

SECTION 1. Section 34170.1 of the Health and Safety Code is added to read:

34170.1. Any action by the Department carrying out the Department's obligations under this Part and Part 1.8 (commencing with Section 34161) constitutes a Department action for the preparation, development, or administration of the state budget pursuant to Government Code section 11357, and is exempt from Chapter 3.5, of Part 1, of Division 3, of Title 2 of the Government Code. This section applies retroactively to any action by the Department described in this section that occurred on or after June 28, 2011.

SECTION 2. Section 34171 of the Health and Safety Code is amended to read:

34171. The following terms shall have the following meanings:

(a) "Administrative budget" means the budget for administrative costs of the successor agencies as provided in Section 34177.

(b) (1) "Administrative cost allowance" means the maximum amount of administrative costs that may be paid by a successor agency from the Redevelopment Property Tax Trust Fund in a fiscal year. ~~an amount that, subject to the approval of the oversight board, is payable from property tax revenues of up to~~

(2) The administrative cost allowance shall be 5 percent of the property tax allocated to the successor agency on the Recognized Obligation Payment Schedule covering the period January 1, 2012, through June 30, 2012., and The administrative cost allowance shall be up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund money that is allocated to the successor agency for each fiscal year thereafter ending on June 30, 2016. ; provided, h ~~However, the administrative cost allowance that the amount shall not be less than two hundred fifty thousand dollars (\$250,000) in any fiscal year, unless this amount is reduced by the oversight board reduces this amount, for any fiscal year or such lesser amount as agreed to or by agreement with the successor agency.~~

(3) Commencing July 1, 2016, and for each fiscal year thereafter, the administrative cost allowance shall be up to 3 percent of the actual property tax distributed to the successor agency by the county auditor-controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan repayments made to the city, county, city or county that created the redevelopment agency that it succeeded pursuant to subdivision (b) of Section 34191.4 during the preceding fiscal year. However, the administrative cost allowance shall not be less than two hundred fifty thousand dollars (\$250,000) in any fiscal year, unless this amount is reduced by the oversight board or by agreement between the successor agency and the department.

(4) Notwithstanding paragraph (3) of this subdivision, commencing July 1, 2016, a successor agency's annual administrative costs shall not exceed fifty percent (50%) of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations in the preceding fiscal year. This limitation applies to administrative costs whether paid within the administrative cost allowance or not, but does not apply to administrative costs paid from bond proceeds or grant funds. However, the allowance amount shall exclude, and shall not apply to, any administrative costs that can be paid from bond proceeds or from sources other than property tax.

(5) The administrative cost allowance must be approved by the oversight board and shall be the sole funding source for any legal expenses related to civil actions, including writ proceedings, contesting the validity of Part 1.8 or Part 1.85 (commencing with Section 34170) or challenging acts taken pursuant to these parts. Administrative cost allowance shall exclude any litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition. Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs and shall not constitute administrative costs.

(c) "Designated local authority" shall mean a public entity formed pursuant to subdivision (d) of Section 34173.

(d) (1) "Enforceable obligation" means any of the following:

(A) Bonds, as defined by Section 33602 and bonds issued pursuant to Chapter 10.5 (commencing with Section 5850) of Division 6 of Title 1 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency. A reserve may be held when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

(B) Loans of moneys borrowed by the redevelopment agency for a lawful purpose, to the extent they are legally required to be repaid pursuant to a required repayment schedule or other mandatory loan terms.

(C) Payments required by the federal government, preexisting obligations to the state or obligations imposed by state law, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183, or legally enforceable payments required in connection with the agencies' employees, including, but not limited to, pension payments, pension obligation debt service, unemployment payments, or other obligations conferred through a collective bargaining agreement. Costs incurred to fulfill collective bargaining agreements for layoffs or terminations of city employees who performed work directly on behalf of the former redevelopment agency shall be considered enforceable obligations payable from property tax funds. The obligations to employees specified in this subparagraph shall remain enforceable obligations payable from property tax funds for any employee to whom those obligations apply if that employee is transferred to the entity assuming the housing functions of the former redevelopment agency pursuant to Section 34176. The successor agency or designated local authority shall enter into an agreement with the housing entity to reimburse it for any costs of the employee obligations.

(D) Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency, other than passthrough payments that are made by the county auditor-controller pursuant to Section 34183. Along with the successor agency, the oversight board shall have the authority and standing to appeal any judgment or to set aside any settlement or arbitration decision.

(E) Any legally binding and enforceable agreement or contract that is not otherwise void as violating the debt limit or public policy. However, nothing in this act shall prohibit either the successor agency, with the approval or at the direction of the oversight board, or the oversight

board itself from terminating any existing agreements or contracts and providing any necessary and required compensation or remediation for such termination. Titles of or headings used on or in a document shall not be relevant in determining the existence of an enforceable obligation.

(F) Contracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and the costs of maintaining assets prior to disposition, and agreements to purchase or rent office space, equipment and supplies, and pay-related expenses pursuant to Section 33127 and for carrying insurance pursuant to Section 33134. Any legal expenses related to civil actions, including writ proceedings, contesting the validity of Part 1.8 or Part 1.85 (commencing with Section 34170) or challenging acts taken pursuant to these parts shall only be payable out of the administrative cost allowance.

(G) Amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency, which had been deferred as of the effective date of the act adding this part; provided, however, that the repayment schedule is approved by the oversight board. Repayments shall be transferred to the Low and Moderate Income Housing Asset Fund established pursuant to subdivision (d) of Section 34176 as a housing asset and shall be used in a manner consistent with the affordable housing requirements of the Community Redevelopment Law (Part 1 (commencing with Section 33000)). Enforceable obligations pursuant to this subparagraph include only amounts borrowed from, or payments owing to, the Low and Moderate Income Housing Fund of a redevelopment agency pursuant to subdivision (k) of Section 33334.2, or pursuant to subdivision (g) of Section 33334.6, which had been deferred as of the effective date of the act adding this part and were approved by the department pursuant to paragraph (2) of subdivision (a) of section 34176. This definition applies retroactively to all enforceable obligations recognized under this subparagraph on or after June 28, 2011.

(2) For purposes of this part, “enforceable obligation” does not include any agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency. However, written agreements entered into (A) at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Additionally, written agreements entered into (A) at the time of issuance, but in no event later than February 28, 2011, of indebtedness obligations for the refunding or refinancing of indebtedness obligations that existed prior to January 1, 2011, and (B) solely for the purpose of securing or repaying those indebtedness obligations may be deemed enforceable obligations for purposes of this part. Notwithstanding this paragraph, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created it, within two years of the date of creation of the redevelopment agency, may be deemed to be enforceable obligations.

(3) Contracts or agreements between the former redevelopment agency and other public agencies, to perform services or provide funding for governmental or private services or capital projects outside of redevelopment project areas that do not provide benefit to the redevelopment project and thus were not properly authorized under Part 1 (commencing with Section 33000) shall be deemed void on the effective date of this part; provided, however, that such contracts or agreements for the provision of housing properly authorized under Part 1 (commencing with Section 33000) shall not be deemed void.

(e) "Indebtedness obligations" means bonds, notes, certificates of participation, or other evidence of indebtedness, issued or delivered by the redevelopment agency, or by a joint exercise of powers authority created by the redevelopment agency, to third-party investors or bondholders to finance or refinance redevelopment projects undertaken by the redevelopment agency in compliance with the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

(f) "Oversight board" shall mean each entity established pursuant to Section 34179.

(g) "Recognized obligation" means an obligation listed in the Recognized Obligation Payment Schedule.

(h) "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period until June 30, 2016, as provided in subdivision (m) of Section 34177. Effective July 1, 2016, "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177.

(i) "School entity" means any entity defined as such in subdivision (f) of Section 95 of the Revenue and Taxation Code.

(j) "Successor agency" means the successor entity to the former redevelopment agency as described in Section 34173.

(k) "Taxing entities" means cities, counties, a city and county, special districts, and school entities, as defined in subdivision (f) of Section 95 of the Revenue and Taxation Code, that receive passthrough payments and distributions of property taxes pursuant to the provisions of this part.

(l) "Property taxes" include all property tax revenues, including those from unitary and supplemental and roll corrections applicable to tax increment.

(m) "Department" means the Department of Finance unless the context clearly refers to another state agency.

(n) "Sponsoring entity" means the city, county, or city and county, or other entity that authorized the creation of each redevelopment agency.

(o) "Final judicial determination" means a final judicial determination made by any state court that is not appealed, or by a court of appellate jurisdiction that is not further appealed, in an action by any party.

(p) From July 1, 2014, to July 1, 2018, inclusive, "housing entity administrative cost allowance" means an amount of up to 1 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund on behalf of the successor agency for each applicable fiscal year, but not less than one hundred fifty thousand dollars (\$150,000) per fiscal year.

(1) If a local housing authority assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176, then the housing

entity administrative cost allowance shall be listed by the successor agency on the Recognized Obligation Payment Schedule. Upon approval of the Recognized Obligation Payment Schedule by the oversight board and the department, the housing entity administrative cost allowance shall be remitted by the successor agency on each January 2 and July 1 to the local housing authority that assumed the housing functions of the former redevelopment agency pursuant to paragraph (2) or (3) of subdivision (b) of Section 34176.

(2) If there are insufficient moneys in the Redevelopment Obligations Retirement Fund in a given fiscal year to make the payment authorized by this subdivision, the unfunded amount may be listed on each subsequent Recognized Obligation Payment Schedule until it has been paid in full. In these cases the five-year time limit on the payments shall not apply.

SECTION 3. Section 34173 of the Health and Safety Code is amended to read:

34173. (a) Successor agencies, as defined in this part, are hereby designated as successor entities to the former redevelopment agencies.

