

AMENDED IN SENATE JUNE 10, 2011

AMENDED IN SENATE APRIL 27, 2011

SENATE BILL

No. 286

Introduced by Senator Wright
(Principal coauthor: Senator Rubio)
(Coauthor: Assembly Member Carter)

February 14, 2011

An act to amend Sections 33080.3, 33080.6, 33320.1, 33334.2, 33353.2, 33367, 33426.5, 33488, 33601, 33610, ~~33670, and 33670.5~~ and 33670 of, to add Sections 33080.14, 33444.7, 33444.8, 33460.1, 33491, 33607.9, 33675.1, ~~and 50464.6~~ to, *and to add Article 6.5 (commencing with Section 33679.1) to Chapter 6 of Part 1 of Division 24 of, the Health and Safety Code, relating to redevelopment.*

LEGISLATIVE COUNSEL'S DIGEST

SB 286, as amended, Wright. Redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities to address the effects of blight, as defined, in blighted areas in those communities known as project areas. Existing law requires that each redevelopment agency submit the final report of any audit undertaken by any other local, state, or federal government entity to its legislative body and to additionally present an annual report to the legislative body containing specified information.

This bill would, ~~until January 1, 2013, prohibit the legislative body of a city, county, or city and county from adopting an ordinance to adopt or amend a redevelopment plan, as described. The bill would also impose new requirements on the agency with respect to implementation~~

plans and evidentiary standards and expand existing prohibitions on agency direct assistance to certain projects.

The bill would require the Controller, on or before January 1, 2013, to issue regulations revising and consolidating reporting for redevelopment agencies and to develop a simple, uniform, and consistent methodology for the calculation, payment, and reporting of passthrough payments. The bill would also require the Controller to review and revise the guidelines adopted for the content of the final report at least every 5 years, as specified. The bill would also transfer certain reporting requirements from the Department of Housing and Community Development to the Controller, as specified, and require that agencies send certain notifications to the Controller in addition to sending the notifications to the department. The bill would require that the department develop guidelines establishing standards to evaluate agency performance.

(2) The bill would require the State Auditor to conduct audits of selected redevelopment agencies to ensure compliance with existing law. The bill would require each agency, immediately upon receipt, to deposit 0.025% of tax increment into the Redevelopment Agency State Audit Fund, which the bill would create, to fund the audits.

(3) The California Constitution authorizes a redevelopment agency to receive funding through tax increment revenues attributable to increases in assessed property tax valuation of property in a project area due to redevelopment. Existing law prescribes the procedure by which the tax increment revenue is allocated.

The bill would provide, for purposes of the above provisions, tax increment revenue transferred to an agency exclude any funds considered educational-~~entity~~ *agency* property tax revenues. The bill would provide that this provision applies only to tax increment revenues generated from any redevelopment project established on or after January 1, 2012.

(4) The bill would authorize an agency to loan or grant funds for projects relating to energy efficiency ~~or the reduction of greenhouse gas emissions~~. The bill would also authorize an agency to provide direct assistance, as described, to businesses within project areas for industrial or manufacturing uses or similar uses of statewide benefit.

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

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

1 SECTION 1. Section 33080.3 of the Health and Safety Code
2 is amended to read:

3 33080.3. The Controller shall develop and periodically revise
4 the guidelines for the content of the report required by Section
5 33080.1. The Controller shall appoint an advisory committee to
6 advise in the development of the guidelines. The advisory
7 committee shall include representatives from among those persons
8 nominated by the department, the Legislative Analyst, the
9 California Society of Certified Public Accountants, the California
10 Redevelopment Association, and any other authorities in the field
11 that the Controller deems necessary and appropriate. The Controller
12 shall review and revise the guidelines at least every five years,
13 following consultation with the advisory committee.

14 SEC. 2. Section 33080.6 of the Health and Safety Code is
15 amended to read:

16 33080.6. (a) On or before May 1 of each year, the Controller
17 shall compile and publish annual reports of the activities of
18 redevelopment agencies for the previous fiscal year, based on the
19 information reported pursuant to subdivision (c) of Section 33080.1
20 and reporting the types of findings made by agencies pursuant to
21 paragraph (1), (2), or (3) of subdivision (a) of Section 33334.2,
22 including the date of the findings. The Controller's compilation
23 shall also report on the project area mergers reported pursuant to
24 Section 33488. The Controller shall publish this information for
25 each project area of each redevelopment agency. The first report
26 published pursuant to this section shall be for the 2013–14 fiscal
27 year.

28 (b) Changes to this section made by the act amending this
29 section shall take effect on January 1, 2013.

30 SEC. 3. Section 33080.14 is added to the Health and Safety
31 Code, to read:

32 33080.14. (a) On or before January 1, 2013, the department
33 shall develop guidelines establishing specific measures and
34 standards to evaluate redevelopment agency performance in
35 specific areas, including the following:

36 (1) A uniform method of calculating and reporting job creation
37 and retention.

1 (2) Standards for measuring the efficiency and effectiveness of
2 expenditures for affordable housing.

3 (3) Standards for measuring and reducing poverty levels in
4 project areas.

5 (4) Standards for measuring and reducing crime in project areas.

6 (5) Methods for measuring reductions in vehicle miles traveled
7 accomplished through redevelopment projects, including, but not
8 limited to, assistance provided to infill and transit oriented
9 development.

10 (6) Standards for reporting on brownfield cleanup and hazardous
11 waste mitigation.

12 (b) The department shall appoint an advisory committee to assist
13 and advise in the development of the guidelines required by this
14 section. The advisory committee shall include representatives with
15 demonstrated expertise in redevelopment, local government metrics
16 that measure any one or more of the standards described above,
17 or any other fields of study that the department deems necessary
18 and appropriate.

19 (c) Commencing with the 2013–14 fiscal year, the annual report
20 required by Section 33080.1 shall include a discussion of the
21 redevelopment agency’s performance based on the guidelines
22 prepared by the department pursuant to this section.

23 SEC. 4. Section 33320.1 of the Health and Safety Code is
24 amended to read:

25 33320.1. (a) “Project area” means, except as provided in
26 Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly
27 urbanized area of a community that is a blighted area, the
28 redevelopment of which is necessary to effectuate the public
29 purposes declared in this part, and that is selected by the planning
30 commission pursuant to Section 33322.

31 (b) As used in this section, “predominantly urbanized” means
32 that not less than 80 percent of the land in the project area is either
33 of the following:

34 (1) Has been or is developed for urban uses.

35 (2) Is an integral part of one or more areas developed for urban
36 uses that are surrounded or substantially surrounded by parcels
37 that have been or are developed for urban uses. Parcels separated
38 by only an improved right-of-way shall be deemed adjacent for
39 the purpose of this subdivision. Parcels that are not blighted shall
40 not be included in the project area for the purpose of obtaining the

1 allocation of taxes from the area pursuant to Section 33670 without
2 other substantial justification for their inclusion.

3 (c) For the purposes of this section, a parcel of property as
4 shown on the official maps of the county assessor is developed if
5 that parcel is developed in a manner that is consistent with zoning
6 standards or is otherwise permitted under law.

7 (d) Except for a redevelopment plan or plan amendment to add
8 territory to a project area pursuant to Chapter 4.5 (commencing
9 with Section 33492), a redevelopment plan or plan amendment to
10 add territory to a project area shall not be adopted by a community
11 if the proposed project area or area to be added by plan amendment,
12 when aggregated with all other existing project areas within the
13 community, would result in having (1) 25 percent of a city's *or*
14 *city and county's* total land area included within the combined
15 redevelopment project areas or (2) 10 percent of a county's ~~or city~~
16 ~~and county's~~ total unincorporated land area included within
17 redevelopment project areas. The limitations contained in this
18 subdivision shall apply only to a project area for which a final
19 redevelopment plan is adopted on or after January 1, 2012, or to
20 an area that is added to a project area by an amendment to a
21 redevelopment plan, which amendment is adopted on or after
22 January 1, 2012.

23 (e) The requirement that a project be predominantly urbanized
24 shall apply only to a project area for which a final redevelopment
25 plan is adopted on or after January 1, 1984, or to an area that is
26 added to a project area by an amendment to a redevelopment plan,
27 which amendment is adopted on or after January 1, 1984.

