

## Memorandum 2012-23

**Community Redevelopment Law Cleanup: Revenue**

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Health and Safety Code Section 34189(b) requires the Law Revision Commission to “draft a Community Redevelopment Law cleanup bill for consideration by the Legislature no later than January 1, 2013.” The Commission is using the following general methodology for the conduct of that study:

- The Commission’s clean-up work will be limited to making technical changes to conform to the effect of ABx1 26 (Blumenfield), 2011 Cal. Stat. ch. 5.
- The Commission will not recommend any revisions to construe, clarify, or alter the substantive effect of ABx1 26.
- The Commission’s clean-up work will not alter the existing powers and duties of successor agencies, as established by ABx1 26.
- The Commission’s clean-up work will not alter the existing status of the employees of former redevelopment agencies, as established by ABx1 26.
- The Commission’s clean-up work will not disturb the existing allocation of the revenue of former redevelopment agencies, as established by ABx1 26.
- The scope of the Commission’s clean-up work will include Parts 1, 1.5, 1.7, 1.8, 1.85, and 1.9 of Division 24 of the Health and Safety Code. The Commission will also correct any cross-references to any of those provisions.
- If a provision of the community redevelopment statutes contains an apparent substantive defect or its meaning is unclear, the Commission may note the matter in an appendix for inclusion in the Commission’s final report. The appendix will state expressly that it has been prepared solely for informational purposes and that the Commission does not take any position on whether or how any of the issues noted in the appendix should be addressed. The appendix will also make clear that the omission of any issue from the appendix should not be construed to infer that the Commission evaluated the issue and concluded that it is unproblematic.

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Any California Law Revision Commission document referred to in this memorandum can be obtained from the Commission. Recent materials can be downloaded from the Commission’s website ([www.clrc.ca.gov](http://www.clrc.ca.gov)). Other materials can be obtained by contacting the Commission’s staff, through the website or otherwise.

The Commission welcomes written comments at any time during its study process. Any comments received will be a part of the public record and may be considered at a public meeting.

- If the Commission determines that a provision of the community redevelopment statute is wholly obsolete, it shall recommend the provision's repeal.
- The Commission's clean-up proposal will include a general "savings provision." The savings provision will expressly declare that the Commission's clean-up work does not have any effect on the existing powers and duties of successor agencies, the existing rights and obligations of the employees of former redevelopment agencies, the existing rules for allocation of the revenue of former redevelopment agencies, or any other substantive effect of ABx1 26.

See Minutes (Feb. 2012), p. 6; Minutes (April 2012), p. 9. The concept of the "savings provision" is explained in Memorandum 2012-11. For the current draft of the savings provision, see Memorandum 2012-20; see also Minutes (April 2012), pp. 3-6.

This memorandum provides preliminary analysis and staff recommendations relating to provisions governing redevelopment agency ("RDA") revenue, including the following provisions of Part 1 of Division 24 of the Health and Safety Code:

- Articles 1 through 6, inclusive, of Chapter 6 (with the exception of Sections 33607.5-33608 and 33670.9-33670.95).
- Chapters 7.5 through 9, inclusive.

Those provisions are attached in an Exhibit, for reference. The Exhibit also includes Revenue and Taxation Code Section 7280.5 and Section 16 of Article XVI of the California Constitution.

*This memorandum does not address RDA payment obligations, such as pass-through payments, housing fund contributions, and school financing contributions. Those obligations will be discussed in a future memorandum.*

In many places, this memorandum refers to the "transitional period," a term that is defined in the proposed savings provision. At the April meeting, the Commission decided to revise its definition of "transitional period" to refer to mediation, but it did not decide exactly how to implement that decision. See Minutes (April 2012), p. 5. The staff has since recommended the following language:

"Transitional period" means the period during which either or both of the following are true:

(A) A successor agency is winding down the affairs of a former redevelopment agency.

(B) A redevelopment-related proceeding is pending or may be legally commenced. For the purposes of this section, “proceeding” means any adjudicative, investigative, or dispute resolution proceeding, including, without limitation, a civil, criminal, or administrative action or proceeding, mediation, or arbitration.

See Memorandum 2012-20, pp. 3-4. Throughout this memorandum, the staff has used that definition of “transitional period.”

Unless otherwise indicated, all statutory citations in this memorandum are to the Health and Safety Code.