(b) Except for those provisions of the Community Redevelopment Law that are repealed, restricted, or revised pursuant to the act adding this part, all authority, rights, powers, duties, and obligations previously vested with the former redevelopment agencies, under the Community Redevelopment Law, are hereby vested in the successor agencies.

(c) (1) If the redevelopment agency was in the form of a joint powers authority, and if the joint powers agreement governing the formation of the joint powers authority addresses the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part and each shall have a share of assets and liabilities based on the provisions of the joint powers agreement.

(2) If the redevelopment agency was in the form of a joint powers authority, and if the joint powers agreement governing the formation of the joint powers authority does not address the allocation of assets and liabilities upon dissolution of the joint powers authority, then each of the entities that created the former redevelopment agency may be a successor agency within the meaning of this part, a proportionate share of the assets and liabilities shall be based on the assessed value in the project areas within each entity's jurisdiction, as determined by the county assessor, in its jurisdiction as compared to the assessed value of land within the boundaries of the project areas of the former redevelopment agency.

(d) (1) A city, county, city and county, or the entities forming the joint powers authority that authorized the creation of each redevelopment agency may elect not to serve as a successor agency under this part. A city, county, city and county, or any member of a joint powers authority that elects not to serve as a successor agency under this part must file a copy of a duly authorized resolution of its governing board to that effect with the county auditor-controller no later than January 13, 2012.

(2) The determination of the first local agency that elects to become the successor agency shall be made by the county auditor-controller based on the earliest receipt by the county auditor-controller of a copy of a duly adopted resolution of the local agency's governing board authorizing such an election. As used in this section, "local agency" means any city, county, city and county, or special district in the county of the former redevelopment agency.

(3) (A) If no local agency elects to serve as a successor agency for a dissolved redevelopment agency, a public body, referred to herein as a “designated local authority” shall be immediately formed, pursuant to this part, in the county and shall be vested with all the powers and duties of a successor agency as described in this part. The Governor shall appoint three residents of the county to serve as the governing board of the authority. The designated local authority shall serve as successor agency until a local agency elects to become the successor agency in accordance with this section.

(B) Designated local authority members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

(4) A city, county, or city and county, or the entities forming the joint powers authority that authorized the creation of a redevelopment agency and that elected not to serve as the successor agency under this part, may subsequently reverse this decision and agree to serve as the successor agency pursuant to this section. Any reversal of this decision shall not become effective for 60 days after notice has been given to the current successor agency and the oversight board and shall not invalidate any action of the successor agency or oversight board taken prior to the effective date of the transfer of responsibility.

(e) The liability of any successor agency, acting pursuant to the powers granted under the act adding this part, shall be limited to the extent of the total sum of property tax revenues it receives pursuant to this part and the value of assets transferred to it as a successor agency for a dissolved redevelopment agency.

(f) Any existing cleanup plans and liability limits authorized under the Polanco Redevelopment Act (Article 12.5 (commencing with Section 33459) of Chapter 4 of Part 1) shall be transferred to the successor agency and may be transferred to the successor housing entity at that entity’s request.

(g) A successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge. The liabilities of the former redevelopment agency shall not be transferred to the sponsoring entity and the assets shall not become assets of the sponsoring entity. A successor agency has its own name, can be sued, and can sue. All litigation involving a redevelopment agency shall automatically be transferred to the successor agency. The separate former redevelopment agency employees shall not automatically become sponsoring entity employees of the sponsoring entity and the successor agency shall retain its own collective bargaining status. As successor entities, successor agencies succeed to the organizational status of the former redevelopment agency, but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. Each successor agency shall be deemed to be a local entity for purposes of the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).

(h) The city, county, or city and county that authorized the creation of a redevelopment agency may loan or grant funds to a successor agency for the payment of administrative costs, or enforceable obligations excluding loans approved under this subdivision or pursuant to Section 34191.4, or project-related expenses at the city’s discretion, and only to the extent that the successor agency receives an insufficient distribution from the Redevelopment Property Tax Trust Fund to pay approved enforceable obligations in the recognized obligation payment schedule period. ~~but~~ The receipt and use of these funds shall be reflected on the Recognized

Obligation Payment Schedule or the administrative budget and therefore are subject to the oversight and approval of the oversight board. An enforceable obligation shall be deemed to be created for the repayment of those loans. The interest payable on any loan created pursuant to this subdivision shall be calculated on a fixed annual simple basis, and applied to the outstanding principal amount until fully paid, and at a rate of interest not to exceed the most recently-published interest rate earned by funds deposited into the Local Agency Investment Fund during the previous fiscal quarter. Repayment of loans created under this subdivision shall be applied first to principal, and second to interest, and shall be subordinate to other approved enforceable obligations. Loans created under this subdivision shall be repaid to the extent property tax revenue allocated to the successor agency is available after fulfilling other enforceable obligations approved in the Recognized Obligation Payment Schedule.

(i) At the request of the city, county, or city and county, notwithstanding Section 33205, all land use related plans and functions of the former redevelopment agency are hereby transferred to the city, county, or city and county that authorized the creation of a redevelopment agency; provided, however, that the city, county, or city and county shall not create a new project area, add territory to, or expand or change the boundaries of a project area, or take any action that would increase the amount of obligated property tax (formerly tax increment) necessary to fulfill any existing enforceable obligation beyond what was authorized as of June 27, 2011.

SECTION 4. Section 34176.1 of the Health and Safety Code is amended to read:

34176.1. Funds in the Low and Moderate Income Housing Asset Fund described in subdivision (d) of Section 34176 shall be subject to the provisions of the Community Redevelopment Law (Part 1 (commencing with Section 33000)) relating to the Low and Moderate Income Housing Fund, except as follows:

(a) Subdivision (d) of Section 33334.3 and subdivision (a) of Section 33334.4 shall not apply. Instead, funds received from the successor agency for items listed on the Recognized Obligation Payment Schedule shall be expended to meet the enforceable obligations, and the housing successor shall expend all other funds in the Low and Moderate Income Housing Asset Fund as follows:

(1) For the purpose of monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and for the purpose of administering the activities described in paragraphs (2) and (3), a housing successor may expend per fiscal year up to an amount equal to 2 percent of the statutory value of real property owned by the housing successor and of loans and grants receivable, including real property and loans and grants transferred to the housing successor pursuant to Section 34176 and real property purchased and loans and grants made by the housing successor. If this amount is less than two hundred thousand dollars (\$200,000) for any given fiscal year, the housing successor may expend up to two hundred thousand dollars (\$200,000) in that fiscal year for these purposes. The Department of Housing and Community Development shall annually publish on its Internet Web site an adjustment to this amount to reflect any change in the Consumer Price Index for All Urban Consumers published by the federal Department of Labor for the preceding calendar year. For purposes of this paragraph, "statutory value of real property" means the value of properties formerly held by the former redevelopment agency as listed on the housing asset transfer form approved by the Department of Finance pursuant to paragraph (2) of subdivision (a) of Section 34176, the value of the properties transferred to the housing successor pursuant to subdivision (f) of Section 34181, and the purchase price of properties purchased by the housing successor.

(2) Notwithstanding Section 33334.2, if the housing successor has fulfilled all obligations pursuant to Sections 33413 and 33418, the housing successor may expend up to two hundred fifty thousand dollars (\$250,000) per fiscal year for homeless prevention and rapid rehousing services for individuals and families who are homeless or would be homeless but for this assistance, including the provision of short-term or medium-term rental assistance, housing relocation and stabilization services including housing search, mediation, or outreach to property owners, credit repair, security or utility deposits, utility payments, rental assistance for a final month at a location, moving cost assistance, and case management, or other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.

(3) (A) The housing successor shall expend all funds remaining in the Low and Moderate Income Housing Asset Fund after the expenditures allowed pursuant to paragraphs (1) and (2) for the development of housing affordable to and occupied by households earning 80 percent or less of the area median income, with at least 30 percent of these remaining funds expended for the development of rental housing affordable to and occupied by households earning 30 percent or less of the area median income and no more than 20 percent of these remaining funds expended for the development of housing affordable to and occupied by households earning between 60 percent and 80 percent of the area median income. A housing successor shall demonstrate in the annual report described in subdivision (f), for 2019, and every five years thereafter, that the housing successor's expenditures from January 1, 2014, through the end of the latest fiscal year covered in the report comply with the requirements of this subparagraph.

(B) If the housing successor fails to comply with the extremely low income requirement in any five-year report, then the housing successor shall ensure that at least 50 percent of these remaining funds expended in each fiscal year following the latest fiscal year following the report are expended for the development of rental housing affordable to, and occupied by, households earning 30 percent or less of the area median income until the housing successor demonstrates compliance with the extremely low income requirement in an annual report described in subdivision (f).

(C) If the housing successor exceeds the expenditure limit for households earning between 60 percent and 80 percent of the area median income in any five-year report, the housing successor shall not expend any of the remaining funds for households earning between 60 percent and 80 percent of the area median income until the housing successor demonstrates compliance with this limit in an annual report described in subdivision (f).

(D) For purposes of this subdivision, "development" means new construction, acquisition and rehabilitation, substantial rehabilitation as defined in Section 33413, the acquisition of long-term affordability covenants on multifamily units as described in Section 33413, or the preservation of an assisted housing development that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years as those terms are defined in Section 65863.10 of the Government Code. Units described in this subparagraph may be counted towards any outstanding obligations pursuant to Section 33413, provided that the units meet the requirements of that section and are counted as provided in that section.

(b) Subdivision (b) of Section 33334.4 shall not apply. Instead, if the aggregate number of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years exceeds 50 percent of the aggregate number of units of deed-restricted rental

housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period, then the housing successor shall not expend these funds to assist additional senior housing units until the housing successor or its host jurisdiction assists, and construction has commenced, a number of units available to all persons, regardless of age, that is equal to 50 percent of the aggregate number of units of deed-restricted rental housing units assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the time period described above.