28 SEC. 5. Section 33334.2 of the Health and Safety Code is
29 amended to read:

30 33334.2. (a) Except as provided in subdivision (k), not less
31 than 20 percent of all taxes that are allocated to the agency pursuant
32 to Section 33670 shall be used by the agency for the purposes of
33 increasing, improving, and preserving the community's supply of
34 low- and moderate-income housing available at affordable housing
35 cost, as defined by Section 50052.5, to persons and families of
36 low or moderate income, as defined in Section 50093, lower
37 income households, as defined by Section 50079.5, very low
38 income households, as defined in Section 50105, and extremely
39 low income households, as defined by Section 50106, that is

1 occupied by these persons and families, unless one of the following
2 findings is made annually by resolution:

3 (1) (A) That no need exists in the community to improve,
4 increase, or preserve the supply of low- and moderate-income
5 housing, including housing for very low income households in a
6 manner that would benefit the project area and that this finding is
7 consistent with the housing element of the community's general
8 plan required by Article 10.6 (commencing with Section 65580)
9 of Chapter 3 of Division 1 of Title 7 of the Government Code,
10 including its share of the regional housing needs of very low
11 income households and persons and families of low or moderate
12 income.

13 (B) This finding shall only be made if the housing element of
14 the community's general plan demonstrates that the community
15 does not have a need to improve, increase, or preserve the supply
16 of low- and moderate-income housing available at affordable
17 housing cost to persons and families of low or moderate income
18 and to very low income households. This finding shall only be
19 made if it is consistent with the planning agency's annual report
20 to the legislative body on implementation of the housing element
21 required by subdivision (b) of Section 65400 of the Government
22 Code. No agency of a charter city shall make this finding unless
23 the planning agency submits the report pursuant to subdivision (b)
24 of Section 65400 of the Government Code. This finding shall not
25 take effect until the agency has complied with subdivision (b) of
26 this section.

27 (2) (A) That some stated percentage less than 20 percent of the
28 taxes that are allocated to the agency pursuant to Section 33670
29 is sufficient to meet the housing needs of the community, including
30 its share of the regional housing needs of persons and families of
31 low- or moderate-income and very low income households, and
32 that this finding is consistent with the housing element of the
33 community's general plan required by Article 10.6 (commencing
34 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the
35 Government Code.

36 (B) This finding shall only be made if the housing element of
37 the community's general plan demonstrates that a percentage of
38 less than 20 percent will be sufficient to meet the community's
39 need to improve, increase, or preserve the supply of low- and
40 moderate-income housing available at affordable housing cost to

1 persons and families of low or moderate income and to very low
2 income households. This finding shall only be made if it is
3 consistent with the planning agency's annual report to the
4 legislative body on implementation of the housing element required
5 by subdivision (b) of Section 65400 of the Government Code. No
6 agency of a charter city shall make this finding unless the planning
7 agency submits the report pursuant to subdivision (b) of Section
8 65400 of the Government Code. This finding shall not take effect
9 until the agency has complied with subdivision (b) of this section.

10 (C) For purposes of making the findings specified in this
11 paragraph and paragraph (1), the housing element of the general
12 plan of a city, county, or city and county shall be current, and shall
13 have been determined by the department pursuant to Section 65585
14 to be in substantial compliance with Article 10.6 (commencing
15 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the
16 Government Code.

17 (3) (A) That the community is making a substantial effort to
18 meet its existing and projected housing needs, including its share
19 of the regional housing needs, with respect to persons and families
20 of low and moderate income, particularly very low income
21 households, as identified in the housing element of the
22 community's general plan required by Article 10.6 (commencing
23 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the
24 Government Code, and that this effort, consisting of direct financial
25 contributions of local funds used to increase and improve the
26 supply of housing affordable to, and occupied by, persons and
27 families of low or moderate income and very low income
28 households is equivalent in impact to the funds otherwise required
29 to be set aside pursuant to this section. In addition to any other
30 local funds, these direct financial contributions may include federal
31 or state grants paid directly to a community and that the community
32 has the discretion of using for the purposes for which moneys in
33 the Low and Moderate Income Housing Fund may be used. The
34 legislative body shall consider the need that can be reasonably
35 foreseen because of displacement of persons and families of low
36 or moderate income or very low income households from within,
37 or adjacent to, the project area, because of increased employment
38 opportunities, or because of any other direct or indirect result of
39 implementation of the redevelopment plan. No finding under this
40 subdivision may be made until the community has provided or

1 ensured the availability of replacement dwelling units as defined
2 in Section 33411.2 and until it has complied with Article 9
3 (commencing with Section 33410).

4 (B) In making the determination that other financial
5 contributions are equivalent in impact pursuant to this subdivision,
6 the agency shall include only those financial contributions that are
7 directly related to programs or activities authorized under
8 subdivision (e).

9 (C) The authority for making the finding specified in this
10 paragraph shall expire on June 30, 1993, except that the expiration
11 shall not be deemed to impair contractual obligations to
12 bondholders or private entities incurred prior to May 1, 1991, and
13 made in reliance on the provisions of this paragraph. Agencies that
14 make this finding after June 30, 1993, shall show evidence that
15 the agency entered into the specific contractual obligation with
16 the specific intention of making a finding under this paragraph in
17 order to provide sufficient revenues to pay off the indebtedness.

18 (b) Within 10 days following the making of a finding under
19 either paragraph (1) or (2) of subdivision (a), the agency shall send
20 the department and the Controller a copy of the finding, including
21 the factual information supporting the finding and other factual
22 information in the housing element that demonstrates that either
23 (1) the community does not need to increase, improve, or preserve
24 the supply of housing for low- and moderate-income households,
25 including very low income households, or (2) a percentage less
26 than 20 percent will be sufficient to meet the community's need
27 to improve, increase, and preserve the supply of housing for low-
28 and moderate-income households, including very low income
29 households. Within 10 days following the making of a finding
30 under paragraph (3) of subdivision (a), the agency shall send the
31 department and the Controller a copy of the finding, including the
32 factual information supporting the finding that the community is
33 making a substantial effort to meet its existing and projected
34 housing needs. Agencies that make this finding after June 30, 1993,
35 shall also submit evidence to the department of its contractual
36 obligations with bondholders or private entities incurred prior to
37 May 1, 1991, and made in reliance on this finding.

38 (c) In any litigation to challenge or attack a finding made under
39 paragraph (1), (2), or (3) of subdivision (a), the burden shall be
40 upon the agency to establish that the finding is supported by

1 substantial evidence in light of the entire record before the agency.
2 If an agency is determined by a court to have knowingly
3 misrepresented any material facts regarding the community's share
4 of its regional housing need for low- and moderate-income housing,
5 including very low income households, or the community's
6 production record in meeting its share of the regional housing need
7 pursuant to the report required by subdivision (b) of Section 65400
8 of the Government Code, the agency shall be liable for all court
9 costs and plaintiff's attorney's fees, and shall be required to allocate
10 not less than 25 percent of the agency's tax increment revenues to
11 its Low and Moderate Income Housing Fund in each year
12 thereafter.

13 (d) Nothing in this section shall be construed as relieving any
14 other public entity or entity with the power of eminent domain of
15 any legal obligations for replacement or relocation housing arising
16 out of its activities.

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

22 (1) Acquire real property or building sites subject to Section
23 33334.16.

24 (2) (A) Improve real property or building sites with onsite or
25 offsite improvements, but only if both (i) the improvements are
26 part of the new construction or rehabilitation of affordable housing
27 units for low- or moderate-income persons that are directly
28 benefited by the improvements, and are a reasonable and
29 fundamental component of the housing units, and (ii) the agency
30 requires that the units remain available at affordable housing cost
31 to, and occupied by, persons and families of extremely low, very
32 low, low, or moderate income for the same time period and in the
33 same manner as provided in subdivision (c) and paragraph (2) of
34 subdivision (f) of Section 33334.3.

35 (B) If the newly constructed or rehabilitated housing units are
36 part of a larger project and the agency improves or pays for onsite
37 or offsite improvements pursuant to the authority in this
38 subdivision, the agency shall pay only a portion of the total cost
39 of the onsite or offsite improvement. The maximum percentage
40 of the total cost of the improvement paid for by the agency shall

1 be determined by dividing the number of housing units that are
2 affordable to low- or moderate-income persons by the total number
3 of housing units, if the project is a housing project, or by dividing
4 the cost of the affordable housing units by the total cost of the
5 project, if the project is not a housing project.

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

7 (4) Finance insurance premiums pursuant to Section 33136.

8 (5) Construct buildings or structures.

9 (6) Acquire buildings or structures.

10 (7) Rehabilitate buildings or structures.

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

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

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

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

27 (f) The agency may use these funds to meet, in whole or in part,
28 the replacement housing provisions in Section 33413. However,
29 nothing in this section shall be construed as limiting in any way
30 the requirements of that section.

