

Date of Hearing: April 29, 2015

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Ed Chau, Chair

AB 806 (Dodd) – As Amended April 6, 2015

**SUBJECT:** Redevelopment: successor agencies to redevelopment agencies

**SUMMARY:** Makes various changes to provisions of law governing former redevelopment agencies (RDAs). Specifically, **this bill:**

- 1) Allows an agreement entered into by an RDA prior to June 30, 2011, to be an enforceable obligation, if the agreement relates to state highway infrastructure improvements to which the RDA committed funds pursuant to provisions in the Community Redevelopment Law (CRL) related to property disposition, rehabilitation, and development.
- 2) Allows, for oversight boards, each appointing authority identified in existing law to appoint alternate representatives to serve on the oversight board as may be necessary to attend any meeting of the oversight board in the event that the appointing authority's primary representative is unable to attend any meeting for any reason.
- 3) Provides, if the alternate representative attends any meeting in place of the primary representative, that the alternative representative shall have the same participatory and voting rights as all other attending members of the oversight board.
- 4) Requires the successor agency to promptly notify the Department of Finance (DOF) regarding the appointment of any alternate representative to the oversight board.
- 5) Allows, if the successor agency has received a finding of completion, with the approval of the successor agency's oversight board, the successor agency to amend or modify existing contracts and agreements, or otherwise administer projects in connection with enforceable obligations approved pursuant to existing law related to the Recognized Obligation Payment Schedule (ROPS) approval process, including the substitution of private developer capital in a disposition and development agreement that has been deemed an enforceable obligation, if the contract, agreement, or project will not commit new property tax funds, and will not otherwise directly or indirectly reduce property tax revenues or payments made to the taxing agencies, as specified.
- 6) Allows DOF or an oversight board to require approval of a compensation agreement or agreements, as specified, prior to any transfer of property, provided, however, that a compensation agreement or agreements may be developed and executed subsequent to the approval process of a long-range property management plan.
- 7) Specifies that DOF shall only consider whether the long-range property management plan makes a good faith effort to address the requirements set forth in the existing law that specifies what the long-range property management plan shall do.
- 8) Requires DOF to approve long-range property management plans as expeditiously as possible.

- 9) Provides that actions relating to the disposition of property after approval of a long-range property management plan shall not require review by DOF.

**EXISTING LAW:**

- 1) Dissolves RDAs and institutes a process for winding down their activities.
- 2) Allows a city or county that authorized the creation of an RDA to elect to retain the housing assets and functions previously performed by the RDA.
- 3) Required the entity assuming the housing functions of the former RDA to submit to DOF by August 1, 2012, a list of all housing assets, as specified.
- 4) Allows the entity that assumed the housing functions to designate the use of and commit indebtedness obligation proceeds that remain after the satisfaction of enforceable obligations that have been approved in a ROPS and that are consistent with the indebtedness obligation covenants.
- 5) Requires the proceeds to be derived from indebtedness obligations that were issued for the purposes of affordable housing prior to January 1, 2011, and were backed by the Low- and Moderate-Income Housing Fund.
- 6) Requires DOF to issue a finding of completion to the successor agency, within five business days, once the following conditions have been met and verified:
  - a) The successor agency has paid the full amount as determined during the due diligence reviews and the county auditor-controller has reported those payments to DOF; and,
  - b) The successor agency has paid the full amount as determined during the July True-up process; or,
  - c) The successor agency has paid the full amount upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the county auditor-controller.
- 7) Allows the successor agency, upon receiving the finding of completion, to:
  - a) Retain dissolved RDA assets;
  - b) Place loan agreements between the former RDA and sponsoring entity on the ROPS, as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes; and,
  - c) Utilize proceeds derived from bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants.
- 8) Requires, after DOF issues a finding of completion, the successor agency to prepare a long-range property management plan that addresses the disposition and use of the real properties of the former RDA, and requires the report to be submitted to the oversight board and DOF

for approval no later than six months following the issuance to the successor agency of the finding of completion.

**FISCAL EFFECT:** Unknown.

**COMMENTS:**

Background: In 2011, facing a severe budget shortfall, the Governor proposed eliminating RDAs in order to deliver more property taxes to other local agencies. Statewide, redevelopment redirected 12% of property taxes away from schools and other local taxing entities and into community development and affordable housing. Ultimately, the Legislature approved and the Governor signed two measures, ABX1 26 (Blumenfield), Chapter 5 and ABX1 27 (Blumenfield), Chapter 6 that together dissolved RDAs as they existed at the time and created a voluntary redevelopment program on a smaller scale. In response the California Redevelopment Association (CRA) and the League of California Cities, along with other parties, filed suit challenging the two measures. The Supreme Court denied the petition for peremptory writ of mandate with respect to ABX1 26. However, the Court did grant CRA's petition with respect to ABX1 27. As a result, all RDAs were required to dissolve as of February 1, 2012.

This bill makes a number of changes to provisions of law governing former RDAs.

Purpose of this bill: According to the author, "Each year since the dissolution of local RDAs, the Legislature identifies relatively minor issues that require some adjustment in the dissolution statute that allows the dissolution process and its aftermath to work better, but do not change the policies established when the Legislature eliminated RDAs in the first place.

"Cleanup issues have been identified in the following areas: 1) Agreements constituting an enforceable obligation for highway infrastructure projects; 2) appointments to local dissolution oversight boards; 3) minor modifications or amendments to existing agreements or contracts in connection with enforceable obligations; and, 4) approval of long-range property management plans.

"AB 806 specifies that an enforceable obligation shall include a highway infrastructure project if a former RDA entered into an agreement for that project before a specified date. This provision resolves a dispute between the state and certain local jurisdictions.

"This bill allows existing oversight board members to appoint alternates to the board, and allows those alternates to participate in the same manner as the primary appointee. This provision will help oversight boards to avoid unnecessary delays in their activities.

"AB 806 also permits amendments and changes to existing agreements and contracts after a finding of completion has been issued provided that such changes and amendments do not commit the expenditure of additional property tax revenues or reduce the distribution of such revenues to the taxing entities. This provision will permit change orders to projects currently underway without impacting the availability and distribution of property tax revenue to taxing jurisdictions.

"Finally, the bill will allow DOF to approve long-range property management plans without the consummation of compensation agreements provided that the plan addresses specified requirements relative to compiling data about the property and estimating its value. This provision will allow successor agencies to move forward with the disposition of property assets that have otherwise been held in limbo to the detriment of the taxing entities."

Related Legislation:

SB 1129 (Steinberg) of 2014: Although similar to this bill, SB 1129 was much broader in scope and contained several other sections that are not in this bill. SB 1129 was vetoed by Governor Brown.

Double-referred: This bill was double-referred to the Committee on Local Government, where it passed 9-0 on April 15, 2015.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

California Infill Builders Federation  
County of Santa Clara Board of Supervisors

**Opposition**

None on file

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