(c) (1) Program income a housing successor receives shall not be associated with a project area and, notwithstanding subdivision (g) of Section 33334.2, may be expended anywhere within the jurisdiction of the housing successor or transferred pursuant to paragraph (2) without a finding of benefit to a project area. For purposes of this paragraph, "program income" means the sources described in paragraphs (3), (4), and (5) of subdivision (e) of Section 34176 and interest earned on deposits in the account.

(2) Two or more housing successors within a county, within a single metropolitan statistical area, within 15 miles of each other, or that are in contiguous jurisdictions may enter into an agreement to transfer funds among their respective Low and Moderate Income Housing Asset Funds for the sole purpose of developing transit priority projects as defined in subdivisions (a) and (b) of Section 21155 of the Public Resources Code, permanent supportive housing as defined in paragraph (2) of subdivision (b) of Section 50675.14, housing for agricultural employees as defined in subdivision (g) of Section 50517.5, or special needs housing as defined in federal or state law or regulation if all of the following conditions are met:

(A) Each participating housing successor has made a finding based on substantial evidence, after a public hearing, that the agreement to transfer funds will not cause or exacerbate racial, ethnic, or economic segregation.

(B) The development to be funded shall not be located in a census tract where more than 50 percent of its population is very low income, unless the development is within one-half mile of a major transit stop or high-quality transit corridor as defined in paragraph (3) of subdivision (b) of Section 21155 of the Public Resources Code.

(C) The completed development shall not result in a reduction in the number of housing units or a reduction in the affordability of housing units on the site where the development is to be built.

(D) A transferring housing successor shall not have any outstanding obligations pursuant to Section 33413.

(E) No housing successor may transfer more than one million dollars (\$1,000,000) per fiscal year.

(F) The jurisdictions of the transferring and receiving housing successors each have an adopted housing element that the Department of Housing and Community Development has found pursuant to Section 65585 of the Government Code to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code and have submitted to the Department of Housing and Community Development the annual progress report required by Section 65400 of the Government Code within the preceding 12 months.

(G) Transferred funds shall only assist rental units affordable to, and occupied by, households earning 60 percent or less of the area median income.

(H) Transferred funds not encumbered within two years shall be transferred to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

(d) Sections 33334.10 and 33334.12 shall not apply. Instead, if a housing successor has an excess surplus, the housing successor shall encumber the excess surplus for the purposes described in paragraph (3) of subdivision (a) or transfer the funds pursuant to paragraph (2) of subdivision (c) within three fiscal years. If the housing successor fails to comply with this subdivision, the housing successor, within 90 days of the end of the third fiscal year, shall transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program. For purposes of this subdivision, "excess surplus" shall mean an unencumbered amount in the account that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the account during the housing successor's preceding four fiscal years, whichever is greater.

(e) Section 33334.16 shall not apply to interests in real property acquired on or after February 1, 2012. With respect to interests in real property acquired by the former redevelopment agency prior to February 1, 2012, the time periods described in Section 33334.16 shall be deemed to have commenced on the date that the Department of Finance approved the property as a housing asset.

(f) Section 33080.1 of this code and Section 12463.3 of the Government Code shall not apply. Instead, the housing successor shall conduct, and shall provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. If the housing successor is a city or county, it shall also include in its report pursuant to Section 65400 of the Government Code and post on its Internet Web site all of the following information for the previous fiscal year. If the housing successor is not a city or county, it shall also provide to its governing body and post on its Internet Web site all of the following information for the previous fiscal year:

(1) The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.

(1)(2) The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing any between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4, amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and from other amounts deposited.

(2)(3) A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.

(3)(4) A description of expenditures from the fund by category, including, but not limited to, expenditures (A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of

subdivision (a), (B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and (C) for the development of housing pursuant to paragraph (3) of subdivision (a).

~~(4)~~(5) As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.

~~(5)~~(6) A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.

~~(6)~~(7) A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project.

~~(7)~~(8) For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.

~~(8)~~(9) A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.

~~(9)~~(10) The information required by subparagraph (B) of paragraph (3) of subdivision (a).

~~(10)~~(11) The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.

~~(11)~~(12) The amount of any excess surplus, the amount of time that the successor agency has had excess surplus, and the housing successor's plan for eliminating the excess surplus.

SECTION 5. Section 34177 of the Health and Safety Code is amended to read:

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

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

(1) On and after February 1, 2012, and until a Recognized Obligation Payment Schedule becomes operative, only payments required pursuant to an enforceable obligations payment schedule shall be made. The initial enforceable obligation payment schedule shall be the last schedule adopted by the redevelopment agency under Section 34169. However, payments associated with obligations excluded from the definition of enforceable obligations by paragraph (2) of subdivision (d) of Section 34171 shall be excluded from the enforceable obligations payment schedule and be removed from the last schedule adopted by the

redevelopment agency under Section 34169 prior to the successor agency adopting it as its enforceable obligations payment schedule pursuant to this subdivision. The enforceable obligation payment schedule may be amended by the successor agency at any public meeting and shall be subject to the approval of the oversight board as soon as the board has sufficient members to form a quorum. In recognition of the fact that the timing of the California Supreme Court's ruling in the case California Redevelopment Association v. Matosantos (2011) 53 Cal.4th 231 delayed the preparation by successor agencies and the approval by oversight boards of the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule, a successor agency may amend the Enforceable Obligation Payment Schedule to authorize the continued payment of enforceable obligations until the time that the January 1, 2012, through June 30, 2012, Recognized Obligation Payment Schedule has been approved by the oversight board and by the Department of Finance. The successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the Department of Finance and the auditor-controller.

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

(3) Commencing on the date the Recognized Obligation Payment Schedule is valid pursuant to subdivision (l), only those payments listed in the Recognized Obligation Payment Schedule may be made by the successor agency from the funds specified in the Recognized Obligation Payment Schedule. In addition, after it becomes valid, the Recognized Obligation Payment Schedule shall supersede the Statement of Indebtedness, which shall no longer be prepared nor have any effect under the Community Redevelopment Law (Part 1 (commencing with Section 33000)).

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

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

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

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

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

(e) Dispose of assets and properties of the former redevelopment agency as directed by the oversight board; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets pursuant to subdivision (a) of Section 34181. The disposal is to be done expeditiously and in a manner aimed at maximizing value. Proceeds from asset sales and related funds that are no longer needed for approved development projects or to otherwise wind down the affairs of the agency, each as determined by the oversight board, shall be transferred to the county auditor-controller for distribution as property tax proceeds under Section 34188. The requirements of this subdivision shall not apply to a successor agency that has been issued a finding of completion by the Department of Finance pursuant to Section 34179.7.

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

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

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

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

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

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

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

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

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

(l) (1) Before each ~~six-month~~ fiscal period set forth in subdivisions (m) or (o), as applicable, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:

(A) Low and Moderate Income Housing Fund.

(B) Bond proceeds.

(C) Reserve balances.

(D) Administrative cost allowance.

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

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

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

(A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. The initial schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had the a redevelopment agency not been dissolved.

(B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.

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

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months or one year pursuant to subdivision (m) or (o), as applicable. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of January 1, 2012, to June 30, 2012, inclusive. This Recognized Obligation Payment Schedule shall include all payments made by the former redevelopment agency between January 1, 2012, through January 31, 2012, and shall include all payments proposed to be made by the successor agency from February 1, 2012, through June 30, 2012. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency.

(m) The Recognized Obligation Payment Schedule for the period of January 1, 2013, to June 30, 2013, shall be submitted by the successor agency, after approval by the oversight board, no later than September 1, 2012. Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2013, through December 31, 2013, successor agencies shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department of Finance and to the county auditor-controller no fewer than 90 days before the date of property tax distribution. The Department of Finance shall make its determination of the

enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items, except for those items which are the subject of litigation disputing the Department's previous or related determination. The meet and confer period may vary; an untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controllers as to the outcome of its review at least 15 days before the date of property tax distribution.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department of Finance electronically, and the successor agency shall complete the Recognized Obligation Payment Schedule in the manner provided for by the department. A successor agency shall be in noncompliance with this paragraph if it only submits to the department an electronic message or a letter stating that the oversight board has approved a Recognized Obligation Payment Schedule.

(2) If a successor agency does not submit a Recognized Obligation Payment Schedule by the deadlines provided in this subdivision, the city, county, or city and county that created the redevelopment agency, if it is acting as the successor agency, shall be subject to a civil penalty equal to ten thousand dollars (\$10,000) per day for every day the schedule is not submitted to the department. The civil penalty shall be paid to the county auditor-controller for allocation to the taxing entities under Section 34183. If a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or the Department of Finance or any affected taxing entity shall have standing to and may request a writ of mandate to require the successor agency to immediately perform this duty. Those actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Additionally, if an agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the maximum administrative cost allowance for that period shall be reduced by 25 percent.

(3) If a successor agency fails to submit to the department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers shall lack the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 unless required by a court order.

(4) (A) The Recognized Obligation Payment Schedule payments required pursuant to this subdivision may be scheduled beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle.

(B) When a payment is shown to be due during the Recognized Obligation Payment Schedule period, but an invoice or other billing document has not yet been received, the successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the department and the auditor-controller.

(C) A Recognized Obligation Payment Schedule may also include appropriation of moneys from bonds subject to passage during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(5) As of January 1, 2016, subdivision (m) of Section 34177 is superseded by subdivision (o) of Section 34177.

(n) Cause a postaudit of the financial transactions and records of the successor agency to be made at least annually by a certified public accountant.

