

Introduced by Senator SteinbergFebruary 21, 2012

An act to amend Section 34177 of, and to add Section 34177.1 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1151, as introduced, Steinberg. Redevelopment: long range asset management plan.

Existing law dissolved redevelopment agencies and community development agencies, as of February 1, 2012, and provides for the designation of successor agencies, as defined. Existing law imposes various requirements on successor agencies and subjects successor agency actions to the review of oversight boards. Existing law requires successor agencies to wind down the affairs of the dissolved redevelopment agencies and to, among other things, dispose of assets and properties of the former redevelopment agencies, as directed by the oversight board. Proceeds from the sale of assets are transferred to the county auditor-controller for distribution as property tax proceeds to taxing entities, as prescribed.

This bill would require the successor agency to prepare a long range asset management plan that outlines a strategy for maximizing the long-term value of the real property and assets of the former redevelopment agency for ongoing economic development and housing functions. The bill would require the successor agency to submit the plan to the Department of Finance and the oversight board by December 1, 2012, and would require the approval of the plan by the department and oversight board by December 31, 2012.

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. The Legislature finds and declares that the assets,
2 properties, contracts, leases, books and records, buildings, and
3 equipment of former redevelopment agencies constitute a valuable
4 resource that should be maintained for the purpose of economic
5 development and housing within the communities served by the
6 former redevelopment agency.

7 SEC. 2. Section 34177 of the Health and Safety Code is
8 amended to read:

9 34177. Successor agencies are required to do all of the
10 following:

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

12 (1) On and after February 1, 2012, and until a Recognized
13 Obligation Payment Schedule becomes operative, only payments
14 required pursuant to an enforceable obligations payment schedule
15 shall be made. The initial enforceable obligation payment schedule
16 shall be the last schedule adopted by the redevelopment agency
17 under Section 34169. However, payments associated with
18 obligations excluded from the definition of enforceable obligations
19 by paragraph (2) of subdivision (e) of Section 34171 shall be
20 excluded from the enforceable obligations payment schedule and
21 be removed from the last schedule adopted by the redevelopment
22 agency under Section 34169 prior to the successor agency adopting
23 it as its enforceable obligations payment schedule pursuant to this
24 subdivision. The enforceable obligation payment schedule may
25 be amended by the successor agency at any public meeting and
26 shall be subject to the approval of the oversight board as soon as
27 the board has sufficient members to form a quorum.

28 (2) The Department of Finance and the Controller shall each
29 have the authority to require any documents associated with the
30 enforceable obligations to be provided to them in a manner of their
31 choosing. Any taxing entity, the department, and the Controller
32 shall each have standing to file a judicial action to prevent a
33 violation under this part and to obtain injunctive or other
34 appropriate relief.

35 (3) Commencing on May 1, 2012, only those payments listed
36 in the Recognized Obligation Payment Schedule may be made by
37 the successor agency from the funds specified in the Recognized
38 Obligation Payment Schedule. In addition, commencing May 1,

1 2012, the Recognized Obligation Payment Schedule shall supersede
2 the Statement of Indebtedness, which shall no longer be prepared
3 nor have any effect under the Community Redevelopment Law.

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

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

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

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

19 (d) Remit unencumbered balances of redevelopment agency
20 funds to the county auditor-controller for distribution to the taxing
21 entities, including, but not limited to, the unencumbered balance
22 of the Low and Moderate Income Housing Fund of a former
23 redevelopment agency. In making the distribution, the county
24 auditor-controller shall utilize the same methodology for allocation
25 and distribution of property tax revenues provided in Section
26 34188.

27 (e) (1) Dispose of assets and properties of the former
28 redevelopment agency as directed by the oversight board,
29 provided, however, that the oversight board may instead direct the
30 successor agency to transfer ownership of certain assets pursuant
31 to subdivision (a) of Section 34181, *and in accordance with the*
32 *long range asset management plan specified in Section 34177.1.*
33 ~~The disposal is to~~ *shall be done expeditiously and, in a manner*
34 *aimed at maximizing value, but shall not be done until the long*
35 *range asset management plan is approved.* Proceeds from asset
36 sales and related funds that are no longer needed for approved
37 development projects or to otherwise wind down the affairs of the
38 agency, each as determined by the oversight board, shall be
39 transferred to the county auditor-controller for distribution as
40 property tax proceeds under Section 34188.

1 (2) *Prior to the disposal of any real property pursuant to this*
2 *subdivision, the successor agency shall comply with all relevant*
3 *provisions of the Government Code, Public Contract Code, and*
4 *other codes, relating to the rules and disclosure requirements for*
5 *the fair market valuation of assets, competitive bidding, and*
6 *conflicts of interest.*

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

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

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

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

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

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

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

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

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

35 (l) (1) Before each six-month fiscal period, prepare a
36 Recognized Obligation Payment Schedule in accordance with the
37 requirements of this paragraph. For each recognized obligation,
38 the Recognized Obligation Payment Schedule shall identify one
39 or more of the following sources of payment:

40 (A) Low and Moderate Income Housing Fund.

1 (B) Bond proceeds.

2 (C) Reserve balances.

3 (D) Administrative cost allowance.

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

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

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

14 (A) A draft Recognized Obligation Payment Schedule is
15 prepared by the successor agency for the enforceable obligations
16 of the former redevelopment agency by March 1, 2012. From
17 October 1, 2011, to July 1, 2012, the initial draft of that schedule
18 shall project the dates and amounts of scheduled payments for
19 each enforceable obligation for the remainder of the time period
20 during which the redevelopment agency would have been
21 authorized to obligate property tax increment had such a
22 redevelopment agency not been dissolved, and shall be reviewed
23 and certified, as to its accuracy, by an external auditor designated
24 pursuant to Section 34182.

25 (B) The certified Recognized Obligation Payment Schedule is
26 submitted to and duly approved by the oversight board.

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

31 (3) The Recognized Obligation Payment Schedule shall be
32 forward looking to the next six months. The first Recognized
33 Obligation Payment Schedule shall be submitted to the Controller's
34 office and the Department of Finance by April 15, 2012, for the
35 period of January 1, 2012, to June 30, 2012, inclusive. Former
36 redevelopment agency enforceable obligation payments due, and
37 reasonable or necessary administrative costs due or incurred, prior
38 to January 1, 2012, shall be made from property tax revenues
39 received in the spring of 2011 property tax distribution, and from
40 other revenues and balances transferred to the successor agency.

1 SEC. 3. Section 34177.1 is added to the Health and Safety
2 Code, to read:

3 34177.1. (a) The successor agency shall prepare a long range
4 asset management plan that outlines a strategy for maximizing the
5 long-term value of the real property and assets of the former
6 redevelopment agency for ongoing economic development and
7 housing functions.

8 (b) The plan shall do all of the following:

9 (1) Address the use or disposition of all of the assets of the
10 former redevelopment agency identified by the county
11 auditor-controller in the audit conducted pursuant to subdivision
12 (a) of Section 34182.

13 (2) Include an inventory of all assets identified by the
14 auditor-controller consisting of an estimate of the market value of
15 the asset and a description of the highest and best use of the asset
16 for the community. Permissible uses include the retention of the
17 asset for governmental use pursuant to subdivision (a) of Section
18 34181, the sale of the asset, and the retention of the asset in a
19 governmental trust for the purpose of maximizing the value of the
20 asset for ongoing economic development activity.

21 (c) The successor agency shall submit the plan to the department
22 and the oversight board by December 1, 2012. The plan shall be
23 approved by both the oversight board and the department by
24 December 31, 2012. The department, in consultation with the
25 oversight board, may object to and modify any provision of the
26 plan.