#### TWO-STEP ANALYSIS

In this memorandum, the staff will first group the provisions that we’re examining, by subject matter. The staff will analyze each subject matter group separately, using the same two-step process that we first described and applied in Memorandum 2012-12:

- (1) **Analyze the relevance of the provisions *after* the transitional period.** First, the staff will assess whether any of the provisions in the subject matter group will serve any purpose after the end of the transitional period. In other words, once the affairs of all former RDAs have been wound down and all redevelopment-related proceedings have been finally resolved, will any of the provisions in the group still be needed? If not, the provisions are obsolete and should be repealed. If any of the provisions in the group would serve some continuing purpose after the end of the transitional period, the staff will recommend that those provisions be retained, or suggest another means of effectively dealing with the situation.
- (2) **Analyze the relevance of the provisions *during* the transitional period.** Second, the staff will assess whether any of the provisions in the subject matter group might have some continuing utility during the transitional period that would not be adequately preserved by the savings provision. If so, the staff will assess whether and how to adjust the savings provision to account for the issue.

#### ORGANIZATION OF MATERIAL

The RDA revenue provisions examined in this memorandum have been organized into the following groups, each addressing a different source of RDA revenue:

- Tax increment
- Agency bonds
- Revenue bonds issued to finance housing construction loans
- Special assessments
- Transient occupancy tax
- Other miscellaneous sources of revenue

Note that this memorandum examines the main body of statutory provisions relating to the topics listed above. It does not address every provision that touches on those topics. For example, there are a number of Revenue and Taxation Code sections that reference tax increment revenue in discussing related taxation matters. Those technically complex sections will be examined separately, in a future memorandum.

## TAX INCREMENT

Before analyzing the continuing relevance of the tax increment provisions, it would be helpful to first provide an overview of tax increment financing and a discussion of how tax increment financing was changed by ABx1 26.

### **Overview of Tax Increment Financing**

“Tax increment financing” is the most important source of funding for redevelopment. It is expressly authorized by the California Constitution and is implemented by statute. See Cal. Const. art XVI, § 16; Section 33670.

Under tax increment financing, property taxes collected within a redevelopment project area are divided between the RDA and all of the public entities that are otherwise entitled to a share of property taxes within the project area (the “taxing agencies”). See Section 33670.

In general, the share of property tax revenue allocated to the taxing agencies is based on the “baseline assessment,” which is the tax assessment roll for the area *at the time that the redevelopment plan was approved*. See Section 33670(a). Over time, any “tax increment” (i.e., the property tax revenue in excess of the amount allocated to the taxing agencies pursuant to the baseline assessment) goes to the RDA. See Section 33670(b). As the assessed value of property in the redevelopment project area increases (presumably as the result of redevelopment activity), the amount of property taxes collected will grow, thereby producing a larger tax increment for allocation of the RDA. Tax increment revenue “shall be paid into a special fund of the redevelopment agency to pay the principal of and

interest on loans, moneys advanced to, or indebtedness (whether funded, refunded, assumed, or otherwise) incurred by the redevelopment agency to finance or refinance, in whole or in part, the redevelopment project.” *Id.*

A number of provisions govern the process by which tax increment revenue is calculated and allocated. See Sections 33670(d)-(e) (exclusion of certain taxes from allocation rule), 33670.5 (comparison of assessed values to be based on same assessment ratio), 33672 (“tax” defined), 33672.5 (tax allocation statement), 33674 (start date for tax increment allocation), 33675(a) (method of allocation), 33657(b)-(c) (RDA statement of indebtedness and reconciliation statement), 33657(b) & (d) (RDA reconciliation statement), 33673-33673.1 (taxation of property developed by RDA for lease to third party), 33676(a)(1), (c)-(f) (revenue from tax rate increase after establishment of baseline), 33676(a)(2), (c)-(f) (redevelopment plan amended to add tax increment financing authority), 33676(b), (e)-(f) (allocation of revenue to “basic aid” school districts), 33677 (merged project areas), 33677.5 (allocation where RDA governs more than one project), 33678 (exemption from spending limitations of Cal. Const. art XIII B), 33679 (special procedures for use of tax increment to fund RDA construction of public building).

There are also two provisions that provide special tax allocation rules for specific projects. See Sections 33670(c) (reduction of baseline assessment for specified project), 33670.8 (cities of Santa Cruz and Watsonville).