(o) Commencing with the Recognized Obligation Payment Schedule covering the period July 1, 2016, through June 30, 2017, and each July 1 through June 30 thereafter, a successor agency shall submit an oversight board-approved Recognized Obligation Payment Schedule to the Department and to the county auditor-controller no later than February 1, 2016, and each February 1 thereafter. The Department shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15, 2016, and each April 15 thereafter. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items, except for those items which are the subject of litigation disputing the Department's previous or related determination. An untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controller as to the outcome of its review at least 15 days before the date of the first property tax distribution for that period.

(1) The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the Department in the manner provided for by the Department.

(2) If a successor agency does not submit a Recognized Obligation Payment Schedule by the deadlines provided in this subdivision, the city, county, or city and county that created the redevelopment agency, if it is acting as the successor agency, shall be subject to a civil penalty equal to ten thousand dollars (\$10,000) per day for every day the schedule is not submitted to the department. The civil penalty shall be paid to the county auditor-controller for allocation to the taxing entities under Section 34183. If a successor agency fails to submit a Recognized Obligation Payment Schedule by the deadline, any creditor of the successor agency or the Department or any affected taxing entity shall have standing to and may request a writ of mandate to require the successor agency to immediately perform this duty. Those actions may be filed only in the County of Sacramento and shall have priority over other civil matters. Additionally, if an agency does not submit a Recognized Obligation Payment Schedule within 10 days of the deadline, the maximum administrative cost for that period shall be reduced by 25 percent.

(3) If a successor agency fails to submit to the Department an oversight board-approved Recognized Obligation Payment Schedule that complies with all requirements of this subdivision

within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the department may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller shall distribute the portion of any of the sums withheld pursuant to this paragraph to the affected taxing entities in accordance with paragraph (4) of subdivision (a) of Section 34183 upon notice by the department that a portion of the withheld balances are in excess of the amount of enforceable obligations. The county auditor-controller shall distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule approved by the department. County auditor-controllers shall lack the authority to withhold any other amounts from the allocations provided for under Section 34183 or 34188 unless required by a court order.

(4) (A) The Recognized Obligation Payment Schedule payments required pursuant to this subdivision may be scheduled beyond the existing Recognized Obligation Payment Schedule cycle upon a showing that a lender requires cash on hand beyond the Recognized Obligation Payment Schedule cycle.

(B) When a payment is shown to be due during the Recognized Obligation Payment Schedule period, but an invoice or other billing document has not yet been received, the successor agency may utilize reasonable estimates and projections to support payment amounts for enforceable obligations if the successor agency submits appropriate supporting documentation of the basis for the estimate or projection to the department and the county auditor-controller.

(C) A Recognized Obligation Payment Schedule may also include a request to use proceeds from bonds expected to be issued during the Recognized Obligation Payment Schedule cycle when an enforceable obligation requires the agency to issue the bonds and use the proceeds to pay for project expenditures.

(5) Once per Recognized Obligation Payment Schedule period, and no later than October 1, a successor agency may submit one amendment to the Recognized Obligation Payment Schedule approved by the Department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period, which shall be defined as January 1 through June 30. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised Recognized Obligation Payment Schedule shall be approved by the oversight board and submitted to the department by electronic means in a manner of the Department's choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department's review at least 15 days before the date of the property tax distribution.

SECTION 6. Section 34177.3 of the Health and Safety Code is amended to read:

34177.3. (a) Successor agencies shall lack the authority to, and shall not, create new enforceable obligations under the authority of the Community Redevelopment Law (Part 4 (~~Commencing with Section 33000~~)) or begin new redevelopment work, except in compliance with an enforceable obligation, as defined by subdivision (d) of Section 34171, that existed prior to June 28, 2011.

(b) Notwithstanding subdivision (a), sSuccessor agencies may create enforceable obligations to conduct the work of winding down the redevelopment agency, including hiring staff, acquiring

necessary professional administrative services and legal counsel, and procuring insurance. The work of winding down the redevelopment agency does not include planning, design, redesign, development, demolition, alteration, construction, construction financing, site remediation, site development or improvement, removal of graffiti, land clearance, seismic retrofits, and other similar work. Successor agencies may not create enforceable obligations to repay loans entered into between the redevelopment agency that it is succeeding and the city, county, or city and county that formed the redevelopment agency that it is succeeding, except as provided in Chapter 9 (commencing with Section 34191.1).

(c) Successor agencies shall lack the authority to, and shall not, transfer any powers or revenues of the successor agency to any other party, public or private, except pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the department. Any such transfers of authority or revenues that are not made pursuant to an enforceable obligation on a Recognized Obligation Payment Schedule approved by the Department of Finance are hereby declared to be void, and the successor agency shall take action to reverse any of those transfers. The Controller may audit any transfer of authority or revenues prohibited by this section and may order the prompt return of any money or other things of value from the receiving party.

(d) Redevelopment agencies that resolved to participate in the Voluntary Alternative Redevelopment Program under Chapter 6 of the First Extraordinary Session of the Statutes of 2011 were and are subject to the provisions of Part 1.8 (commencing with Section 34161). Any actions taken by redevelopment agencies to create obligations after June 27, 2011, are ultra vires and do not create enforceable obligations.

~~(e) The Legislature finds and declares that the provisions of this section shall apply retroactively to any successor agency or redevelopment agency actions occurring after June 28, 2011, are declaratory of existing law.~~

SECTION 7. Section 34177.5 of the Health and Safety Code is amended to read:

34177.5. (a) In addition to the powers granted to each successor agency, and notwithstanding anything in the act adding this part, including, but not limited to, Sections 34162 and 34189, a successor agency shall have the authority, rights, and powers of the redevelopment agency to which it succeeded solely for the following purposes:

(1) For the purpose of issuing bonds or incurring other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency or of the successor agency to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or other indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, and that pledge, when made in connection with the issuance of such refunding bonds or other indebtedness, shall

have the same lien priority as the pledge of the bonds or other obligations to be refunded, and shall be valid, binding, and enforceable in accordance with its terms.

(2) For the purpose of issuing bonds or other indebtedness to finance debt service spikes, including balloon maturities, provided that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the bonds or other indebtedness shall not exceed the amount required to finance the debt service spikes, including establishing customary debt service reserves and paying related costs of issuance.

(3) For the purpose of amending an existing enforceable obligation under which the successor agency is obligated to reimburse a political subdivision of the state for the payment of debt service on a bond or other obligation of the political subdivision, or to pay all or a portion of the debt service on the bond or other obligation of the political subdivision to provide savings to the successor agency, provided that (A) the enforceable obligation is amended in connection with a refunding of the bonds or other obligations of the political subdivision so that the enforceable obligation will apply to the refunding bonds or other refunding indebtedness of the political subdivision, (B) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (C) the principal amount of the refunding bonds or other indebtedness shall not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves and to pay related costs of issuance. The pledge set forth in that amended enforceable obligation, when made in connection with the execution of the amendment of the enforceable obligation, shall have the same lien priority as the pledge in the enforceable obligation prior to its amendment and shall be valid, binding, and enforceable in accordance with its terms.

(4) For the purpose of issuing bonds or incurring other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues prior to the effective date of this part, or other funds and the obligation to issue bonds secured by that pledge. The successor agency may pledge to the bonds or other indebtedness the property tax revenues and other funds described in the enforceable obligation, and that pledge, when made in connection with the issuance of the bonds or the incurring of other indebtedness, shall be valid, binding, and enforceable in accordance with its terms. This paragraph shall not be deemed to authorize a successor agency to increase the amount of property tax revenues pledged under an enforceable obligation or to pledge any property tax revenue not already pledged pursuant to an enforceable obligation. This paragraph does not constitute a change in, but is declaratory of, the existing law.

(b) The refunding bonds authorized under this section may be issued under the authority of Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the refunding bonds may be sold at public or private sale, or to a joint powers authority pursuant to the Marks-Roos Local Bond Pooling Act (Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code).

(c) (1) Prior to incurring any bonds or other indebtedness pursuant to this section, the successor agency may subordinate to the bonds or other indebtedness the amount required to be paid to an affected taxing entity pursuant to paragraph (1) of subdivision (a) of Section 34183, provided that the affected taxing entity has approved the subordinations pursuant to this subdivision.

(2) At the time the successor agency requests an affected taxing entity to subordinate the amount to be paid to it, the successor agency shall provide the affected taxing entity with substantial evidence that sufficient funds will be available to pay both the debt service on the bonds or other indebtedness and the payments required by paragraph (1) of subdivision (a) of Section 34183, when due.

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

(d) An action may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of bonds or other obligations authorized by this section, the pledge of revenues to those bonds or other obligations authorized by this section, the legality and validity of all proceedings theretofore taken and, as provided in the resolution of the legislative body of the successor agency authorizing the bonds or other obligations authorized by this section, proposed to be taken for the authorization, execution, issuance, sale, and delivery of the bonds or other obligations authorized by this section, and for the payment of debt service on the bonds or the payment of amounts under other obligations authorized by this section. Subdivision (c) of Section 33501 shall not apply to any such action. The Department of Finance shall be notified of the filing of any action as an affected party.

(e) Notwithstanding any other law, including, but not limited to, Section 33501, an action to challenge the issuance of bonds, the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement by a successor agency shall be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving the issuance of bonds, the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under this section.

(f) The actions authorized in this section shall be subject to the approval of the oversight board, as provided in Section 34180. Additionally, an oversight board may direct the successor agency to commence any of the transactions described in subdivision (a) so long as the successor agency is able to recover its related costs in connection with the transaction. After a successor agency, with approval of the oversight board, issues any bonds, incurs any indebtedness, or executes an amended enforceable obligation pursuant to subdivision (a), the oversight board shall not unilaterally approve any amendments to or early termination of the bonds, indebtedness, or enforceable obligation. If, under the authority granted to it by subdivision (h) of Section 34179, the Department of Finance either reviews and approves or fails to request review within five business days of an oversight board approval of an action authorized by this section, the scheduled payments on the bonds or other indebtedness shall be listed in the Recognized Obligation Payment Schedule and shall not be subject to further review and approval by the department or the Controller. The department may extend its review time to 60 days for actions authorized in this section and may seek the assistance of the Treasurer in evaluating proposed actions under this section.

