

DECEMBER 21, 2011

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LAW ALERT

THE "OTHER" NEW REDEVELOPMENT LAWS

While the redevelopment community anxiously awaits the California Supreme Court's decision regarding the constitutionality of ABx1 26 and 27 (the "Redevelopment Restructuring Acts"), two other independent redevelopment laws are slated to become effective on January 1, 2012.

AB 936 (Hueso). This bill specifies procedures to be implemented in connection with past or future total or partial forgiveness of a loan, advance or indebtedness (hereafter "loan") between a redevelopment agency and a public body (e.g., forgiveness by a redevelopment agency of a loan made to a public body, or forgiveness by a public body of a loan made to a redevelopment agency).

First, AB 936 requires that, by February 1, 2012, redevelopment agencies and public bodies (such as the city or county that formed an agency) adopt a resolution declaring whether or not it forgave such a loan in whole or in part during calendar years 2010 and 2011. If such loan forgiveness did occur, the resolution must contain specified information about the loan parties and terms, and the nature and fiscal effect of the forgiveness. Within 10 days after adoption of the resolution, the adopting entity must transmit a copy of the resolution to the legislative body (presumably the city council or board of supervisors of the sponsoring community for the redevelopment agency) and the State Controller. These requirements appear to apply to all redevelopment agencies regardless of the Supreme Court's decision on the Redevelopment Restructuring Acts.

Second, if following the Supreme Court's decision, a redevelopment agency is in a position to be involved in a loan forgiveness with a public body, AB 936 requires that, prior to any such future loan forgiveness, the redevelopment agency or public body that is forgiving the loan repayment must adopt a resolution stating its intention and providing specified information about the loan parties and terms, and the nature and fiscal effect of the forgiveness. The adoption of the resolution may not be placed on the redevelopment agency's or public body's consent calendar, but instead must be adopted by a recorded roll call vote. The redevelopment agency or public body proposing to make the loan forgiveness may not act to implement such forgiveness until at least 15 days after the resolution is adopted.

The resolutions described above do not require any special Redevelopment Law noticing or public hearing. Normal Brown Act noticing and public comment procedures should suffice.

AB 1338 (Hernández). If and when redevelopment agencies again become authorized to acquire property, AB 1338 requires a redevelopment agency to obtain an appraisal from a qualified appraiser to determine the fair market value of a property before the agency acquires or purchases such property on or after January 1, 2012.

For more information, please call Jack Nagle, Lynn Hutchins, Rafael Yaquian, or any other Goldfarb & Lipman attorney at 510-836-6336.