Finally, there is a provision stating that tax increment revenue can be irrevocably pledged for the payment of the principal and interest on RDA loans, advances, and other indebtedness. See Section 33671. Such a pledge has priority over any other claim to the tax revenues, other than a prior pledge. See Section 33671.5.

As noted above, this memorandum does not examine provisions outside of Community Redevelopment Law (most notably in the Revenue and Taxation Code) that contain cross-references to the tax increment provisions. Those cross-referencing provisions will be analyzed in a future memorandum.

### **Changes to Tax Increment Financing Made by ABx1 26**

Section 34189(a), added by ABx1 26, expressly states that “all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies, including, but not limited to, ... subdivision (b) of Section 33670, shall be inoperative....” As discussed above,

Section 33670(b) is the pivotal provision that authorizes tax increment allocation to RDAs. In effect, Section 34189(a) wiped out the statutory basis for tax increment allocation.

But that was not the last word on the subject. Section 34172(d) then restored the basic principle of tax increment allocation, but on a different foundation. It provides for tax increment allocation *pursuant to Section 16(b) of Article XVI of the California Constitution* (which is nearly identical to Section 33670(b) in its effect):

Revenues equivalent to those that would have been allocated pursuant to subdivision (b) of Section 16 of Article XVI of the California Constitution shall be allocated to the Redevelopment Property Tax Trust Fund of each successor agency for making payments on the principal of and interest on loans, and moneys advanced to or indebtedness incurred by the dissolved redevelopment agencies.

This significantly simplified the revenue side of the tax increment equation, replacing the complex body of law discussed earlier with a simple reference to the tax increment that “would have been allocated” to the former RDAs under the underlying constitutional provision.

(ABx1 26 also made significant changes to the law governing the *expenditure* of tax increment revenue. Those changes are beyond the scope of this memorandum. They will be discussed in a future memorandum addressing RDA obligations.)

### **Relevance After Transitional Period**

It appears that all of the provisions of Article 6 of Chapter 6 that authorize and regulate the allocation of tax increment (Sections 33670-33670.8, 33671-33679) are now inoperative. They have been replaced with a simplified tax increment rule grounded in the constitutional provision on tax increment. Consequently, the tax increment provisions would not appear to have any continuing relevance (once all legal actions relating to the now-inoperative provisions have been resolved). **They should be repealed.**

### **Relevance During Transitional Period**

As discussed above, tax increment allocation has been shifted from its former statutory basis (which is now inoperative) to a new basis grounded in constitutional authority. The inoperative provisions no longer have any legal relevance, and will not have any operational effect during the transitional period.

However, it is possible that there may be legal action that involves the now-inoperative tax increment provisions, making those provisions relevant for as long as such legal action is pending or possible. **The savings provision should be sufficient to avoid making any change to the meaning or effect of those provisions, with respect to their relevance in any legal actions during the transitional period.** See proposed Section 33090(b).

## AGENCY BONDS

While tax increment revenue is an extremely important funding source, it is not available at the beginning of a redevelopment project. When a project is first approved, there is not any debt to justify the allocation of tax increment, nor is there any tax increment to be allocated. Only later, after the assessed value of real property within the project area has increased, will tax increment revenue begin to flow.

There are various ways in which an RDA can obtain funding early in a project's lifetime, before significant tax increment revenues are available. One of the most important alternatives, discussed here, is the issuance of an RDA bond (which also establishes the RDA's indebtedness). Typically, the bond is secured by a pledge of future tax increment revenue.

Other potential sources of startup revenue are discussed later, under "Other Sources of Revenue."

### **Overview of Agency Bond Provisions**

An RDA is expressly authorized (subject to the approval of its legislative body) to issue bonds. Section 33640. Such bonds are fully negotiable. Section 33648.

Sources of payment for an RDA bond may include tax increment revenue, income and revenue from the redevelopment project itself, revenue from a city's transient occupancy tax, general revenue, and state and federal financial assistance. Section 33641. Payment of the bond may be secured by a pledge of collateral, including a pledge of tax increment revenue. Sections 33641.5, 33642 (pledge of collateral to secure bond repayment). See also Sections 33671, 33671.5 (pledge of tax increment revenue).