(g) Any bonds, indebtedness, or amended enforceable obligation authorized by this section shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 28~~29~~, 2011, in full conformity with the applicable provisions of the Community Redevelopment Law that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule, and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to subdivision (c) of Section 34172, as provided in paragraph (2) of subdivision (a) of Section 34183. Property tax revenues pledged to any bonds, indebtedness, or amended enforceable obligations authorized by this section are taxes allocated to the successor agency pursuant to subdivision (b) of Section 33670 and Section 16 of Article XVI of the California Constitution.

(h) The successor agency shall make diligent efforts to ensure that the lowest long-term cost financing is obtained. The financing shall not provide for any bullets or spikes and shall not use variable rates. The successor agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the Department of Finance at its request.

(i) If an enforceable obligation provides for an irrevocable commitment of ~~property tax~~ revenue and where allocation of such revenues is expected to occur over time, the successor agency may petition the Department by electronic means and in a manner of the department's choosing to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation. The successor agency shall provide a copy of such petition to the county auditor-controller at the same time it is submitted to the department. The department shall have 100 days from the date of the request for a final and conclusive determination to provide written confirmation of approval or denial of the request. For any pending final and conclusive determination requests submitted prior to June 30, 2015, the department shall have until September 30, 2015, to provide written confirmation of approval or denial of the request. If the confirmation of approval is granted, then the department's review of such payments in future Recognized Obligation Payment Schedules shall be limited to confirming that they are required by the prior enforceable obligation.

(j) The successor agency may request that the department provide a written determination to waive the two-year statute of limitations on an action to review the validity of the adoption or amendment of a redevelopment plan pursuant to subdivision (c) of Section 33500 or on any findings or determinations made by the agency pursuant to subdivision (d) of Section 33500. The department at its discretion may provide a waiver if it determines it is necessary for the agency to fulfill an enforceable obligation.

SECTION 8. Section 34178 of the Health and Safety Code is amended to read:

34178. (a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so subject to the restrictions identified in subdivision (c), and upon obtaining

~~the approval of its oversight board. A successor agency or an oversight board shall not exercise the powers granted by this subdivision to restore funding for an enforceable obligation that was deleted or reduced by the Department of Finance pursuant to subdivision (h) of Section 34179 unless it reflects the decisions made during the meet and confer process with the Department of Finance or pursuant to a court order.~~

(b) Notwithstanding subdivision (a), any of the following agreements are not invalid and may bind the successor agency:

(1) A duly authorized written agreement entered into at the time of issuance, but in no event later than December 31, 2010, of indebtedness obligations, and solely for the purpose of securing or repaying those indebtedness obligations.

(2) A written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency.

(3) A joint exercise of powers agreement entered into no later than December 31, 2010, in which the redevelopment agency is a member of the joint powers authority. However, upon assignment to the successor agency by operation of the act adding this part, the successor agency's rights, duties, and performance obligations under that joint exercise of powers agreement shall be limited by the constraints imposed on successor agencies by the act adding this part.

(4) A duly authorized written agreement entered into at the time of issuance, but in no event later than February 28, 2011, of indebtedness obligations for the refunding or refinancing of indebtedness obligations that existed prior to January 1, 2011, and solely for the purpose of securing or repaying those indebtedness obligations.

(c) An oversight board shall not approve any agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency that it is succeeding, except for agreements for the limited purposes set forth in subdivision (b) of Section 34177.3. A successor agency shall not enter or reenter into any agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding, except for agreements for the limited purposes set forth in subdivision (b) of Section 34177.3. A successor agency or an oversight board shall not exercise the powers granted by subdivision (a) to restore funding for any item that was denied or reduced by the Department. This subdivision shall apply retroactively to all agreements entered or reentered pursuant to this section on and after June 28, 2011. Any agreement entered or reentered pursuant to this section on and after June 28, 2011 that does not comply with this subdivision is ultra vires and void, and does not create an enforceable obligation. The Legislature finds and declares that this subdivision is necessary to promote the expeditious wind down of redevelopment agency affairs.

SECTION 9. Section 34179 of the Health and Safety Code is amended to read:

34179. (a) Each successor agency shall have an oversight board composed of seven members. The members shall elect one of their members as the chairperson and shall report the name of the chairperson and other members to the Department of Finance on or before May 1, 2012. Members shall be selected as follows:

(1) One member appointed by the county board of supervisors.

- (2) One member appointed by the mayor for the city that formed the redevelopment agency.
- (3) (A) One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is of the type of special district that is eligible to receive property tax revenues pursuant to Section 34188.
- (B) On or after the effective date of this subparagraph, the county auditor-controller may determine which is the largest special district for purposes of this section.
- (4) One member appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.
- (5) One member appointed by the Chancellor of the California Community Colleges to represent community college districts in the county.
- (6) One member of the public appointed by the county board of supervisors.
- (7) One member representing the employees of the former redevelopment agency appointed by the mayor or chair of the board of supervisors, as the case may be, from the recognized employee organization representing the largest number of former redevelopment agency employees employed by the successor agency at that time. In the case where city or county employees performed administrative duties of the former redevelopment agency, the appointment shall be made from the recognized employee organization representing those employees. If a recognized employee organization does not exist for either the employees of the former redevelopment agency or the city or county employees performing administrative duties of the former redevelopment agency, the appointment shall be made from among the employees of the successor agency. In voting to approve a contract as an enforceable obligation, a member appointed pursuant to this paragraph shall not be deemed to be interested in the contract by virtue of being an employee of the successor agency or community for purposes of Section 1090 of the Government Code.
- (8) If the county or a joint powers agency formed the redevelopment agency, then the largest city by acreage in the territorial jurisdiction of the former redevelopment agency may select one member. If there are no cities with territory in a project area of the redevelopment agency, the county superintendent of education may appoint an additional member to represent the public.
- (9) If there are no special districts of the type that are eligible to receive property tax pursuant to Section 34188, within the territorial jurisdiction of the former redevelopment agency, then the county may appoint one member to represent the public.
- (10) If a redevelopment agency was formed by an entity that is both a charter city and a county, the oversight board shall be composed of seven members selected as follows: three members appointed by the mayor of the city, if that appointment is subject to confirmation by the county board of supervisors, one member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former redevelopment agency, which is the type of special district that is eligible to receive property tax revenues pursuant to Section 34188, one member appointed by the county superintendent of education to represent schools, one member appointed by the Chancellor of the California Community Colleges to represent community college districts, and one member representing employees of the former

redevelopment agency appointed by the mayor of the city if that appointment is subject to confirmation by the county board of supervisors, to represent the largest number of former redevelopment agency employees employed by the successor agency at that time.

(b) The Governor may appoint individuals to fill any oversight board member position described in subdivision (a) that has not been filled by May 15, 2012, or any member position that remains vacant for more than 60 days.

(c) The oversight board may direct the staff of the successor agency to perform work in furtherance of the oversight board's and the successor agency's duties and responsibilities under this part. The successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget. Oversight board members shall serve without compensation or reimbursement for expenses.

(d) Oversight board members are protected by the immunities applicable to public entities and public employees governed by Part 1 (commencing with Section 810) and Part 2 (commencing with Section 814) of Division 3.6 of Title 1 of the Government Code.

(e) A majority of the total membership of the oversight board shall constitute a quorum for the transaction of business. A majority vote of the total membership of the oversight board is required for the oversight board to take action. The oversight board shall be deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974. All actions taken by the oversight board shall be adopted by resolution.

(f) All notices required by law for proposed oversight board actions shall also be posted on the successor agency's Internet Web site or the oversight board's Internet Web site.

(g) Each member of an oversight board shall serve at the pleasure of the entity that appointed such member.

(h) The Department of Finance may review an oversight board action taken pursuant to this part. Written notice and information about all actions taken by an oversight board shall be provided to the department as an approved resolution by electronic means and in a manner of the department's choosing. Without abrogating the Department's authority to review all matters related to Recognized Obligation Payment Schedules pursuant to Section 34177, oversight boards are not required to submit the following oversight board actions for Department approval:

(1) Meeting minutes and agendas.

(2) Administrative budgets.

(3) Changes in oversight board members, or the selection of an oversight board chair or vice chair.

(4) Transfers of governmental property pursuant to an approved Long Range Property Management Plan.

(5) Transfers of property to be retained by the sponsoring entity for future development pursuant to an approved Long-Range Property Management Plan.

~~An action shall become effective five business days after notice in the manner specified by the department is provided unless the department requests a review. An oversight board action submitted in a manner specified by the department shall become effective five business days after submission, unless the department requests a review of the action.~~ Each oversight board shall designate an official to whom the department may make those requests and who shall provide the department with the telephone number and e-mail contact information for the purpose of communicating with the department pursuant to this subdivision. Except as otherwise provided in this part, in the event that the department requests a review of a given oversight board action, it shall have 40 days from the date of its request to approve the oversight board action or return it to the oversight board for reconsideration and the oversight board action shall not be effective until approved by the department. In the event that the department returns the oversight board action to the oversight board for reconsideration, the oversight board shall resubmit the modified action for department approval and the modified oversight board action shall not become effective until approved by the department. If the department reviews a Recognized Obligation Payment Schedule, the department may eliminate or modify any item on that schedule prior to its approval. The county auditor-controller shall reflect the actions of the department in determining the amount of property tax revenues to allocate to the successor agency. The department shall provide notice to the successor agency and the county auditor-controller as to the reasons for its actions. To the extent that an oversight board continues to dispute a determination with the department, one or more future recognized obligation schedules may reflect any resolution of that dispute. The department may also agree to an amendment to a Recognized Obligation Payment Schedule to reflect a resolution of a disputed item; however, this shall not affect a past allocation of property tax or create a liability for any affected taxing entity.