31 (g) (1) The agency may use these funds inside or outside the
32 project area. The agency may only use these funds outside the
33 project area upon a resolution of the agency and the legislative
34 body that the use will be of benefit to the project. The
35 determination by the agency and the legislative body shall be final
36 and conclusive as to the issue of benefit to the project area. The
37 Legislature finds and declares that the provision of replacement
38 housing pursuant to Section 33413 is always of benefit to a project.
39 Unless the legislative body finds, before the redevelopment plan
40 is adopted, that the provision of low- and moderate-income housing

1 outside the project area will be of benefit to the project, the project
2 area shall include property suitable for low- and moderate-income
3 housing.

4 (2) (A) The Contra Costa County Redevelopment Agency may
5 use these funds anywhere within the unincorporated territory, or
6 within the incorporated limits of the City of Walnut Creek on sites
7 contiguous to the Pleasant Hill BART Station Area Redevelopment
8 Project area. The agency may only use these funds outside the
9 project area upon a resolution of the agency and board of
10 supervisors determining that the use will be of benefit to the project
11 area. In addition, the agency may use these funds within the
12 incorporated limits of the City of Walnut Creek only if the agency
13 and the board of supervisors find all of the following:

14 (i) Both the County of Contra Costa and the City of Walnut
15 Creek have adopted and are implementing complete and current
16 housing elements of their general plans that the Department of
17 Housing and Community Development has determined to be in
18 compliance with the requirements of Article 10.6 (commencing
19 with Section 65580) of Chapter 3 of Division 1 of Title 7 of the
20 Government Code.

21 (ii) The development to be funded shall not result in any
22 residential displacement from the site where the development is
23 to be built.

24 (iii) The development to be funded shall not be constructed in
25 an area that currently has more than 50 percent of its population
26 comprised of racial minorities or low-income families.

27 (iv) The development to be funded shall allow construction of
28 affordable housing closer to a rapid transit station than could be
29 constructed in the unincorporated territory outside the Pleasant
30 Hill BART Station Area Redevelopment Project.

31 (B) If the agency uses these funds within the incorporated limits
32 of the City of Walnut Creek, all of the following requirements
33 shall apply:

34 (i) The funds shall be used only for the acquisition of land for,
35 and the design and construction of, the development of housing
36 containing units affordable to, and occupied by, low- and
37 moderate-income persons.

38 (ii) If less than all the units in the development are affordable
39 to, and occupied by, low- or moderate-income persons, any agency

1 assistance shall not exceed the amount needed to make the housing
2 affordable to, and occupied by, low- or moderate-income persons.

3 (iii) The units in the development that are affordable to, and
4 occupied by, low- or moderate-income persons shall remain
5 affordable for a period of at least 55 years.

6 (iv) The agency and the City of Walnut Creek shall determine,
7 if applicable, whether Article XXXIV of the California Constitution
8 permits the development.

9 (h) The Legislature finds and declares that expenditures or
10 obligations incurred by the agency pursuant to this section shall
11 constitute an indebtedness of the project.

12 (i) This section shall only apply to taxes allocated to a
13 redevelopment agency for which a final redevelopment plan is
14 adopted on or after January 1, 1977, or for any area that is added
15 to a project by an amendment to a redevelopment plan, which
16 amendment is adopted on or after the effective date of this section.
17 An agency may, by resolution, elect to make all or part of the
18 requirements of this section applicable to any redevelopment
19 project for which a redevelopment plan was adopted prior to
20 January 1, 1977, subject to any indebtedness incurred prior to the
21 election.

22 (j) (1) (A) An action to compel compliance with the
23 requirement of Section 33334.3 to deposit not less than 20 percent
24 of all taxes that are allocated to the agency pursuant to Section
25 33670 in the Low and Moderate Income Housing Fund shall be
26 commenced within 10 years of the alleged violation. A cause of
27 action for a violation accrues on the last day of the fiscal year in
28 which the funds were required to be deposited in the Low and
29 Moderate Income Housing Fund.

30 (B) An action to compel compliance with the requirement of
31 this section or Section 33334.6 that money deposited in the Low
32 and Moderate Income Housing Fund be used by the agency for
33 purposes of increasing, improving, and preserving the community's
34 supply of low- and moderate-income housing available at
35 affordable housing cost shall be commenced within 10 years of
36 the alleged violation. A cause of action for a violation accrues on
37 the date of the actual expenditure of the funds.

38 (C) An agency found to have deposited less into the Low and
39 Moderate Income Housing Fund than mandated by Section 33334.3
40 or to have spent money from the Low and Moderate Income

1 Housing Fund for purposes other than increasing, improving, and
2 preserving the community's supply of low- and moderate-income
3 housing, as mandated, by this section or Section 33334.6 shall
4 repay the funds with interest in one lump sum pursuant to Section
5 970.4 or 970.5 of the Government Code or may do either of the
6 following:

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

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

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

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

19 (4) Except as otherwise provided in this subdivision, Chapter
20 2 (commencing with Section 970) of Part 5 of Division 3.6 of Title
21 1 of the Government Code for the enforcement of a judgment
22 against a local public entity applies to a judgment against a local
23 public entity that violates this section.

24 (5) This subdivision applies to actions filed on and after January
25 1, 2006.

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

30 (k) (1) From July 1, 2009, to June 30, 2010, inclusive, an agency
31 may suspend all or part of its required allocation to the Low and
32 Moderate Income Housing Fund from taxes that are allocated to
33 that agency pursuant to Section 33670.

34 (2) An agency that suspends revenue pursuant to paragraph (1)
35 shall pay back to its low- and moderate-income housing fund the
36 amount of revenue that was suspended in the 2009–10 fiscal year
37 pursuant to this subdivision from July 1, 2010, to June 30, 2015,
38 inclusive.

39 (3) An agency that suspends revenue pursuant to paragraph (1)
40 and fails to repay or have repaid on its behalf the amount of revenue

1 suspended pursuant to paragraph (2) shall, commencing July 1,
 2 2015, be required to allocate an additional 5 percent of all taxes
 3 that are allocated to that agency pursuant to Section 33670 for low-
 4 and moderate-income housing for the remainder of the time that
 5 the agency receives allocations of tax revenue pursuant to Section
 6 33670.

7 (4) An agency that fails to pay or have paid on its behalf the
 8 full amount calculated pursuant to subparagraph (J) of paragraph
 9 (2) of subdivision (a) of Section 33690, or subparagraph (J) of
 10 paragraph (2) of subdivision (a) of Section 33690.5, as the case
 11 may be, shall, commencing July 1, 2010, or July 1, 2011, as
 12 applicable, be required to allocate an additional 5 percent of all
 13 taxes that are allocated to that agency pursuant to Section 33670
 14 for low- and moderate-income housing for the remainder of the
 15 time that the agency receives allocations of tax revenue pursuant
 16 to Section 33670.

17 *SEC. 6. Section 33353.2 of the Health and Safety Code is*
 18 *amended to read:*

19 33353.2. ~~“Affected~~ *Except as provided in Section 33679.2,*
 20 *“affected taxing entity” means any governmental taxing agency*
 21 *that levies a property tax on all or any portion of the property*
 22 *located in the adopted project area in the fiscal year prior to the*
 23 *fiscal year in which the report prepared pursuant to Section 33328*
 24 *is issued or in any fiscal year after the date the redevelopment plan*
 25 *is adopted. To the extent that a new governmental taxing agency*
 26 *wholly or partially replaces the geographic jurisdiction of a*
 27 *preexisting governmental taxing agency, the new taxing agency*
 28 *shall be an “affected taxing entity” and the preexisting taxing*
 29 *agency shall no longer be an “affected taxing entity.”*

30 ~~SEC. 6.~~

31 *SEC. 7. Section 33367 of the Health and Safety Code is*
 32 *amended to read:*

33 33367. The ordinance shall contain all of the following:

34 (a) The purposes and intent of the legislative body with respect
 35 to the project area.

36 (b) The plan incorporated by reference.

37 (c) A designation of the approved plan as the official
 38 redevelopment plan of the project area.

39 (d) The findings and determinations of the legislative body that:

1 (1) The project area is a blighted area, the redevelopment of
2 which is necessary to effectuate the public purposes declared in
3 this part. This finding shall be supported by empirical and, to the
4 greatest extent feasible, quantifiable evidence demonstrating the
5 prevalence of specific conditions set forth in Section 33031 on
6 specific properties that are so substantial that they cause a reduction
7 of, or lack of, proper utilization of the entire project area. Evidence
8 shall be reasonable in nature, credible, and of solid value.
9 Conclusions not based on documented evidence of specific
10 conditions shall be deemed insufficient.

11 (2) The redevelopment plan would redevelop the area in
12 conformity with this part and in the interests of the public peace,
13 health, safety, and welfare.