A bond issued by an RDA is deemed to be issued for an essential public and governmental purpose and is exempt from state taxation. Section 33662.

There are numerous implementing provisions, which address various technical issues relating to the character of the bond and bond-related transactions, including:

- Definition of “bonds.” Section 33602.
- Liability. Sections 33643-33644.
- Bond issuance and sale provisions. Sections 33645-33649.
- RDA powers relating to bond issuance and terms. Sections 33650-33659.
- Obligee remedies. Sections 33660-33661.
- Authority to purchase RDA bonds. Sections 33663-33664.

### **Changes to Agency Bond Provisions Made by ABx1 26**

Section 34162 generally prohibits an RDA from incurring any new indebtedness. More specifically, that section expressly prohibits the issuance of any bond for any purpose. See Section 34162(a)(1). It is therefore clear that, in the period after enactment of ABx1 26 but prior to the dissolution of all RDAs, an RDA could not issue a new bond.

Can a successor agency issue a bond? In other words, is a successor agency vested with the powers and duties conferred by Sections 33640 through 33665? Probably not, for two reasons.

First, as discussed above, Section 34189(a) makes any provision that “depends” on tax increment inoperative. That provision expressly identifies Section 33640, which authorizes the issuance of RDA bonds, as an example of a section that depends on tax increment and is now inoperative. It therefore seems clear that a successor agency cannot issue a bond that is secured with tax increment revenue.

Second, it is likely that the statutory authority to issue a bond has not vested in successor agencies. Generally, successor agencies have been vested with the powers and duties of the former RDAs. See Section 34173(b). However, there is an important exception to that rule. A successor agency is *not* vested with an RDA power or duty if that power or duty is “restricted” by ABx1 26. Here, the authority of an RDA to issue bonds was eliminated by ABx1 26. See Section 34162. Consequently, it would appear that a successor agency does not have the authority, under Section 33640, to issue bonds.

For those reasons, it seems nearly certain that no new agency bonds will be issued pursuant to Section 33640.



## Relevance After Transitional Period

Once all outstanding agency bonds have been fully retired and any legal action relating to those bonds has been resolved, the provisions authorizing and regulating RDA bonds will be obsolete. No new bonds will be issued and there will be no need for provisions establishing the validity and character of such bonds. **The provisions should be repealed.**

## Relevance During Transitional Period

As discussed above, there should be no new bonds issued during the transitional period. Therefore, the bond provisions will not have any relevance related to the issuance of new bonds during the transitional period.

However, there are outstanding bonds that still need to be repaid and there may be pending or future litigation that involves the bond provisions. The bond provisions will remain relevant with respect to those matters.

Because the obligation to repay existing bonds is particularly important, the proposed savings provision includes express language making clear that the Commission's clean-up legislation will not have any effect on the validity of existing bonds:

33090....

(b) The repeal or amendment of a provision of former law by the Redevelopment Clean-Up Act shall have no effect, during the transitional period, on the policy, substance, construction, or application of former law with regard to any redevelopment-related matter, including, but not limited to, any of the following redevelopment-related matters:

...

(5) The validity of any bond issued by a redevelopment agency.

Proposed Section 33090(b)(5). **That specific language, in combination with the more general language in proposed Section 33090(b), should be sufficient to avoid making any change to the law governing agency bonds during the transitional period.**

One final point: the definition of "bonds" in Section 33602 is expressly incorporated in Section 34171 (as added by ABx1 26). Given the continued use of the definition, it should not be repealed. Instead, it should be preserved (and perhaps co-located with Section 34171). **The staff will present language to make that change in a future memorandum,** in connection with an analysis of any

necessary clean-up to Parts 1.8 (commencing with Section 34161) or 1.85 (commencing with Section 34170) of Division 24.

#### REVENUE BONDS ISSUED TO FINANCE HOUSING CONSTRUCTION LOANS

Two chapters in the Community Redevelopment Law authorize an RDA to issue tax-exempt revenue bonds in order to finance loans for the construction of housing:

- Chapter 7.5 (Sections 33740-33746) authorizes an RDA to make bond-financed loans to tax exempt organizations, for use in funding the acquisition or development of multifamily rental housing.
- Chapter 8 (Sections 33750-33799) authorizes an RDA to make bond-financed loans, for use in funding residential construction.

