and Buyer, their heirs, executors, administrators, successors in interest, and assigns.

[signatures on next page]

BUYER: JORGE GARCIA PINACHO and  
JUANA PACHEO MATIAS, as joint  
Tenants.

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Jorge Garcia Pinacho

By: \_\_\_\_\_  
Juana Pacheco Matias

This Agreement is executed by the Seller, by and through the Mayor of the City of Madera, as Successor Housing Agency to the former Madera Redevelopment Agency pursuant to the authority granted by the Agency on October 14, 2015.

Dated: \_\_\_\_\_

APPROVED AS TO FORM:

City of Madera, as Successor Housing Agency  
to the Former Madera Redevelopment Agency

By: \_\_\_\_\_  
J. Brent Richardson, General Counsel

ATTEST:

By: \_\_\_\_\_  
Robert Poythress, Mayor

By: \_\_\_\_\_  
Claudia Mendoza, Recording Secretary

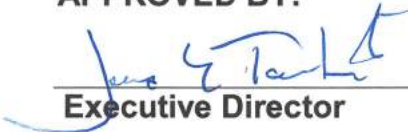
*ATTACH NOTARY ACKNOWLEDGMENTS*

**REPORT TO THE CITY COUNCIL,  
THE SUCCESSOR HOUSING AGENCY AND  
THE SUCCESSOR AGENCY  
OF THE FORMER MADERA REDEVELOPMENT AGENCY**

**BOARD MEETING OF:**      October 14, 2015

**AGENDA ITEM NUMBER:** 7A

**APPROVED BY:**

  
\_\_\_\_\_  
Executive Director

**Subject:**      Discussion Regarding Redevelopment Agency Meeting Date in  
November 2015

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**Summary:**      The Agency Board will discuss the date for the November meeting of  
the Madera Redevelopment Agency.

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**SITUATION**

The November meeting of the Madera Redevelopment Agency falls on Veteran's Day, November 11, 2015. In that the City observes the date as a legal holiday, and City Hall will be closed, the designation of an alternative meeting date is appropriate. Per the Successor Agency bylaws if the regular meeting falls on a legal holiday, "the regular meeting shall be held on the next succeeding business day at the same hour and location."

**VISION 2025 LINKAGE**

Approval of this item is not addressed in the vision or action plans of Vision Madera 2025. The requested action is not in conflict with any of the actions or goals contained in the plan.

**RECOMMENDATION**

Staff recommends that the next regular meeting per the Agency bylaws be held on November 12, 2015.