14 (3) The adoption and carrying out of the redevelopment plan is
15 economically sound and feasible.

16 (4) The redevelopment plan is consistent with the general plan
17 of the community, including, but not limited to, the community's
18 housing element, which substantially complies with the
19 requirements of Article 10.6 (commencing with Section 65580)
20 of Chapter 3 of Division 1 of Title 7 of the Government Code.

21 (5) The carrying out of the redevelopment plan would promote
22 the public peace, health, safety, and welfare of the community and
23 would effectuate the purposes and policy of this part.

24 (6) The condemnation of real property, if provided for in the
25 redevelopment plan, is necessary to the execution of the
26 redevelopment plan and adequate provisions have been made for
27 payment for property to be acquired as provided by law.

28 (7) The agency has a feasible method or plan for the relocation
29 of families and persons displaced from the project area, if the
30 redevelopment plan may result in the temporary or permanent
31 displacement of any occupants of housing facilities in the project
32 area.

33 (8) (A) There are, or shall be provided, in the project area or
34 in other areas not generally less desirable in regard to public
35 utilities and public and commercial facilities and at rents or prices
36 within the financial means of the families and persons displaced
37 from the project area, decent, safe, and sanitary dwellings equal
38 in number to the number of and available to the displaced families
39 and persons and reasonably accessible to their places of
40 employment.

1 (B) Families and persons shall not be displaced prior to the
2 adoption of a relocation plan pursuant to Sections 33411 and
3 33411.1. Dwelling units housing persons and families of low or
4 moderate income shall not be removed or destroyed prior to the
5 adoption of a replacement housing plan pursuant to Sections
6 33334.5, 33413, and 33413.5.

7 (9) All noncontiguous areas of a project area are either blighted
8 or necessary for effective redevelopment and are not included for
9 the purpose of obtaining the allocation of taxes from the area
10 pursuant to Section 33670 without other substantial justification
11 for their inclusion.

12 (10) Inclusion of any lands, buildings, or improvements which
13 are not detrimental to the public health, safety, or welfare is
14 necessary for the effective redevelopment of the area of which
15 they are a part; that any area included is necessary for effective
16 redevelopment and is not included for the purpose of obtaining
17 the allocation of tax increment revenues from the area pursuant to
18 Section 33670 without other substantial justification for its
19 inclusion.

20 (11) The elimination of blight and the redevelopment of the
21 project area could not be reasonably expected to be accomplished
22 by private enterprise acting alone without the aid and assistance
23 of the agency.

24 (12) The project area is predominantly urbanized, as defined
25 by subdivision (b) of Section 33320.1.

26 (13) The time limitation and, if applicable, the limitation on the
27 number of dollars to be allocated to the agency that are contained
28 in the plan are reasonably related to the proposed projects to be
29 implemented in the project area and to the ability of the agency to
30 eliminate blight within the project area.

31 (14) The implementation of the redevelopment plan will improve
32 or alleviate the physical and economic conditions of blight in the
33 project area, as described in the report prepared pursuant to Section
34 33352.

35 (e) A statement that the legislative body is satisfied that
36 permanent housing facilities will be available within three years
37 from the time occupants of the project area are displaced and that,
38 pending the development of the facilities, there will be available
39 to the displaced occupants adequate temporary housing facilities

1 at rents comparable to those in the community at the time of their
2 displacement.

3 ~~SEC. 7.~~

4 *SEC. 8.* Section 33426.5 of the Health and Safety Code is
5 amended to read:

6 33426.5. Notwithstanding the provisions of Sections 33391,
7 33430, 33433, and 33445, or any other provision of this part, an
8 agency shall not provide any form of direct assistance to the
9 following:

10 (a) An automobile dealership which will be or is on a parcel
11 of land which has not previously been developed for urban use,
12 unless, prior to the effective date of the act that adds this section,
13 the agency either owns the land or has entered into an enforceable
14 agreement, for the purchase of the land or of an interest in the land,
15 including, but not limited to, a lease or an agreement containing
16 covenants affecting real property, that requires the land to be
17 developed and used as an automobile dealership.

18 (b) (1) A development that will be or is on a parcel of land of
19 five acres or more which has not previously been developed for
20 urban use and that will, when developed, generate sales or use tax
21 pursuant to Part 1.5 (commencing with Section 7200) of Division
22 2 of the Revenue and Taxation Code, unless the principal permitted
23 use of the development is office, hotel, manufacturing, or industrial,
24 or unless, prior to the effective date of the act that adds this section,
25 the agency either owns the land or has entered into an enforceable
26 agreement, for the purchase of the land or of an interest in the land,
27 including, but not limited to, a lease or an agreement containing
28 covenants affecting real property, that requires the land to be
29 developed.

30 (2) For the purposes of this subdivision, a parcel shall include
31 land on an adjacent or nearby parcel on which a use exists that is
32 necessary for the legal development of the parcel.

33 (c) A development that will be or is on a parcel of land of 20
34 acres or more that has not previously been developed for urban
35 use, except that this restriction shall not apply to land located within
36 both a project area adopted pursuant to Chapter 4.5 (commencing
37 with Section 33492) and the boundaries of a former military base
38 that has been closed or realigned by the actions of the federal
39 Defense Base Closure and Realignment Commission.

1 ~~(d) A development or business, either directly or indirectly, for~~
2 ~~the acquisition, construction, improvement, rehabilitation, or~~
3 ~~replacement of property that is or would be used for a golf course~~
4 ~~or for a racetrack, speedway or other racing venue.~~

5 ~~(e) A development or business, for the acquisition, construction,~~
6 ~~improvement, rehabilitation, or replacement of property that is or~~
7 ~~would be used for a stadium, coliseum, arena, ballpark or other~~
8 ~~sports facility that is intended for use by a professional sports~~
9 ~~franchise unless the proposed assistance or another component of~~
10 ~~the financing for the proposed project is submitted to the electorate~~
11 ~~that resides in the territorial jurisdiction of the agency providing~~
12 ~~assistance, and is approved by a majority of the voters voting on~~
13 ~~the proposed development.~~

14 ~~(f)~~

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

23 ~~(g)~~

24 ~~(e) The prohibition in subdivision ~~(f)~~ (d) is not intended to~~
25 ~~prohibit a redevelopment agency from acquiring property on or in~~
26 ~~which an existing gambling enterprise is located, for the purpose~~
27 ~~of selling or leasing the property for uses other than gambling,~~
28 ~~provided that the agency acquires the property for fair market~~
29 ~~value.~~

30 ~~(h)~~

31 ~~(f) This section shall not be construed to apply to agency~~
32 ~~assistance in the construction of public improvements that serve~~
33 ~~all or a portion of a project area and that are not required to be~~
34 ~~constructed as a condition of approval of a development described~~
35 ~~in subdivision (a), (b), (c), ~~(d)~~, ~~(e)~~, or ~~(f)~~ or (d) or to prohibit~~
36 ~~assistance in the construction of public improvements that are~~
37 ~~being constructed for a development that is not described in~~
38 ~~subdivision (a), (b), (c), ~~(d)~~, ~~(e)~~, or ~~(f)~~ or (d).~~

1 ~~SEC. 8.~~

2 *SEC. 9.* Section 33444.7 is added to the Health and Safety
3 Code, to read:

4 33444.7. An agency may establish a program under which it
5 loans or grants funds to owners or tenants to improve, rehabilitate,
6 or retrofit buildings or structures located within the redevelopment
7 project area to increase energy efficiency ~~or reduce greenhouse~~
8 ~~gas emissions resulting from~~ *for* such buildings or structures, or
9 to facilitate infill development of areas targeted for such
10 development in an approved sustainable communities strategy that
11 applies to the agency's jurisdiction.

12 ~~SEC. 9.~~

13 *SEC. 10.* Section 33444.8 is added to the Health and Safety
14 Code, to read:

15 33444.8. (a) An agency may provide direct assistance to
16 businesses within project areas in connection with new or existing
17 facilities for industrial or manufacturing uses or similar uses of
18 statewide benefit, where the assistance provided is reasonably
19 expected to result in the retention or expansion of not less than 25
20 full-time equivalent jobs within the project area.

21 (b) Direct assistance may include, but is not limited to, loans,
22 loan guarantees, or the provision or replacement of machinery and
23 equipment in new or existing facilities for industrial or
24 manufacturing uses in the project area.

25 (c) The Legislature finds and declares that the purpose of this
26 section is to clarify existing law and to provide agencies with
27 additional authority to assist businesses in order to encourage the
28 retention of existing employment opportunities and the attraction
29 of new employment opportunities. These activities and programs
30 shall constitute redevelopment as prescribed in Sections 33020
31 and 33021.

