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LAW ALERT

SB 1129: A POSITIVE STEP TOWARD SIMPLIFYING THE REDEVELOPMENT DISSOLUTION PROCESS

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On May 28, 2014 the California State Senate approved SB 1129 (Steinberg) on a 27-8 vote. SB 1129 was drafted to address policy challenges and frustrations and is aimed at improving the redevelopment dissolution by:

- Expediting the DOF's review and approval of long-range property management plans (LRPMPs);
- Expanding, clarifying and empowering oversight boards with regards to enforceable obligations; and
- Making other minor amendments and imposing deadlines for important dissolution related processes/reviews.

SB 1129 will expedite the DOF's review and approval of LRPMPs by amending the Redevelopment Dissolution Statutes to:

- Clarify that the property transfer provisions of Health and Safety Code §34180 do not apply to disposition of properties under a LRPMP, and that once approved by the DOF, the LRPMP governs and supersedes all other provisions relating to the disposition and use of the real property assets of the former RDA. As such, actions related to disposition of property pursuant to an approved LRPMP do not require further review of the DOF.
- Clarify that the DOF may not require a compensation agreement or compensation agreements as a condition of approval of an LRPMP.

- Require that the DOF approve LRPMPs as expeditiously as possible and limit its review of LRPMPs to consider only whether the LRPMP makes a good faith effort to address the requirements of Health and Safety Code §34191.5(c).
- Remove the January 1, 2015 deadline for approval of LRPMP, in recognition of the backlog of submitted but as-yet unapproved LRPMPs and in an effort to avoid the forced wholesale liquidation of Former RDA properties.

SB 1129 will expand, clarify and empower oversight boards with regards to enforceable obligations by amending the Redevelopment Dissolution Statutes to:

- Expand the definition of enforceable obligations to include agreements entered into by the RDA prior to June 30, 2011, if the agreement relates to highway infrastructure improvements to which the RDA committed funds under Health and Safety Code §33445.
- Allow a successor agency to use proceeds derived from bonds issued in 2011 for the purposes for which they were sold (thereby creating a new enforceable obligation), if the Oversight Board, in consultation with the appropriate metropolitan planning organization, determines the use of the bond proceeds is consistent with a sustainable communities strategy adopted by the metropolitan planning organization.

- Clarify a successor agency's authority to amend contracts or otherwise administer projects in connection with enforceable obligations so long as the contract agreement or project will not commit new property tax funds or otherwise reduce property tax residual distributions to taxing agencies.
- Require that before the DOF rejects an enforceable obligation of a successor agency that has received a finding of completion, the DOF must first submit the rejection to the successor agency's oversight board for the oversight board's review and approval. SB 1129 would make the oversight board's determination with regards to the enforceable obligation final and conclusive without further review by the DOF.
- Amend Health and Safety Code §33130 to clarify that an agency or community employee may acquire an interest in property within a former RDA project area.

SB 1129 will now move to the Assembly for consideration and will need to move through the Assembly policy committees to which the bill is assigned by June 27, 2014. If your successor agency or sponsoring community is interested in sending a letter of support, such correspondence should be sent to Senate Pro-Tem Steinberg's Sacramento office.

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

SB 1129 will make other minor amendments to improve the dissolution process by amending the Redevelopment Dissolution Statutes to:

- Introduce a January 1, 2016 deadline for the State Controller (SCO) Audits required under Health and Safety Code §34167.5 and 34178.8.
- Introduce a 45-day time period for the DOF to review and make a recommendation on a final and conclusive determination letter submitted by a successor agency pursuant to Health and Safety Code §34177.5(i).

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