Revenue bonds, unlike general obligation bonds, are repaid using specified agency revenue (in this case, loan payments), rather than general tax revenue. See Sections 33746(a), 33753(k) (“revenue bond” defined), (l) (“revenues” defined).

Both Chapter 7.5 and Chapter 8 provide detailed procedures governing the issuance of such bonds and the use of the resulting revenue, as summarized below.

#### **Chapter 7.5. Loans to Tax-Exempt Organizations**

Chapter 7.5 is fairly brief and direct. It authorizes an RDA to issue tax-exempt revenue bonds to finance loans to nonprofit organizations for the construction of multifamily rental housing. Section 33741. It declares such loans to be “beneficial.” Section 33740.

Section 33742 sets out a number of detailed requirements for housing that is constructed with bond proceeds. Such a project (which can include a mobile home park) must either meet specified low- and moderate-income occupancy standards and rent caps or it must be a “qualified low-income housing project” under specified federal law. Section 33742(a). The occupancy requirements remain in effect for the duration of the bond or 30 years, whichever is greater. Section 33742(c). A project may contain a small percentage of commercial property, subject to specified restrictions. Section 33743.

Section 33743 provides a procedure for adjudicating complaints that a nonprofit is violating the restrictions imposed by Section 33742. See Section 33744.

Finally, Sections 33745 and 33746 govern the major terms of a revenue bond issued pursuant to Chapter 7.5.

### **Chapter 8. Redevelopment Construction Loans**

Chapter 8 is much more complex and detailed than Chapter 7.5, but the two are similar in their broad outlines.

Chapter 8 authorizes the issuance of tax-exempt revenue bonds for the financing of housing construction. See Sections 33760, 33775, 33797. Such loans are declared to be beneficial to the public. See Sections 33750-33752, 33784.

Housing constructed with loans issued under Chapter 8 must meet detailed specifications relating to low- and moderate-income occupancy. See Sections 33760-33760.5, 33761.5.

The chapter provides detailed rules governing the issuance and terms of bonds. See Sections 33761, 33766, 33775-33784, 33796, 33799. It also contains a number of provisions that govern various aspects of the bond financing program. See Sections 33762-33765, 33767-33769, 33790-33795, 33798.

### **Relevance After Transitional Period**

Chapters 7.5 and 8 both provide for long-term bonds, loans, and enforceable low- and moderate-income occupancy restrictions on housing constructed with loans issued under those chapters. Consequently, these provisions may require many years to fully wind down. But once all bond-financed housing has been constructed, all bonds and loans have been fully repaid, the period for enforcement of the occupancy restrictions has expired, and the time for commencing any legal action relating to the requirements of the chapters has ended, the provisions will serve no further purpose. **They will be obsolete and should be repealed.**

### **Relevance During Transitional Period**

As discussed above, ABx1 26 barred the former RDAs from issuing any new bonds. The same is probably true of their successor agencies.

Nonetheless, Chapters 7.5 and 8 will remain relevant during the transitional period. It is likely that some bonds and loans issued under those chapters have

not yet been fully paid. It is important that the validity and terms of those bonds and loans not be called into question.

In addition, there may still be ongoing construction pursuant to bond-financed loans. That construction is governed by the requirements in Chapters 7.5 and 8, including provisions that authorize ongoing supervision by RDAs. See, e.g., Section 33790. Presumably, successor agencies are now vested with those duties. See generally Section 34173(b) (successor agencies vested with powers and duties of former RDAs). See also Section 34177(i) (successor agencies to “[c]ontinue to oversee development of properties until the contracted work has been completed....”).

Once the housing is constructed, it is subject to occupancy and rent restrictions, designed to guarantee a specified measure of low- and moderate-income tenant housing. Those restrictions will remain enforceable for many years. See Sections 33742(c) (for duration of bond or 30 years, whichever is greater), 33760(c)-(d) (for duration of bond, plus holdover period which can extend for an additional 30 years).

Under Chapter 7.5, an RDA (and presumably a successor agency) has a mandatory duty to investigate and take corrective action on receipt of a complaint that the occupancy restrictions have been violated. See Section 33744.

The provisions governing all of those duties and powers will remain relevant for as long as the related activities are ongoing. In addition, the provisions will remain relevant while any legal action relating to those provisions is pending or can be legally brought.