32 ~~SEC. 10.~~

33 *SEC. 11.* Section 33460.1 is added to the Health and Safety
34 Code, to read:

35 33460.1. Immediately upon receipt, each agency shall deposit
36 one quarter of one-tenth of 1 percent of the tax increment received
37 by the agency after the amount required to be deposited in the Low
38 and Moderate Income Housing Fund has been deducted, into the
39 Redevelopment Agency State Audit Fund created pursuant to

1 Section 50464.6 to be used solely for the purpose described in
2 subdivision (b) of that section.

3 ~~SEC. 11.~~

4 *SEC. 12.* Section 33488 of the Health and Safety Code is
5 amended to read:

6 33488. Prior to merging project areas pursuant to Section
7 33486, a redevelopment agency shall notify the department and
8 the Controller of its intention to merge its project areas, which
9 shall occur no later than 30 days prior to adoption of the ordinance
10 which provides for merger.

11 ~~SEC. 12.~~

12 *SEC. 13.* Section 33491 is added to the Health and Safety Code,
13 to read:

14 33491. (a) Commencing with the implementation plan next
15 adopted following January 1, 2012, an implementation plan shall
16 contain the specific goals and objectives of the agency for the
17 project area and the specific programs and potential projects that
18 will cause not less than 50 percent of its net unencumbered revenue
19 during the next five years to be expended for one or more of the
20 following:

- 21 (1) Development, including rehabilitation, resulting in significant
22 job retention or creation.
- 23 (2) Remediation of contaminated properties.
- 24 (3) Infill and transit-oriented development.
- 25 (4) Military base conversion.
- 26 (5) Public infrastructure, excluding buildings.
- 27 (6) Housing affordable to persons of very low and extremely
28 low income.

29 (b) "Net unencumbered revenue" shall mean all revenue received
30 by the agency, less: debt service on bonds, notes and other
31 obligations entered into prior to January 1, 2012; payments to
32 taxing agencies pursuant to Section 33607.5 or 33607.7 or under
33 agreements entered into pursuant to former Section 33401; and
34 deposits in the agency's low- and moderate-income housing fund.

35 (c) Prior to approving an implementation plan subject to this
36 subdivision, the agency shall obtain the recommendation of the
37 project area committee. If a project area committee does not exist,
38 the agency shall obtain the recommendation of a community
39 advisory body designated by the legislative body which is
40 representative of interests described in subdivision (c) of Section

1 33385. If the project area committee or community advisory body
2 does not make its recommendation within 60 days after receiving
3 a copy of the proposed implementation plan, the agency may
4 consider the implementation plan without their recommendation.

5 (d) The implementation plans adopted ~~five and 10~~ *every five*
6 *years* after the implementation plan that implements this
7 subdivision shall evaluate the agency's progress in achieving the
8 goals and objectives described in subdivision (a). The agency shall
9 obtain the recommendation of the project area committee or
10 community advisory body in the manner set forth in subdivision
11 (c). If the project area committee or community advisory body
12 recommends against adoption of the implementation plan adopted
13 10 years after the *first* implementation plan that implements this
14 subdivision *or any subsequent implementation plan prepared in*
15 *accordance with this section and Section 33490*, the agency shall
16 only adopt that implementation plan upon a two-thirds vote of all
17 of its members. Until an implementation plan has been approved
18 as set forth in this subdivision, an agency shall not undertake any
19 activity not provided for in the existing implementation plan.

20 ~~SEC. 13.~~

21 *SEC. 14.* Section 33601 of the Health and Safety Code is
22 amended to read:

23 33601. (a) An agency may borrow money or accept financial
24 or other assistance from the state or the federal government or any
25 other public agency for any redevelopment project within its area
26 of operation, and may comply with any conditions of such loan or
27 grant.

28 (b) An agency may borrow money (by the issuance of bonds or
29 otherwise) or accept financial or other assistance from any private
30 lending institution for any redevelopment project for any of the
31 purposes of this part, and may execute trust deeds or mortgages
32 on any real or personal property owned or acquired.

33 (c) An agency shall pay interest on any money borrowed from
34 the legislative body at a rate no greater than simple interest *at a*
35 *rate equal to the rate* on 10-year United States Treasury bills *on*
36 *the date the loan is made*. The provisions of this subdivision shall
37 become effective January 1, 2012, and shall apply to money
38 borrowed from the legislative body at any time, regardless of the
39 provisions of any note, agreement, or other written instrument to
40 the contrary.

1 ~~SEC. 14.~~

2 *SEC. 15.* Section 33607.9 is added to the Health and Safety
3 Code, to read:

4 33607.9. On or before January 1, 2013, the Controller shall
5 develop a simple, uniform, and consistent methodology for the
6 calculation, payment, and reporting of passthrough payments as
7 required by Sections 33607.5 and 33607.7 that is consistent with
8 existing published case law and Attorney General opinions
9 interpreting Sections 33607.5 and 33607.7. The Controller shall
10 appoint an advisory committee to advise in the development of
11 methodology. The advisory committee shall include representatives
12 from the Chancellor of the California Community Colleges, the
13 State Department of Education, the California Redevelopment
14 Association, county auditor-controllers, and any other authorities
15 in the field that the Controller deems necessary or appropriate.

16 ~~SEC. 15.~~

17 *SEC. 16.* Section 33610 of the Health and Safety Code is
18 amended to read:

19 33610. (a) At any time after the agency created for any
20 community becomes authorized to transact business and exercise
21 its powers, the legislative body of the community may appropriate
22 to the agency such amounts as the legislative body deems necessary
23 for the administrative expenses and overhead of the agency. The
24 money appropriated may be paid to the agency as a grant to defray
25 the expenses and overhead, or as a loan to be repaid upon such
26 terms and conditions as the legislative body may provide.

27 (b) In addition to the common understanding and usual
28 interpretation of the term, “administrative expense” includes, but
29 is not limited to, expenses of redevelopment planning and
30 dissemination of redevelopment information.

31 (c) An agency may enter into an agreement with the legislative
32 body to reimburse the legislative body for administrative expenses
33 and overhead of the agency paid by the legislative body. An agency
34 shall not pay costs of providing services, materials, or facilities
35 which do not directly benefit the redevelopment project.

36 ~~SEC. 16.~~

37 *SEC. 17.* Section 33670 of the Health and Safety Code is
38 amended to read:

39 33670. Any redevelopment plan *adopted prior to January 1,*
40 *2012,* may contain a provision that taxes, if any, levied upon

1 taxable property in a redevelopment project each year by or for
2 the benefit of ~~the State of California~~; any city, county, city and
3 county, district, or other public corporation (hereinafter sometimes
4 called “taxing agencies”) after the effective date of the ordinance
5 approving the redevelopment plan, shall be divided as follows:

6 (a) That portion of the taxes which would be produced by the
7 rate upon which the tax is levied each year by or for each of the
8 taxing agencies upon the total sum of the assessed value of the
9 taxable property in the redevelopment project as shown upon the
10 assessment roll used in connection with the taxation of that property
11 by the taxing agency, last equalized prior to the effective date of
12 the ordinance, shall be allocated to and when collected shall be
13 paid to the respective taxing agencies as taxes by or for the taxing
14 agencies on all other property are paid (for the purpose of allocating
15 taxes levied by or for any taxing agency or agencies which did not
16 include the territory in a redevelopment project on the effective
17 date of the ordinance but to which that territory has been annexed
18 or otherwise included after that effective date, the assessment roll
19 of the county last equalized on the effective date of the ordinance
20 shall be used in determining the assessed valuation of the taxable
21 property in the project on the effective date); and

22 (b) Except as provided in subdivision (e) or in Section 33492.15,
23 that portion of the levied taxes each year in excess of that amount
24 shall be allocated to and when collected shall be paid into a special
25 fund of the redevelopment agency to pay the principal of and
26 interest on loans, moneys advanced to, or indebtedness (whether
27 funded, refunded, assumed, or otherwise) incurred by the
28 redevelopment agency to finance or refinance, in whole or in part,
29 the redevelopment project. Unless and until the total assessed
30 valuation of the taxable property in a redevelopment project
31 exceeds the total assessed value of the taxable property in that
32 project as shown by the last equalized assessment roll referred to
33 in subdivision (a), all of the taxes levied and collected upon the
34 taxable property in the redevelopment project shall be paid to the
35 respective taxing agencies. When the loans, advances, and
36 indebtedness, if any, and interest thereon, have been paid, all
37 moneys thereafter received from taxes upon the taxable property
38 in the redevelopment project shall be paid to the respective taxing
39 agencies as taxes on all other property are paid.

