

Date of Hearing: April 29, 2015

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Ed Chau, Chair

AB 204 (O'Donnell) – As Amended April 9, 2015

SUBJECT: Redevelopment: County of Los Angeles

SUMMARY: Requires oversight boards in the County of Los Angeles to continue to operate despite the July 1, 2016, date in existing law that allows only one countywide oversight board in each county to wind down redevelopment activities. Specifically, **this bill:**

- 1) Requires an oversight board within the County of Los Angeles to continue to independently operate beyond the July 1, 2016 date in existing law until its successor agency adopts a resolution dissolving its oversight board, after which time the successor agency shall be overseen by the single oversight board established in current law.
- 2) Declares the intent of the Legislature to continue all oversight boards in the County of Los Angeles in existence until the respective successor agency requests dissolution of its oversight board and transfers fiduciary duties to the countywide oversight board.
- 3) Finds and declares that a special law is necessary and that a general law cannot be made applicable because of the unique circumstances of the County of Los Angeles.
- 4) Makes other findings and declarations.

EXISTING LAW:

- 1) Dissolves redevelopment agencies (RDAs) and institutes a process for winding down their activities.
- 2) Defines "enforceable obligations."
- 3) Requires successor agencies make payments due to enforceable obligations, as specified.
- 4) Requires successor agencies to prepare a Recognized Obligation Payments Schedule (ROPS), before each six-month fiscal period, in accordance with specified requirements.
- 5) Requires each successor agency to have an oversight board of seven members to approve certain actions of the successor agency, and requires the selection of members as follows:
 - a) One member appointed by the county board of supervisors;
 - b) One member appointed by the mayor for the city that formed the redevelopment agency;
 - c) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues, as specified;

- d) One member appointed by the county superintendent of education to represent schools, if the superintendent is elected. If the county superintendent of education is appointed, then the appointment shall be made by the county board of education;
 - e) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county;
 - f) One member of the public appointed by the county board of supervisors; and,
 - g) One member representing the employees of the former RDA appointed by the mayor or chair of the board of supervisors, from the recognized employee organization representing the largest number of former RDA employees employed by the successor agency at the time, as specified.
- 6) Requires the Department of Finance (DOF) to review the actions of an oversight board.
- 7) Requires, commencing on or after July 1, 2016, in each county where more than one oversight board was created, there to be only one oversight board appointed as follows:
- a) One member may be appointed by the county board of supervisors;
 - b) One member may be appointed by the city selection committee, as provided. In a city and county, the mayor may appoint one member;
 - c) One member may be appointed by the independent special district selection committee, as provided;
 - d) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment shall be made by the county board of education;
 - e) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the county;
 - f) One member of the public may be appointed by the county board of supervisors; and,
 - g) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.

FISCAL EFFECT: Unknown.

COMMENTS:

Background: In 2011, the Legislature approved and the Governor signed two measures, ABX1 26 and ABX1 27 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), 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.

To help facilitate the unwinding process, successor agencies were established at the local level to manage redevelopment projects that were underway, to make payments on enforceable obligations and to dispose of redevelopment assets and properties. Each successor agency has an oversight board that supervises its work, comprised of representatives of the local agencies that serve the project area – the city, county, special districts and educational agencies. Oversight board members have a fiduciary responsibility to holders of enforceable obligations, as well as the local agencies that would benefit from property tax distributions from the former project area.

Existing law provides that in a county where only one oversight board was created, there will be no change to the composition of that oversight board, commencing on or after July 1, 2016. In each county where more than one oversight board was created, existing law requires that on or after July 1, 2016, those oversight boards are dissolved and there will be only one oversight board that continues to exist in that county.

Limited application to Los Angeles County: This bill requires the 71 oversight boards within Los Angeles County to continue to independently operate beyond July 1, 2016. The bill specifies to dissolve one of those 71 oversight boards, a successor agency must adopt a resolution dissolving the oversight board at which time, the successor agency and the wind down of any redevelopment dissolution activities, will be overseen by the single countywide oversight board.

Purpose of this bill: According to the author, "A single oversight board would not expeditiously dispose of properties given the number of property covered by a single Long Range Property Management Plan. Additionally, a single county oversight board will not have nearly the same level of institutional knowledge of each Successor Agency's operations as individual local boards. The oversight boards need their individual institutional knowledge to ensure financial transactions and tax distributions occur smoothly and without delay. Because a large number of enforceable obligations remain in Los Angeles County, funneling the workload of 71 oversight boards into a single entity will cause substantial gridlock in the redevelopment dissolution process. Twenty-seven Successor Agencies in Los Angeles County have not yet received DOF-approved Long Range Property Management Plans. Of these 27, eight successor agencies are still lacking a Finding of Completion."

Double referred: This bill was doubled referred to the Assembly Local Government Committee, where it passed 9-0 on April 8, 2015.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Long Beach (Sponsor)
AFSCME, AFL-CIO
AFSCME, District Council 36
City of Bell Gardens
City of Cerritos

City of Downey
City of Lakewood
City of Los Angeles
City of Montebello
City of Paramount
City of Santa Monica
City of Signal Hill
City of Torrance
City of Whittier
Los Angeles County Board of Supervisors
Los Angeles County Division of the League of California Cities

Opposition

None on file

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