**For the most part, the savings provision should be sufficient to avoid making any change to the meaning or effect of Chapters 7.5 and 8 during the transitional period.** The transitional period will include the lengthy time in which the activity described above is winding down, as well as the time in which related legal actions may be brought. See proposed Section 33090(a)(3). In addition to general language expressly stating that repeal of a provision by the clean-up legislation “shall have no effect, during the transitional period, on the policy, substance, construction, or application of former law with regard to any redevelopment-related matter,” the savings provision also expressly states that “redevelopment-related matters” include:

- (1) The authority, rights, powers, duties, and obligations of a successor agency or any other person or entity who is granted or

charged with authority, rights, powers, duties, and obligations relating to redevelopment.

...

(4) Any provision of former law authorizing legal action or specifying rules of evidence or procedure governing a legal action.

(5) The validity of any bond issued by a redevelopment agency.

(6) The validity of any redevelopment-related ordinance, resolution, referendum, regulation, plan, report, map, boundary description, or other legally operative document promulgated by a former redevelopment agency, a successor agency, or any other person or entity.

Proposed Section 33090(b).

As drafted, those provisions should be adequate to describe all of the matters addressed in Chapters 7.5 and 8. However, it might be helpful if proposed Section 33090(b)(6) were revised to highlight two types of “legally operative documents” that are particularly germane to Chapters 7.5 and 8, thus:

(6) The validity of any redevelopment-related contract, ordinance, resolution, referendum, regulation, property use restriction, plan, report, map, boundary description, or other legally operative document promulgated by a former redevelopment agency, a successor agency, or any other person or entity.

In evaluating the inclusion of the word “contract,” recall that the proposed savings provision only addresses the effect of the proposed clean-up legislation. It would not have any effect on ABx1 26 (which did nullify some contracts).

**Should the changes shown in underscore above be made to the proposed savings provision?**

#### TRANSIENT OCCUPANCY TAX

Revenue and Taxation Code Section 7280.5 authorizes an RDA to levy a “transient occupancy tax” (on hotel stays) within the project area, if the city allows payment of the RDA’s tax to be credited to the transient occupancy tax that the hotel patron would otherwise pay to the city.

The proceeds of the RDA’s tax can be pledged to secure an agency bond. See Rev. & Tax. Code § 7280.5(c)-(d); see also Section 33641(d).

Although Section 7280.5 is not part of the “Community Redevelopment Law,” the staff decided to analyze it in this memorandum anyway, because it establishes a source of RDA revenue. That decision stretches the scope of work

described in the sixth bullet point on page 1 of this memorandum, but it seemed appropriate in order to give a more complete picture of the revenue available to an RDA. Furthermore, Section 7280.5 does contain a cross-reference to a provision of the Community Redevelopment law and is itself referenced in ABx1 26 (as discussed below).

### **Changes to Transient Occupancy Tax Provisions Made by ABx1 26**

Section 34162(a)(2), added by ABx1 26, bars an RDA from incurring any new indebtedness, including any indebtedness “payable from prohibited sources, which include, but are not limited to, ... taxes imposed by the agency pursuant to Section 7280.5 of the Revenue and Taxation Code....” The emphasis of this provision is on prohibiting any *new* indebtedness. It does not seem to have any effect on an existing transient occupancy tax (the proceeds of which might be pledged to payment of an *existing* indebtedness).

Section 34165(b), added by ABx1 26, provides that an RDA cannot “[i]mpose new assessments” pursuant to Revenue and Taxation Code Section 7280.5. This seems to be aimed at prohibiting the creation of a new transient occupancy tax. However, the use of the words “impose new assessments” could perhaps be read to include the collection of future revenue under an already existing transient occupancy tax. That strikes the staff as an unlikely reading, but not an impossible one.

However, if the language is read to prohibit the collection of future transient occupancy tax revenue, then it would seem to be at odds with Section 7280.5 itself, which expressly prohibits the repeal of an RDA transient occupancy tax, so long as the proceeds are pledged to payment of an existing bond:

The provisions of this section which authorize the imposition of the taxes may not be repealed during the time that any of the bonds remain outstanding.