1 (c) In any redevelopment project in which taxes have been
2 divided pursuant to this section prior to 1968, located within any
3 county with total assessed valuation subject to general property
4 taxes for the 1967–68 fiscal year between two billion dollars
5 (\$2,000,000,000) and two billion one hundred million dollars
6 (\$2,100,000,000), if the total assessed valuation of taxable property
7 within the redevelopment project for the 1967–68 fiscal year was
8 reduced, the total sum of the assessed value of taxable property
9 used as the basis for apportionment of taxes under subdivision (a)
10 shall be reduced by 10 percent for the 1968–69 fiscal year and
11 fiscal years thereafter.

12 (d) For the purposes of this section, taxes shall not include taxes
13 from the supplemental assessment roll levied pursuant to Chapter
14 3.5 (commencing with Section 75) of Part 0.5 of Division 1 of the
15 Revenue and Taxation Code for the 1983–84 fiscal year.

16 (e) That portion of the taxes in excess of the amount identified
17 in subdivision (a) which are attributable to a tax rate levied by a
18 taxing agency for the purpose of producing revenues in an amount
19 sufficient to make annual repayments of the principal of, and the
20 interest on, any bonded indebtedness for the acquisition or
21 improvement of real property shall be allocated to, and when
22 collected shall be paid into, the fund of that taxing agency. This
23 subdivision shall only apply to taxes levied to repay bonded
24 indebtedness approved by the voters of the taxing agency on or
25 after January 1, 1989.

26 ~~(f) For purposes of this section, taxes levied, divided, and~~
27 ~~allocated shall exclude any funds considered educational entity~~
28 ~~property tax revenues. This subdivision shall apply to tax increment~~
29 ~~revenues generated from any redevelopment project area~~
30 ~~established on or after January 1, 2012.~~

31 ~~SEC. 17. Section 33670.5 of the Health and Safety Code is~~
32 ~~amended to read:~~

33 ~~33670.5. (a) Section 33670 fulfills the intent of Section 16 of~~
34 ~~Article XVI of the Constitution. To further carry out the intent of~~
35 ~~Section 16 of Article XVI of the Constitution, whenever that~~
36 ~~provision requires the allocation of money between agencies such~~
37 ~~allocation shall be consistent with the intent of the people when~~
38 ~~they approved Section 16 of Article XVI of the Constitution.~~
39 ~~Whenever money is allocated between agencies by means of a~~
40 ~~comparison of assessed values for different years, that comparison~~

1 shall be based on the same assessment ratio. When there are
2 different assessment ratios for the years compared, the assessed
3 value shall be changed so that it is based on the same assessment
4 ratio for the years so compared.

5 (b) Pursuant to subdivision (f) of Section 33670, the Legislature
6 finds and declares that moneys allocated pursuant to Section 33670
7 in order to carry out the intent of Section 16 of Article XVI of the
8 California Constitution exclude any funds considered educational
9 entity property tax revenues.

10 SEC. 18. Article 6.5 (commencing with Section 33679.1) is
11 added to Chapter 6 of Part 1 of Division 24 of the Health and
12 Safety Code, to read:

13
14 Article 6.5. Tax Increment Financing of Redevelopment Plans
15 Adopted on or After January 1, 2012
16

17 33679.1. (a) This article shall apply to any redevelopment
18 plan adopted on or after January 1, 2012. For purposes of a
19 redevelopment plan that is adopted prior to January 1, 2012, but
20 amended after January 1, 2012, this article shall apply only to
21 new territory added by that amendment.

22 (b) A redevelopment plan or plan amendment that is subject to
23 this article shall be adopted in the manner provided by this part,
24 except to the extent that the other provisions of this part are
25 inconsistent with this article, in which case this article shall
26 prevail.

27 33679.2. For purposes of this article, the following terms shall
28 have the following meanings:

29 (a) Notwithstanding Section 33353.2, for purposes of a
30 redevelopment plan or plan amendment subject to this article,
31 “affected taxing entity” means any noneducational taxing agency
32 that levies a property tax on all or any portion of the property
33 located in the adopted project area in the fiscal year prior to the
34 fiscal year in which the report prepared pursuant to Section 33328
35 is issued or in any fiscal year after the date the redevelopment
36 plan is adopted. To the extent that a new noneducational taxing
37 agency wholly or partially replaces the geographic jurisdiction of
38 a preexisting noneducational taxing agency, the new
39 noneducational taxing agency shall be an “affected taxing entity”

1 *and the preexisting taxing agency shall no longer be an “affected*
2 *taxing entity.”*

3 *(b) “Noneducational taxing agency” means any city, county,*
4 *city and county, district, or other public corporation, except a*
5 *school district, community college district, or county office of*
6 *education.*

7 *(c) “Taxes” shall include, but without limitation, all levies on*
8 *an ad valorem basis upon land or real property. “Taxes” shall*
9 *not include any amounts of money deposited in a Sales and Use*
10 *Tax Compensation Fund pursuant to Section 97.68 of the Revenue*
11 *and Taxation Code or a Vehicle License Fee Property Tax*
12 *Compensation Fund pursuant to Section 97.70 of the Revenue and*
13 *Taxation Code.*

14 *33679.3. Any redevelopment plan or plan amendment that is*
15 *subject to this article may contain a provision that taxes, if any,*
16 *levied upon taxable property in a redevelopment project each year*
17 *by or for the benefit of any noneducational taxing agencies after*
18 *the effective date of the ordinance approving the redevelopment*
19 *plan or plan amendment, shall be divided as follows:*

20 *(a) That portion of the taxes which would be produced by the*
21 *rate upon which the tax is levied each year by or for each of the*
22 *noneducational taxing agencies upon the total sum of the assessed*
23 *value of the taxable property in the redevelopment project as shown*
24 *upon the assessment roll used in connection with the taxation of*
25 *that property by the noneducational taxing agency, last equalized*
26 *prior to the effective date of the ordinance, shall be allocated to,*
27 *and when collected shall be paid to, the respective noneducational*
28 *taxing agencies as taxes by or for the noneducational taxing*
29 *agencies on all other property are paid. For the purpose of*
30 *allocating taxes levied by or for any noneducational taxing agency*
31 *or agencies that did not include the territory in a redevelopment*
32 *project on the effective date of the ordinance, but to which that*
33 *territory has been annexed or otherwise included after that effective*
34 *date, the assessment roll of the county last equalized on the*
35 *effective date of the ordinance shall be used in determining the*
36 *assessed valuation of the taxable property in the project on the*
37 *effective date.*

38 *(b) Except as provided in subdivision (c) or in Section 33492.15,*
39 *that portion of the taxes levied each year by or for the*
40 *noneducational taxing agencies in excess of that amount shall be*

1 allocated to and when collected shall be paid into a special fund
2 of the redevelopment agency to pay the principal of and interest
3 on loans, moneys advanced to, or indebtedness, whether funded,
4 refunded, assumed, or otherwise, incurred by the redevelopment
5 agency to finance or refinance, in whole or in part, the
6 redevelopment project. Unless and until the total assessed
7 valuation of the taxable property in a redevelopment project
8 exceeds the total assessed value of the taxable property in that
9 project as shown by the last equalized assessment roll referred to
10 in subdivision (a), all of the taxes levied and collected upon the
11 taxable property in the redevelopment project by or for the
12 noneducational taxing agencies shall be paid to the respective
13 noneducational taxing agencies. When the loans, advances, and
14 indebtedness, if any, and interest thereon, have been paid, all
15 moneys thereafter received from taxes upon the taxable property
16 in the redevelopment project by or for the noneducational taxing
17 agencies shall be paid to the respective noneducational taxing
18 agencies as taxes on all other property are paid.

19 (c) That portion of the taxes in excess of the amount identified
20 in subdivision (a) which are attributable to a tax rate levied by a
21 noneducational taxing agency for the purpose of producing
22 revenues in an amount sufficient to make annual repayments of
23 the principal of, and the interest on, any bonded indebtedness for
24 the acquisition or improvement of real property shall be allocated
25 to, and when collected shall be paid into, the fund of that
26 noneducational taxing agency. This subdivision shall only apply
27 to taxes levied to repay bonded indebtedness approved by the
28 voters of the noneducational taxing agency.