(i) Oversight boards shall have fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188. Further, the provisions of Division 4 (commencing with Section 1000) of the Government Code shall apply to oversight boards. Notwithstanding Section 1099 of the Government Code, or any other law, any individual may simultaneously be appointed to up to five oversight boards and may hold an office in a city, county, city and county, special district, school district, or community college district.

(j) Commencing on and after July 1, 2016, in each county where more than one oversight board was created by operation of the act adding this part, there shall be only one oversight board, which shall be staffed by the county auditor-controller. The county auditor-controller may recover all associated costs, including those of other county departments providing related services on behalf of the auditor-controller, directly from the Redevelopment Property Tax Trust Funds pursuant to section 34183. However, if only one successor agency exists within the county, the county auditor-controller may designate the successor agency to staff the oversight board. The oversight board is appointed as follows:

(1) One member may be appointed by the county board of supervisors.

(2) One member may be appointed by the city selection committee established pursuant to Section 50270 of the Government Code. In a city and county, the mayor may appoint one member.

(3) One member may be appointed by the independent special district selection committee established pursuant to Section 56332 of the Government Code, for the types of special districts that are eligible to receive property tax revenues pursuant to Section 34188.

(4) One member may be appointed by the county superintendent of education to represent schools if the superintendent is elected. If the county superintendent of education is appointed, then the appointment made pursuant to this paragraph shall be made by the county board of education.

(5) One member may be appointed by the Chancellor of the California Community Colleges to represent community college districts in the.

(6) One member of the public may be appointed by the county board of supervisors.

(7) One member may be appointed by the recognized employee organization representing the largest number of successor agency employees in the county.

(k) The Governor may appoint individuals to fill any oversight board member position described in subdivision (j) that has not been filled by July 15, 2016, or any member position that remains vacant for more than 60 days.

(l) Commencing on and after July 1, 2016, in each county where only one oversight board was created by operation of the act adding this part, then there will be no change to the composition of that oversight board as a result of the operation of subdivision (h).

(m) Any oversight board for a given successor agency, with the exception of county oversight boards, shall cease to exist when the successor agency has been formally dissolved pursuant to Section 34187 all of the indebtedness of the dissolved redevelopment agency has been repaid. A county oversight board shall cease to exist when all successor agencies subject to its oversight have been formally dissolved pursuant to Section 34187.

(n) An oversight board may direct a successor agency to provide additional legal or financial advice than what was given by agency staff.

(o) An oversight board is authorized to contract with the county or other public or private agencies for administrative support.

(p) On matters within the purview of the oversight board, decisions made by the oversight board supersede those made by the successor agency or the staff of the successor agency.

SECTION 10. Section 34180 of the Health and Safety Code is amended to read:

34180. All of the following successor agency actions shall first be approved by the oversight board:

(a) The establishment of new repayment terms for outstanding loans where the terms have not been specified prior to the date of this part. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1).

(b) The issuance of bonds or other indebtedness or the pledge or agreement for the pledge of property tax revenues (formerly tax increment prior to the effective date of this part) pursuant to subdivision (a) of Section 34177.5.

(c) Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds.

(d) Merging of project areas.

(e) Continuing the acceptance of federal or state grants, or other forms of financial assistance from either public or private sources, if that assistance is conditioned upon the provision of matching funds, by the successor entity as successor to the former redevelopment agency, in an amount greater than 5 percent.

(f) (1) If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

(2) If no other agreement is reached on valuation of the retained assets, the value will be the fair market value as of the 2011 property tax lien date as determined by an independent appraiser approved by the oversight board.

(g) Establishment of the Recognized Obligation Payment Schedule.

(h) A request by the successor agency to enter or reenter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding pursuant to Section 34178. An oversight board shall not have the authority to reestablish loan agreements between the successor agency and the city, county, or city and county that formed the redevelopment agency except as provided in Chapter 9 (commencing with Section 34191.1). Any actions to establish or reestablish any other agreements that are ~~in furtherance of enforceable obligations authorized under this part~~, with the city, county, or city and county that formed the redevelopment agency are invalid until they are included in an approved and valid Recognized Obligation Payment Schedule.

(i) A request by a successor agency or taxing entity to pledge, or to enter into an agreement for the pledge of, property tax revenues pursuant to subdivision (b) of Section 34178.

(j) Any document submitted by a successor agency to an oversight board for approval by any provision of this part shall also be submitted to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the document to the oversight board.

SECTION 11. Section 34181 of the Health and Safety Code is amended to read:

34181. The oversight board shall direct the successor agency to do all of the following:

(a) (1) Dispose of all assets and properties of the former redevelopment agency; provided, however, that the oversight board may instead direct the successor agency to transfer ownership of those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, public parking lots, and local agency administrative buildings, to the appropriate public jurisdiction pursuant to any existing agreements relating to the construction or use of such an asset. Any compensation to be

provided to the successor agency for the transfer of the asset shall be governed by the agreements relating to the construction or use of that asset. Disposal shall be done expeditiously and in a manner aimed at maximizing value. Asset disposition may be accomplished by a distribution of income to taxing entities proportionate to their property tax share from one or more properties that may be transferred to a public or private agency for management pursuant to the direction of the oversight board.

(2) "Public parking lots" do not include properties that generate revenues in excess of reasonable maintenance costs of the properties.

(b) Cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

(c) Transfer housing assets pursuant to Section 34176.

(d) Terminate any agreement, between the dissolved redevelopment agency and any public entity located in the same county, obligating the redevelopment agency to provide funding for any debt service obligations of the public entity or for the construction, or operation of facilities owned or operated by such public entity, in any instance where the oversight board has found that early termination would be in the best interests of the taxing entities.

(e) Determine whether any contracts, agreements, or other arrangements between the dissolved redevelopment agency and any private parties should be terminated or renegotiated to reduce liabilities and increase net revenues to the taxing entities, and present proposed termination or amendment agreements to the oversight board for its approval. The board may approve any amendments to or early termination of those agreements if it finds that amendments or early termination would be in the best interests of the taxing entities.

(f) All actions taken pursuant to subdivisions (a) and (c) shall be approved by resolution of the oversight board at a public meeting after at least 10 days' notice to the public of the specific proposed actions. The actions shall be subject to review by the Department of Finance pursuant to Section 34179 except that the department may extend its review period by up to 60 days. If the department does not object to an action subject to this section, and if no action challenging an action is commenced within 60 days of the approval of the action by the oversight board, the action of the oversight board shall be considered final and can be relied upon as conclusive by any person. If an action is brought to challenge an action involving title to or an interest in real property, a notice of pendency of action shall be recorded by the claimant as provided in Title 4.5 (commencing with Section 405) of Part 2 of the Code of Civil Procedure within a 60-day period.

SECTION 12. Section 34186 of the Health and Safety Code is amended to read:

34186. (a) Differences between actual payments and past estimated obligations on recognized obligation payment schedules shall be reported in subsequent recognized obligation payment schedules and shall adjust the amount to be transferred to the Redevelopment Obligation Retirement Fund pursuant to this part. These estimates and accounts, as well as cash balances, shall be subject to audit review by the county auditor-controllers and the Controller. The county auditor-controller's review shall be subject to the department's review and approval.

(b) Differences between actual passthrough obligations and property tax amounts and the amounts used by the county auditor-controller in determining the amounts to be allocated under

Sections 34183 and 34188 for a prior ~~six-month~~ annual period shall be applied as adjustments to the property tax and passthrough amounts in subsequent periods as they become known. County auditor-controllers shall not delay payments under this part to successor agencies or taxing entities based on pending transactions, disputes, or for any other reason, other than a court order, and shall use the Recognized Obligation Payment Schedule approved by the Department of Finance and the most current data for passthroughs and property tax available prior to the statutory distribution dates to make the allocations required on the dates required.

(c) Commencing on October 1, 2018, the differences between actual payments and past estimated obligations on a Recognized Obligation Payment Schedule shall be submitted by the successor agency to the county auditor-controller for review. The county auditor-controller shall provide to the department in a manner of the department's choosing a review of the differences between actual payments and past estimated obligations no later than February 1, 2019, and each February 1 thereafter.

SECTION 13. Section 34187 of the Health and Safety Code is amended to read:

34187. (a) (1) Commencing May 1, 2012, whenever a recognized obligation that had been identified in the Recognized Payment Obligation Schedule is paid off or retired, either through early payment or payment at maturity, the county auditor-controller shall distribute to the taxing entities, in accordance with the provisions of the Revenue and Taxation Code, all property tax revenues that were associated with the payment of the recognized obligation.

(2) Notwithstanding paragraph (1), the Department of Finance may authorize a successor agency to retain property tax that otherwise would be distributed to affected taxing entities pursuant to this subdivision, to the extent the department determines the successor agency requires those funds for the payment of enforceable obligations. Upon making a determination, the department shall provide the county auditor-controller with information detailing the amounts that it has authorized the successor agency to retain. Upon determining the successor agency no longer requires additional funds pursuant to this subdivision, the department shall notify the successor agency and the county auditor-controller. The county auditor-controller shall then distribute the funds in question to the affected taxing entities in accordance with the provisions of the Revenue and Taxation Code.

(b) When all of the debt of a redevelopment agency has enforceable obligations that had been identified in the Recognized Obligation Payment Schedule have been retired or paid off, all real property has been disposed of pursuant to Section 34181 or Section 34191.4, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request to formally dissolve the successor agency dispose of all remaining assets and terminate its existence within one year of the final debt payment. When the successor agency is terminated, all passthrough payment obligations shall cease and no property tax shall be allocated to the Redevelopment Property Tax Trust Fund for that agency. The oversight board shall approve the request within 30 days, and shall submit the request to the Department.