Moreover, Section 34175(a) states:

It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or *the stream of revenues available to meet the requirements of the pledge.*”

(Emphasis added). Consequently, the staff is not entirely sure whether existing RDA transient occupancy taxes remain in effect after enactment of ABx1 26. **The**

**staff will raise this issue in the next version of its list of “Minor Issues for Possible Future Legislative Attention.”**

#### **Relevance After Transitional Period**

Once all redevelopment activity has wound down, all bonds have been fully paid, and all related legal action has been resolved or can no longer be brought, there would not seem to be any need for Revenue and Taxation Code Section 7280.5. **It can be repealed as obsolete.**

#### **Relevance During Transitional Period**

If an RDA-imposed transient occupancy tax remains in effect after the enactment of ABx1 26, then the successor agency would probably continue to receive any revenues pursuant to that tax. See Section 34177(f) (requiring successor agency to collect all revenues due former RDA). For that reason, Revenue and Taxation Code Section 7280.5 could remain relevant during the transitional period. That provision would also be relevant while any legal action relating to the tax may legally be brought.

**The proposed savings provision appears to be adequate to preserve the effect of Section 7280.5 during the transitional period.** It would make clear that the repeal of Section 7280.5 by the Commission’s clean-up legislation would have no effect on the “policy, substance, construction, or application” of that provision “with regard to any redevelopment-related matter....” See proposed Section 33090(b). The savings provision would also make clear that “redevelopment-related matter” includes an ordinance promulgated by an RDA or any other entity. See proposed Section 33090(b)(6). That plainly encompasses the ordinance-based procedure by which an RDA and its city would impose an RDA transient occupancy tax.

It does not matter that Section 7280.5 is in the Revenue and Taxation Code, rather than in the Community Redevelopment Law. The savings provision applies to any provision of “former law” that is repealed by the clean-up legislation, without any limitation as to code.

### SPECIAL ASSESSMENTS

In 1978, the People enacted Proposition 13. Among other things, Proposition 13 capped *ad valorem* real property taxes at 1%, reducing the amount of property tax revenue available to local taxing agencies by more than half. *California*

*Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231, 244, 267 P.3d 580, 135 Cal. Rptr. 3d 683 (2011). Among other things, that change significantly reduced tax increment revenue that had been expected to be available for the repayment of then-existing RDA obligations.

In apparent response, the Legislature enacted Chapter 9 of Part 1, which permits RDAs to impose special assessments on property owners, solely for the purposes of paying pre-1978 indebtedness. See Sections 33800-33855.

Chapter 9 is organized as follows:

- Article 1 (Sections 33800-33804) provides definitions that govern the chapter.
- Article 2 (Sections 33810-33817) contains legislative findings and declarations. They provide the necessary justification for the imposition of special assessments.
- Article 3 (Sections 33820-33839) authorizes the imposition of special assessments (Section 33820) and provides a procedure for their imposition. The procedure includes various reports and findings that must be prepared by the RDA and the legislative body (Sections 33821-33824), a public hearing that must be held (Sections 33825-33830), a procedure for written protest by affected property owners (Sections 33831-33834), and implementation procedures (Sections 33835-33839).
- Article 4 (Sections 33840-33845) provides rules for the administration of the special assessment and the resulting revenue.
- Article 5 (Sections 33850-33855) governs legal action to contest the validity of a special assessment (Section 33850), exemptions from the scope and effect of the chapter (Sections 33851-33853), and severability rules, in the event that some part of the chapter is invalid (Sections 33854-33855).

### **Changes to Special Assessment Provisions Made by ABx1 26**

As discussed above, Section 34182(a) makes any provision that “depend[s] on the allocation of tax increment to redevelopment agencies” inoperative.

It is not clear whether the special assessment provisions “depend on” tax increment allocation in a way that makes them inoperative pursuant to Section 34182(a). For the most part, the special assessment provisions do not govern the allocation of tax increment revenue. Nor do they involve activities funded by tax increment. Rather, they serve to establish an independent stream of revenue. In that sense, they are not dependent on tax increment.



However, the special assessment provisions only apply where tax increment revenues are insufficient to pay pre-1978 obligations. In that sense, the application of those provisions is dependent on tax increment allocation.

Furthermore, one of the special assessment provisions does directly affect tax increment allocation. Section 33839 provides:

Notwithstanding any other provision of this chapter, all tax increments allocated to the agency pursuant to subdivision (b) of Section 33670 with respect to a redevelopment project for which a special assessment district has been created pursuant to this chapter, shall first be used to pay indebtedness, as defined in this chapter.