29 (d) It is the intent of the Legislature in enacting this section and
30 the amendments to Section 33670 made by the act adding this
31 section to prohibit the use of Section 33670 to finance community
32 redevelopment pursuant to any redevelopment plan or plan
33 amendment to add territory that is adopted on or after January 1,
34 2012. It is the intent of the Legislature that this section provide an
35 alternate method for financing community redevelopment, within
36 the meaning of Section 16 of Article XVI of the California
37 Constitution, for redevelopment plans and plan amendments
38 adopted on or after January 1, 2012, that exclude property taxes
39 levied by or for school districts, community college districts, or
40 county offices of education. Except as specifically provided in this

1 article in regard to plan amendments that add additional territory
2 to an existing redevelopment plan, it is not the intent of the
3 Legislature that this article limit or otherwise apply to the financing
4 of community redevelopment pursuant to a redevelopment plan
5 adopted prior to January 1, 2012.

6 33679.4. Notwithstanding any other law, for purposes of any
7 redevelopment plan or plan amendment subject to this article:

8 (a) A reference in this part to Section 33670 shall be construed
9 to be a reference to Section 33679.3.

10 (b) Sections 33328.1, 33360.5, 33607.5, and 33676 shall not
11 apply.

12 33679.5. (a) Upon the written request of a redevelopment
13 agency for the purpose of assisting the agency, the county auditor
14 or other officer responsible for allocation of tax revenues pursuant
15 to Section 33679.3 shall prepare a statement each fiscal year for
16 each redevelopment project area and each area added to a
17 redevelopment project area by amendment, which provides for all
18 the following:

19 (1) The total taxable assessed value of secured, unsecured, and
20 state-assessed railroad and nonoperating, nonunitary property.

21 (2) The total taxable assessed value used by the county auditor
22 to determine the division of taxes required by subdivision (a) of
23 Section 33679.3.

24 (3) The total taxable assessed value used by the county auditor
25 to determine the division of taxes required by subdivision (b) of
26 Section 33679.3.

27 (4) The estimated amount of taxes calculated pursuant to
28 subdivision (b) of Section 33679.3, as adjusted by subdivision (c)
29 of Section 33679.3 and subdivision (a) of Section 33679.6. The
30 statement shall specify the gross amount of tax-increment revenue
31 allocated to the agency and any payments to other noneducational
32 taxing entities that are deducted from the gross amount allocated.

33 (5) The estimated amount of taxes to be allocated pursuant to
34 subdivisions (c) and (d) of Section 100 of the Revenue and Taxation
35 Code.

36 (b) If requested to provide a statement pursuant to subdivision
37 (a), the county auditor shall deliver each statement to the respective
38 redevelopment agencies receiving property tax revenue on or
39 before November 30 of each year.

1 (c) (1) Upon the request of a redevelopment agency pursuant
2 to subdivision (a), and concurrently with the disbursement of those
3 property tax revenues, the county auditor shall prepare a statement
4 which provides the amount of disbursement made pursuant to all
5 of the following:

6 (A) Section 33679.3.

7 (B) Section 100 of the Revenue and Taxation Code.

8 (C) Supplemental property tax revenues allocated pursuant to
9 Sections 75 to 75.80 of the Revenue and Taxation Code, inclusive.

10 (2) The statement provided pursuant to this subdivision shall
11 also include corrections, updates, or adjustments, if any, to the
12 property tax revenue amounts and taxable assessed values reported
13 pursuant to subdivision (a) of Section 33679.3.

14 (d) The county auditor shall also provide to a redevelopment
15 agency, no later than 30 days after the receipt of a written request
16 from that agency, information or clarification with respect to any
17 statement issued pursuant to this section.

18 (e) If any redevelopment agency requests a statement or
19 information pursuant to this section, the agency shall reimburse
20 the county auditor for all actual and reasonable costs incurred.

21 33679.6. (a) Prior to the adoption by the legislative body of
22 a redevelopment plan providing for tax increment financing
23 pursuant to Section 33679.3, any affected taxing agency may elect
24 to be allocated, in addition to the portion of taxes allocated to the
25 affected taxing agency pursuant to subdivision (a) of Section
26 33679.3, all or any portion of the tax revenues allocated to the
27 agency pursuant to subdivision (b) of Section 33679.3 attributable
28 to increases in the rate of tax imposed for the benefit of the taxing
29 agency which levy occurs after the tax year in which the ordinance
30 adopting the redevelopment plan becomes effective.

31 (b) The governing body of any affected taxing agency electing
32 to receive allocation of taxes pursuant to this section in addition
33 to taxes allocated to it pursuant to subdivision (a) of Section
34 33679.3 shall adopt a resolution to that effect and transmit the
35 resolution, prior to the adoption of the redevelopment plan, to (1)
36 the legislative body, (2) the agency, and (3) the official or officials
37 performing the functions of levying and collecting taxes for the
38 affected taxing agency. Upon receipt by the official or officials of
39 the resolution, allocation of taxes pursuant to this section to the
40 affected taxing agency which has elected to receive the allocation

1 pursuant to this section by the adoption of the resolution and
2 allocation of taxes pursuant to this section shall be made at the
3 time or times allocations are made pursuant to subdivision (a) of
4 Section 33679.3.

5 (c) An affected taxing agency, at any time after the adoption of
6 the resolution, may elect not to receive all or any portion of the
7 additional allocation of taxes pursuant to this section by rescinding
8 the resolution or by amending the same, as the case may be, and
9 giving notice thereof to the legislative body, the agency, and the
10 official or officials performing the functions of levying and
11 collecting taxes for the affected taxing agency. After receipt of a
12 notice by the official or officials that an affected taxing agency
13 has elected not to receive all or a portion of the additional
14 allocation of taxes by rescission or amendment of the resolution,
15 any allocation of taxes to the affected taxing agency required to
16 be made pursuant to this section shall not thereafter be made but
17 shall be allocated to the agency, and the affected taxing agency
18 shall thereafter be allocated only the portion of taxes provided for
19 in subdivision (a) of Section 33679.3. After receipt of a notice by
20 the official or officials that an affected taxing agency has elected
21 to receive additional tax revenues attributable to only a portion
22 of the increases in the rate of tax, only that portion of the tax
23 revenues shall thereafter be allocated to the affected taxing agency
24 in addition to the portion of taxes allocated pursuant to subdivision
25 (a) of Section 33679.3, and the remaining portion thereof shall be
26 allocated to the agency.

27 33679.7. (a) (1) All the amounts calculated pursuant to this
28 section shall be calculated after the amount required to be
29 deposited in the Low and Moderate Income Housing Fund pursuant
30 to Sections 33334.2, 33334.3, and 33334.6 has been deducted from
31 the total amount of tax increment funds received by the agency in
32 the applicable fiscal year.

33 (2) The payments made pursuant to this section shall be in
34 addition to any amounts the affected taxing entities receive
35 pursuant to subdivision (a) of Section 33679.3. The payments made
36 pursuant to this section to the affected taxing entities, including
37 the community, shall be allocated among the affected taxing
38 entities, including the community if the community elects to receive
39 payments, in proportion to the percentage share of property taxes
40 of each affected taxing entity, including the community, receives

1 *during the fiscal year the funds are allocated, which percentage*
2 *share shall be determined without regard to (A) any amounts*
3 *allocated to a city, a city and county, or a county pursuant to*
4 *Sections 97.68 and 97.70 of the Revenue and Taxation Code, (B)*
5 *any allocation reductions to a city, a city and county, a county, a*
6 *special district, or a redevelopment agency pursuant to Sections*
7 *97.71, 97.72, and 97.73 of the Revenue and Taxation Code and*
8 *Section 33681.12, and (C) any amounts allocated to a school*
9 *district, community college district, or county office of education.*
10 *The agency shall reduce its payments pursuant to this section to*
11 *an affected taxing entity by any amount the agency has paid,*
12 *directly or indirectly, pursuant to Section 33445, 33445.5, 33445.6,*
13 *or 33446, or any other law other than this section for, or in*
14 *connection with, a public facility owned or leased by that affected*
15 *taxing agency, except for any amounts that are unrelated to the*
16 *specific project area or amendment governed by this section. For*
17 *purposes of calculating the allocation of payments made to affected*
18 *taxing entities pursuant to this section, an Educational Revenue*
19 *Augmentation Fund created pursuant to Article 3 (commencing*
20 *with Section 97) of Chapter 6 of Part 0.5 of Division 1 of the*
21 *Revenue and Taxation Code is not an affected taxing entity.*

22 *(b) Commencing with the first fiscal year in which the agency*
23 *receives tax increments and continuing through the last fiscal year*
24 *in which the agency receives tax increments, a redevelopment*
25 *agency shall pay to the affected taxing entities, including the*
26 *community if the community elects to receive a payment, an amount*
27 *equal to 25 percent of the tax increments received by the agency*
28 *after the amount required to be deposited in the Low and Moderate*
29 *Income Housing Fund has been deducted. In any fiscal year in*
30 *which the agency receives tax increments, the community that has*
31 *adopted the redevelopment project area may elect to receive the*
32 *amount authorized by this paragraph. If the community elects not*
33 *to receive the amount authorized by this subdivision, the portion*
34 *of the payment made pursuant to this subdivision that would*
35 *otherwise have been calculated for and paid to the community*
36 *based on the community's proportionate share of property tax*
37 *revenues shall remain with the agency.*