(c) If a redevelopment agency was not allocated property tax revenue pursuant to either subdivision (b) of Section 16 of Article XVI of the California Constitution or Section 33670 prior to February 1, 2012, the successor agency shall, no later than September 1, 2015, submit to the oversight board a request to formally dissolve the successor agency. The oversight board shall approve this request within 30 days, and shall submit the request to the department.

(d) The department shall have 30 days to approve or deny a request submitted pursuant to subdivisions (b) or (c).

(e) When the Department has approved a request to formally dissolve a successor agency, the successor agency shall take the following steps within 100 days of the Department's notification:

(1) Dispose of all remaining assets as directed by the oversight board. Any proceeds from the disposition of assets shall be transferred to the county auditor-controller for distribution to the affected taxing entities pursuant to Section 34183.

(2) Notify the oversight board that it has complied with paragraph (1).

(f) Upon receipt of the notification required in paragraph (2) of subdivision (e) of this section, the oversight board shall verify all obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any proceeds remitted to the county auditor-controller for distribution to the affected taxing entities. Within 10 days of verification, the oversight board shall adopt a final resolution of dissolution for the successor agency, which shall be effective immediately. This resolution shall be submitted to the sponsoring entity, the county auditor-controller, the State Controller's Office, and the Department by electronic means and in a manner of each entities' choosing.

(g) Subdivisions (b) through (f) shall not apply to those entities specifically recognized as already dissolved by the Department by August 1, 2015.

(h) When all enforceable obligations that had been approved in the Recognized Obligation Payment Schedule have been retired or paid off as specified in subdivision (b), all passthrough payment obligations required pursuant to Sections 33401, 33492.140, 33607, 33607.5, 33607.7, 33676, or any passthrough agreement between a redevelopment agency and a taxing entity that was entered into prior to January 1, 1994, shall cease, and no property tax shall be allocated to the Redevelopment Property Tax Trust Fund for that agency.

SECTION 14. Section 34189 of the Health and Safety Code is amended to read:

34189. (a) Commencing on the effective date of this part, all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, Sections 33445, 33640, 33641, 33645, and subdivision (b) of Section 33670, shall be inoperative, ~~except as those sections apply to a redevelopment agency operating pursuant to Part 1.9 (commencing with Section 34192).~~ Solely for the purposes of the payment of enforceable obligations defined by subparagraph (A) of paragraph (1) of subdivision (d) of Section 34171, and for no other purpose whatsoever, a successor agency is not subject to the limitations relating to time, number of tax dollars, or any other matters set forth in Sections 33333.2, 33333.4, 33333.6 and 33334.1. This subdivision shall not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations specified in any of Sections 33333.2, 33333.4, 33333.6, or 33334 were realized.

(b) To the extent that a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), and Part 1.7 (commencing with Section 34100) conflicts with this part, the provisions of this part shall control. Further, if a provision of Part 1 (commencing with Section 33000), Part 1.5 (commencing with Section 34000), Part 1.6 (commencing with Section 34050), or Part 1.7 (commencing with

Section 34100) provides an authority that the act adding this part is restricting or eliminating, the restriction and elimination provisions of the act adding this part shall control.

(c) It is intended that the provisions of this part shall be read in a manner as to avoid duplication of payments.

SECTION 15. Section 34191.3 of the Health and Safety Code is amended to read:

34191.3. (a) Notwithstanding Section 34191.1, the requirements specified in subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be suspended, except as those provisions apply to the transfers for governmental use, until the Department of Finance has approved a long-range property management plan pursuant to subdivision (b) of Section 34191.5, at which point the plan shall govern, and supersede all other provisions relating to, the disposition and use of the real property assets of the former redevelopment agency. If the department has not approved a plan by January 1, 2016, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to that successor agency.

(b) If the department has approved a successor agency's long-range property management plan prior to January 1, 2016, the successor agency may amend its long-range property management plan once, solely to allow for retention of real properties that constitute "public parking lots," for governmental use pursuant to Section 34181. An amendment to a successor agency's long-range property management plan under this subdivision shall be submitted to its oversight board for review and approval pursuant to Section 34179, and any such amendment shall be submitted to the department prior to July 1, 2016.

SECTION 16. Section 34191.4 of the Health and Safety Code is amended to read:

34191.4. The following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance:

(a) All real property and interests in real property identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5 shall be transferred to the Community Redevelopment Property Trust Fund of the successor agency upon approval by the Department of Finance of the long-range property management plan submitted by the successor agency pursuant to subdivision (b) of Section 34191.5 unless that property is subject to the requirements of any existing enforceable obligation.

(b) (1) Notwithstanding subdivision (d) of Section 34171, upon application by the successor agency and approval by the oversight board, loan agreements entered into between the redevelopment agency and the city, county, or city and county that created the redevelopment agency shall be deemed to be enforceable obligations provided that the oversight board makes a finding that the loan was for legitimate redevelopment purposes.

(2) For purpose of this section, "loan agreements" shall mean loans for money entered into between the former redevelopment agency and the city, county, or city and county that created the former redevelopment agency under which the city, county, or city and county that created the former redevelopment agency transferred money to the former redevelopment agency for use by the former redevelopment agency for a lawful purpose, and where the former redevelopment agency was obligated to repay the money it received pursuant to a required repayment schedule. "Loan agreements" do not include agreements under which the former redevelopment agency was required to pay or reimburse the city, county, or city and county that

created the former redevelopment agency for the cost of services provided by, or obligations incurred under contracts entered into with, third parties by the city, county, or city and county that created the former redevelopment agency.

(23) If the oversight board finds that the loan is an enforceable obligation, the accumulated interest on the remaining principal amount of the loan shall be recalculated from origination at the interest rate earned by funds deposited into the Local Agency Investment Fund. The loan shall be repaid to the city, county, or city and county in accordance with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund. The annual loan repayments provided for in the recognized obligation payment schedules shall be subject to all of the following limitations:

(A) Loan repayments shall not be made prior to the 2013–14 fiscal year. Beginning in the 2013-14 fiscal year, the maximum repayment amount authorized each fiscal year for repayments made pursuant to this subdivision and paragraph (67) of subdivision (e) of Section 34176 combined shall be equal to one-half of the increase between the amount distributed to the taxing entities pursuant to paragraph (4) of subdivision (a) of Section 34183 in that fiscal year and the amount distributed to taxing entities pursuant to that paragraph in the 2012–13 base year; provided, however, that calculation of the amount distributed to taxing entities during the 2012–13 base year shall not include any amounts distributed to taxing entities pursuant to the due diligence review process established in Sections 34179.5 to 34179.8, inclusive. Loan or deferral repayments made pursuant to this subdivision shall be second in priority to amounts to be repaid pursuant to paragraph (67) of subdivision (e) of Section 34176.

(B) Repayments received by the city, county, or city and county that formed the redevelopment agency shall first be used to retire any outstanding amounts borrowed and owed to the Low and Moderate Income Housing Fund of the former redevelopment agency for purposes of the Supplemental Educational Revenue Augmentation Fund and shall be distributed to the Low and Moderate Income Housing Asset Fund established by subdivision (d) of Section 34176. Distributions to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of subdivision (f) of Section 34176.1.

(C) Twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund, after all outstanding loans from the Low and Moderate Income Housing Fund for purposes of the Supplemental Educational Revenue Augmentation Fund have been paid. Transfers to the Low and Moderate Income Housing Asset Fund are subject to the reporting requirements of subdivision (f) of Section 34176.1.

(c) (1) Bond proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold.

(2) (A) Notwithstanding Section 34177.3 or any other conflicting provision of law, bond proceeds in excess of the amounts needed to satisfy approved enforceable obligations shall thereafter be expended in a manner consistent with the original bond covenants. Enforceable obligations may be satisfied by the creation of reserves for projects that are the subject of the enforceable obligation and that are consistent with the contractual obligations for those projects, or by expending funds to complete the projects. An expenditure made pursuant to this paragraph shall constitute the creation of excess bond proceeds obligations to be paid from the excess

proceeds. Excess bond proceeds obligations shall be listed separately on the Recognized Obligation Payment Schedule submitted by the successor agency.

(B) If remaining bond proceeds cannot be spent in a manner consistent with the bond covenants pursuant to subparagraph (A), the proceeds shall be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

SECTION 17. Section 34191.5 of the Health and Safety Code is amended to read:

34191.5. (a) There is hereby established a Community Redevelopment Property Trust Fund, administered by the successor agency, to serve as the repository of the former redevelopment agency's real properties identified in subparagraph (C) of paragraph (5) of subdivision (c) of Section 34179.5.

(b) The successor agency shall prepare a long-range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. If the former redevelopment agency did not have real properties, the successor agency shall prepare a long-range property management plan certifying that the successor agency does not have real properties of the former redevelopment agency for disposition or use. ~~The report plan shall be submitted to the oversight board and the Department of Finance for approval no later than six months following the issuance to the successor agency of the finding of completion.~~

(c) The long-range property management plan shall do all of the following:

(1) Include an inventory of all properties in the trust. The inventory shall consist of all of the following information:

(A) The date of the acquisition of the property and the value of the property at that time, and an estimate of the current value of the property.

(B) The purpose for which the property was acquired.

(C) Parcel data, including address, lot size, and current zoning in the former agency redevelopment plan or specific, community, or general plan.

(D) An estimate of the current value of the parcel including, if available, any appraisal information.

(E) An estimate of any lease, rental, or any other revenues generated by the property, and a description of the contractual requirements for the disposition of those funds.

(F) The history of environmental contamination, including designation as a brownfield site, any related environmental studies, and history of any remediation efforts.

(G) A description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency.

(H) A brief history of previous development proposals and activity, including the rental or lease of property.

