

JULY 23, 2014

M David Kroot
Lynn Hutchins

Karen M. Tiedemann
Thomas H. Webber

Dianne Jackson McLean
Michelle D. Brewer

Jennifer K. Bell

Robert C. Mills

Isabel L. Brown

James T. Diamond, Jr.

Margaret F. Jung

Heather J. Gould

Juliet E. Cox

William F. DiCamillo

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Erica Williams Orcharton

Luis A. Rodriguez

Xochitl Carrion

Rafael Yaquian

Celia W. Lee

Vincent L. Brown

Hana A. Hardy

Caroline Nasella

Eric S. Phillips

Elizabeth Klueck

LAW ALERT

AB 1963: REDEVELOPMENT DISSOLUTION CLEAN-UP CONTINUES

On July 18, 2014, the Governor signed AB 1963, urgency legislation which immediately repeals the requirement for the State Controller's audits of successor agency transfers made after June 30, 2012. The State Controller's Office (SCO) will continue to conduct the audits of redevelopment agency transfers occurring between January 1, 2011 and January 31, 2012. The repeal of the post-dissolution audits alleviates concerns that the SCO's audits would replicate the prior period adjustment reviews already performed by the Department of Finance (DOF) and about potential conflicts or inconsistencies between the two processes.

AB 1963 also extends the deadline for the DOF's final approval of long-range property management plans (LRPMPs) from January 1, 2015 to January 1, 2016 – thereby avoiding the fire sale provisions of the dissolution statutes that would apply to successor agencies that did not receive final

approval of their LRPMP by the end of this calendar year. The extension does not amend or otherwise change the requirement that each successor agency submit an LRPMP to the DOF within six months of receipt of its finding of completion.

Although the scope of AB 1963 is limited, SB 1129 is a pending legislative measure that, if enacted, would: (1) compel the DOF to approve LRPMPs as expeditiously as possible and limit the DOF's review of LRPMPs to consider only whether the LRPMP makes a good faith effort to address the requirements of Health and Safety Code Section 34191.5(c); and (2) clarify that the DOF may not require compensation agreements as a condition of approving an LRPMP. We will provide further updates on SB 1129 as they become available.

If you have any questions about AB 1963 or SB 1129, please contact Karen Tiedemann, Lynn Hutchins, or Rafael Yaquian at Goldfarb & Lipman.

San Francisco

415 788-6336

Los Angeles

213 627-6336

San Diego

619 239-6336

Goldfarb & Lipman LLP

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