38 *(c) Commencing with the 11th fiscal year in which the agency*
39 *receives tax increments and continuing through the last fiscal year*
40 *in which the agency receives tax increments, a redevelopment*

1 agency shall pay to the affected taxing entities, other than the
2 community which has adopted the project, in addition to the
3 amounts paid pursuant to subdivision (b) and after deducting the
4 amount allocated to the Low and Moderate Income Housing Fund,
5 an amount equal to 21 percent of an amount, which shall be
6 calculated by applying the tax rate for the affected taxing entities
7 against the amount by which the assessed value of the taxable
8 property in the redevelopment project, as shown upon the
9 assessment roll of the county last equalized on the current year
10 anniversary of the effective date of the ordinance adopting the
11 redevelopment plan or plan amendment, as applicable, exceeds
12 the assessed value of the taxable property in the redevelopment
13 project, as shown upon the assessment roll of the county last
14 equalized on the 10th anniversary of the effective date of the
15 ordinance adopting the redevelopment plan or plan amendment.
16 The portion of the payment made pursuant to this subdivision that
17 would otherwise have been calculated for and paid to the
18 community, based on the community's proportionate share of
19 property tax revenues, shall instead be allocated among the other
20 affected taxing entities based on their respective percentage shares
21 calculated in accordance with paragraph (2) of subdivision (a),
22 except that the calculation shall be based on the percentage share
23 of property taxes that each affected taxing entity, excluding the
24 community, receives during the fiscal year that the funds are
25 allocated.

26 (d) Commencing with the 31st fiscal year in which the agency
27 receives tax increments and continuing through the last fiscal year
28 in which the agency receives tax increments, a redevelopment
29 agency shall pay to the affected taxing entities, other than the
30 community which has adopted the project, in addition to the
31 amounts paid pursuant to subdivisions (b) and (c) and after
32 deducting the amount allocated to the Low and Moderate Income
33 Housing Fund, an amount equal to 14 percent of an amount, which
34 shall be calculated by applying the tax rate for the affected taxing
35 entities against the amount by which the assessed value of the
36 taxable property in the redevelopment project, as shown upon the
37 assessment roll of the county last equalized on the current year
38 anniversary of the effective date of the ordinance adopting the
39 redevelopment plan or plan amendment exceeds the assessed value
40 of the taxable property in the redevelopment project, as shown

1 upon the assessment roll of the county last equalized on the 30th
2 year anniversary of the effective date of the ordinance adopting
3 the redevelopment plan or plan amendment. The portion of the
4 payment made pursuant to this subdivision that would otherwise
5 have been calculated for and paid to the community, based on the
6 community's proportionate share of property tax revenues, shall
7 instead be allocated among the other affected taxing entities based
8 on their respective percentage shares calculated in accordance
9 with paragraph (2) of subdivision (a), except that the calculation
10 shall be based on the percentage share of property taxes that each
11 affected taxing entity, excluding the community, receives during
12 the fiscal year that the funds are allocated.

13 (e) (1) Prior to incurring any loans, bonds, or other
14 indebtedness, except loans or advances from the community, the
15 agency may subordinate to the loans, bonds, or other indebtedness
16 the amount required to be paid to an affected taxing entity by this
17 section, provided that the affected taxing entity has approved these
18 subordinations pursuant to this subdivision.

19 (2) At the time the agency requests an affected taxing entity to
20 subordinate the amount to be paid to it, the agency shall provide
21 the affected taxing entity with substantial evidence that sufficient
22 funds will be available to pay both the debt service and the
23 payments required by this section, when due.

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

33 (f) (1) The Legislature finds and declares both of the following:

34 (A) The payments made pursuant to this section are necessary
35 in order to alleviate the financial burden and detriment that
36 affected taxing entities may incur as a result of the adoption of a
37 redevelopment plan, and payments made pursuant to this section
38 will benefit redevelopment project areas.

1 (B) *The payments made pursuant to this section are the exclusive*
2 *payments that are required to be made by a redevelopment agency*
3 *to affected taxing entities during the term of a redevelopment plan.*

4 (2) *Notwithstanding any other law, a redevelopment agency*
5 *shall not be required, either directly or indirectly, as a measure*
6 *to mitigate a significant environmental effect or as part of any*
7 *settlement agreement or judgment brought in any action to contest*
8 *the validity of a redevelopment plan pursuant to Section 33501,*
9 *to make any other payments to affected taxing entities, or to pay*
10 *for public facilities that will be owned or leased to an affected*
11 *taxing entity.*

12 ~~SEC. 18.~~

13 *SEC. 19.* Section 33675.1 is added to the Health and Safety
14 Code, to read:

15 33675.1. On or before January 1, 2013, and periodically
16 thereafter, the Controller shall review the uniform form for a
17 statement of indebtedness and a reconciliation statement prescribed
18 pursuant to Section 33675 and shall, after obtaining the input of
19 county auditor-controllers, the California Redevelopment
20 Association, the *California* Society of Certified Public
21 Accountants, and any other authorities in the field that the
22 Controller deems necessary or appropriate, make revisions to the
23 uniform form for a statement of indebtedness and a reconciliation
24 statement consistent with this part, including, but not limited to,
25 the types and amounts of indebtedness to be reported.

26 ~~SEC. 19.~~

27 *SEC. 20.* Section 50464.6 is added to the Health and Safety
28 Code, to read:

29 50464.6. (a) The Redevelopment Agency State Audit Fund is
30 hereby created in the State Treasury and is available, upon
31 appropriation, to the State Auditor for the purposes of subdivision
32 (b). Notwithstanding Section 16305.7 of the Government Code,
33 any moneys received by the State Auditor pursuant to Section
34 33460.1, and any other sources, repayments, interest, or new
35 appropriations, shall be deposited in the fund established by this
36 section. Moneys in the fund shall not be subject to transfer to any
37 other fund pursuant to any provision of Part 2 (commencing with
38 Section 16300) of Division 4 of Title 2 of the Government Code,
39 except the Surplus Money Investment Fund. The State Auditor
40 may require the transfer of moneys in the fund to the Surplus

1 Money Investment Fund for investment pursuant to Article 4
2 (commencing with Section 16470) of Chapter 3 of Part 2 of
3 Division 4 of Title 2 of the Government Code. Notwithstanding
4 Section 16305.7 of the Government Code, all interest, dividends,
5 and pecuniary gains from the investments shall accrue to the fund.

6 (b) To the extent funds are available pursuant to subdivision
7 (a), the State Auditor shall conduct or shall have conducted
8 performance audits of selected redevelopment agencies to ensure
9 compliance with the requirements of the Community
10 Redevelopment Law. The performance audits conducted pursuant
11 to this subdivision shall include reviews of redevelopment
12 agencies' separately required independent audits from the previous
13 year. The State Auditor shall require that each agency take action
14 to correct any audit violations found through the performance
15 audit. If the State Auditor determines that an agency has not
16 corrected the audit violations within 180 days of a final audit report,
17 the State Auditor shall forward all relevant documents to the
18 Attorney General for action pursuant to Section 33080.8.

19 ~~SEC. 20.~~

20 *SEC. 21.* (a) By January 1, 2013, the Controller shall issue
21 regulations revising and consolidating reporting for redevelopment
22 agencies. The goal of the regulations shall be to do all of the
23 following: (1) unify and simplify the reporting requirements of
24 redevelopment agencies; (2) focus reporting requirements on
25 information that will be of the greatest utility in monitoring the
26 activities of redevelopment agencies and their compliance with
27 the provisions of the Community Redevelopment Law; and (3)
28 produce consistent and comparable data using a user-friendly,
29 self-checking electronic data reporting system. The Controller
30 shall consult with an advisory committee comprised of persons
31 nominated by the department, the Legislative Analyst, the
32 California Society of Certified Public Accountants, the California
33 Redevelopment Association, and any other authorities in the field
34 that the Controller deems necessary and appropriate.

35 (b) In connection with issuing the regulations described in
36 subdivision (a), by January 1, 2013, the Controller shall prepare
37 or cause to be prepared a management study that evaluates the
38 reporting of redevelopment agencies and recommends any new

- 1 management systems, including required technology, needed to
- 2 implement the proposed regulations.

O