(2) Address the use or disposition of all of the properties in the trust. Permissible uses include the retention of the property for governmental use pursuant to subdivision (a) of Section 34181, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation. The plan shall separately identify and list properties in the trust dedicated to governmental use purposes and properties retained for purposes of fulfilling an enforceable obligation. With respect to the use or disposition of all other properties, all of the following shall apply:

(A) (i) If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the city, county, or city and county.

(ii) For purposes of this subparagraph, the term "identified in an approved redevelopment plan" includes properties listed in a community plan or a five-year implementation plan.

(B) If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified in subparagraph (A), the proceeds from the sale shall be distributed as property tax to the taxing entities.

(C) Property shall not be transferred to a successor agency, city, county, or city and county, unless the long-range property management plan has been approved by the oversight board and the Department of Finance.

SECTION 18. Section 34191.6 of the Health and Safety Code is added to read:

34191.6 (a) Beginning August 1, 2015, successor agencies may submit a Last and Final Recognized Obligation Payment Schedule for approval by the oversight board and the Department if all of the following conditions are met:

(1) The remaining debt of a successor agency is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.

(2) All remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved for payment by the department pursuant to subdivision (m) or (o) of Section 34177.

(3) The successor agency is not a party to outstanding or unresolved litigation.

(b) A successor agency that meets the conditions in subdivision (a) may submit a Last and Final Recognized Obligation Payment Schedule to its oversight board for approval at any time. The successor agency may then submit the oversight board-approved Last and Final Recognized Obligation Payment Schedule to the Department and only in a manner provided by the Department. The Last and Final Recognized Obligation Payment Schedule shall not be effective until reviewed and approved by the Department as provided for in subdivision (c) of this section. The successor agency shall also submit a copy of the oversight board-approved Last and Final Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and post it to the successor agency's Internet web site at the same time that the successor agency submits the Last and Final Recognized Obligation Payment Schedule to the Department.

(1) The Last and Final Recognized Obligation Payment Schedule shall list the remaining enforceable obligations of the successor agency in the following order:

(A) Enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund.

(B) Enforceable obligations to be funded from bond proceeds or enforceable obligations required to be funded from other legally or contractually dedicated or restricted funding sources.

(C) Loans or deferrals authorized for repayment pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171 or Section 34191.4.

(2) The Last and Final Recognized Obligation Payment Schedule shall include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation listed pursuant to subparagraphs (A) and (B) of paragraph (1) of this subdivision, and the total outstanding obligation and interest rate, not to exceed one (1) percent plus the Local Agency Investment Fund rate that was operative in the quarter immediately prior to the oversight board's approval pursuant to subdivision (b) of Section 34191.4, for loans or deferrals listed pursuant to subparagraph (C) of paragraph (1) of this subdivision.

(c) The Department shall have 100 days to review the Last and Final Recognized Obligation Payment Schedule submitted pursuant to subdivision (b) of this section. The Department may make any amendments or changes to the Last and Final Recognized Obligation Payment Schedule provided such amendments or changes are agreed to by the successor agency in writing. If the successor agency and the Department cannot come to an agreement on the proposed amendments or changes, the Department shall issue a letter denying the Last and Final Recognized Obligation Payment Schedule. All Last and Final Recognized Obligation Payment Schedules approved by the Department shall become effective on the first day of the subsequent Redevelopment Property Tax Trust Fund distribution period.

(1) Upon approval by the Department, the Last and Final Recognized Obligation Payment Schedule shall establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

(2) Successor agencies may submit no more than two requests to the department to amend the approved Last and Final Recognized Obligation Payment Schedule. Requests shall first be approved by the oversight board and then submitted to the department for review. A request shall not be effective until reviewed and approved by the department. The request shall be provided to the department by electronic means and in a manner of the department's choosing. The department shall have 100 days from the date received to approve or deny the successor agency's request.

(3) Any revenues, interest and earnings of the successor agency not authorized for use pursuant to the approved Last and Final Recognized Obligation Payment Schedule shall be remitted to the county auditor-controller for distribution to the affected taxing entities. Notwithstanding Sections 34191.3 and 34191.5, proceeds from the disposition of real property subsequent to the approval of the Last and Final Recognized Obligation Payment Schedule that are not necessary for the payment of an enforceable obligation shall be remitted to the county auditor-controller for distribution to the affected taxing entities.

(4) A successor agency shall not expend more than the amount approved for each enforceable obligation listed and approved on the Last and Final Recognized Obligation Payment Schedule.

(5) If a successor agency receives insufficient funds to pay for the enforceable obligations approved in the Last and Final Recognized Obligation Payment Schedule in any given period, the city, county, or city and county that created the redevelopment agency may loan or grant funds to a successor agency for that period at the successor agency's request for the sole purpose of paying for approved items on the Last and Final Recognized Obligation Payment Schedule that would otherwise go unpaid. Additionally, at the request of the department the county treasurer may loan any funds from the county treasury to the Redevelopment Property Tax Trust Fund of the successor agency for the purpose of paying an item approved on the Last and Final Recognized Obligation Payment Schedule in order to ensure prompt payments of successor agency debts. A loan made under this section shall be repaid from the source of funds approved for payment of the underlying enforceable obligation in the Last and Final Recognized Obligation Payment Schedule once sufficient funds become available from that source.

(6) Notwithstanding paragraph (6) of subdivision (e) of Section 34176 and subparagraph (A) of paragraph (2) of subdivision (b) of Section 34191.4, commencing on the date the Last and Final Recognized Obligation Payment Schedule becomes effective:

(A) Loan or deferrals authorized for repayment pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171 or Section 34191.4 and listed and approved on the Last and Final Recognized Obligation Payment Schedule, shall be recalculated to accrue annual simple interest not to exceed one (1) percent plus the Local Agency Investment Fund rate that was operative in the quarter immediately prior to the oversight board's approval pursuant to subdivision (b) of Section 34191.4.

(B) The maximum repayment amount of the total principal and interest on loans and deferrals authorized for repayment pursuant to subparagraph (G) of paragraph (1) of subdivision (d) of Section 34171 or Section 34191.4 and listed and approved in the Last and Final Recognized Obligation Payment Schedule shall be 15 percent of the moneys remaining in the Redevelopment Property Tax Trust Fund after the allocation of moneys in each six-month period pursuant to Section 34183 prior to the distributions under paragraph (4) of subdivision (a) of section 34183.

(7) Commencing on the effective date of the approved Last and Final Recognized Obligation Payment Schedule, the successor agency shall not prepare or transmit Recognized Obligation Payment Schedules pursuant to Section 34177.

(8) Commencing on the effective date of the approved Last and Final Recognized Obligation Payment Schedule, oversight board resolutions shall not be submitted to the Department pursuant to subdivision (h) of Section 34179. This paragraph shall not apply to oversight board resolutions necessary for refunding bonds pursuant to Section 34177.5, long range property management plans pursuant to Section 34191.5, amendments to the Last and Final Recognized Obligation Payment Schedule under paragraph (2) of subdivision (c) of this Section, and the final oversight board resolutions pursuant to Section 34187.

(d) The county auditor-controller shall do the following:

(1) Review the Last and Final Recognized Obligation Payment Schedule and provide any objection to the inclusion of any items or amounts to the Department.

(2) After the Last and Final Recognized Obligation Payment Schedule is approved by the Department of Finance, the county auditor-controller shall continue to allocate moneys in the Redevelopment Property Tax Trust Fund pursuant to Section 34183; however, the allocation from the Redevelopment Property Tax Trust Funds in each six-month fiscal period, after deducting auditor-controller administrative costs, shall be according to the following order of priority:

(A) Allocations pursuant to paragraph (1) of subdivision (a) of Section 34183.

(B) Debt service payments scheduled to be made for tax allocation bonds that are listed and approved in the Last and Final Recognized Obligation Payment Schedule.

(C) Payments scheduled to be made on revenue bonds that are listed and approved in the Last and Final Recognized Obligation Payment Schedule, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the agency's tax increment revenues were also pledged for the repayment of bonds.

(D) Payments scheduled for debts and obligations listed and approved in the Last and Final Recognized Obligation Payment Schedule to be paid from the Redevelopment Property Tax Trust Fund pursuant to subparagraph (A) of paragraph (1) of subdivision (b) and subdivision (c) of this Section.

(E) Payments listed and approved pursuant to subparagraph (A) of paragraph (1) of subdivision (b) and subdivision (c) of this Section that were authorized but unfunded in prior periods.

(F) Repayment in the amount specified in paragraph (6) of subdivision (c) of loans and deferrals listed and approved on the Last and Final Recognized Obligation Payment Schedule pursuant to subparagraph (C) of paragraph (1) of subdivision (b) and subdivision (c) of this Section.

(G) Any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by subparagraphs (A) to (F), inclusive, shall be distributed to taxing entities in accordance with Section 34188.

(3) If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund their current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to subdivision (b) of Section 34183.

(4) The county auditor-controller shall no longer distribute property tax to the Redevelopment Property Tax Trust Fund once the aggregate amount of property tax allocated to the successor agency equals the total outstanding obligation approved in the Last and Final Recognized Obligation Payment Schedule.

(e) Successor agencies with a Last and Final Recognized Payment Schedule approved by the Department of Finance may amend or modify existing contracts, agreements, or other arrangements identified on the Last and Final Recognized Obligation Payment Schedule which the Department of Finance has already determined to be enforceable obligations, provided:

(1) The outstanding payments owing from the successor agency are not accelerated or increased in any way.

(2) Any amendment to extend terms shall not include an extension beyond the last scheduled payment for the enforceable obligations listed and approved on the Last and Final Recognized Obligation Payment Schedule.

(3) Nothing in this subdivision shall be construed as authorizing successor agencies to create new or additional enforceable obligations or otherwise increase, directly or indirectly, the amount of Redevelopment Property Tax Trust Funds allocated to the successor agency by the county auditor-controller.