That provision may well be inoperative.

Thus, the impact of Section 34182(a) on the special assessment provisions, if any, is not altogether clear. **For that reason, the Commission should discuss the possible application of Section 34182(a) to the Chapter 9 special assessment provisions in the next version of its list of “Minor Issues for Possible Future Legislative Attention.”**

#### **Relevance After Transitional Period**

The special assessments may only be levied for the specific purpose of paying pre-1978 RDA indebtedness. Once those obligations have been satisfied, there will be no authority to continue to collect special assessments and the provisions governing those assessments will not be needed. Once the time to commence or resolve any legal action involving those provisions has passed, they will be obsolete. **The provisions should be repealed.**

#### **Relevance During Transitional Period**

As discussed above, it is not clear whether the special assessment provisions are now inoperative. If not, then the successor agency would appear to be obligated to continue to collect the assessment revenues. See Section 34177(f) (requiring successor agency to collect all revenues due former RDA). In that case, the provisions remain relevant until the pre-1978 obligations have been paid.

In addition, the provisions will also remain relevant while any legal action relating to RDA special assessments is pending or can be legally brought.

**The savings provision should be sufficient to avoid making any change to the meaning or effect of those provisions (if they remain operative) during the transitional period.** It would make clear that the repeal of Chapter 9 by the

Commission's clean-up legislation would have no effect on the "policy, substance, construction, or application" of those provisions "with regard to any redevelopment-related matter...." See proposed Section 33090(b). The savings provision would also make clear that "redevelopment-related matter" includes a resolution or report promulgated by an RDA or any other entity. See proposed Section 33090(b)(6). That plainly encompasses the key documents used by an RDA and its city to impose special assessments under Chapter 9.

#### OTHER MISCELLANEOUS SOURCES OF REVENUE

In addition to the sources of revenue discussed above, an RDA may also receive direct financial assistance from any source, public or private. Section 33600. This assistance can be in the form of loans or grants. Section 33601. An RDA is expressly authorized to invest any funds held in reserve. Section 33603.

A local community may appropriate funds for use by an RDA to pay administrative costs and overhead. Section 33610. There are a number of provisions regulating the administration of such funds. See Sections 33611 (annual RDA administrative budget), 33612 (legislative body's budget for agency administrative expenses), 33613 ("community redevelopment agency administrative fund"), 33615 (detailed RDA transaction reports).

A legislative body can also create a special "redevelopment revolving fund" for use in funding redevelopment activities. See Section 33620. The legislative body can raise money for deposit into the revolving fund through an appropriation or the sale of general obligation bonds. Section 33621. There are a number of procedures governing the administration of the revolving fund. See Sections 33622 (majority approval required for specified uses), 33623 (two-thirds approval required for specified uses), 33624 (redeposit of surplus funds), 33625 (application of specified provisions), 33626 (abolition of revolving fund and disposition of funds withdrawn by legislative body).

As noted above, a community may issue a general obligation bond to provide funds for deposit into a redevelopment revolving fund. There are several provisions governing such bonds. See Section 33630 (purpose of bond, principal amount, disposition or retired bond, maturity date), 33631 (repayment from tax increment revenue of RDA), 33632 (disposition of surplus).

Importantly, although Section 33631 authorizes an agreement requiring an RDA to repay a community's general obligation bond with tax increment

revenue, the section only applies to a redevelopment agency that receives tax increment revenue. Therefore, it seems to expressly “depend” on tax increment and is probably inoperative pursuant to Section 34189(a).

Nonetheless, existing agreements created pursuant to that section probably remain valid. See Section 34175(a) (“It is the intent of this part that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge.”); see also Section 34167(d)(5) (“enforceable obligation” includes any “legally binding and enforceable agreement or contract”). Note, however, that such an agreement executed after December 31, 2010, may be invalid. See Section 34178 (invalidating agreements between RDAs and their communities, with specified exceptions).

### **Relevance After Transitional Period**

Once redevelopment activity has fully ceased, there will be no further need for public or private entities to provide financial resources to RDAs or their successor agencies. Once all indebtedness arising under the financial assistance provisions has been paid all legal action involving those provisions has been resolved or is time-barred, the provisions will be obsolete. **They should be repealed.**

### **Relevance During Transitional Period**

Section 34163(g) provides that an RDA may not receive aid from any private or public source “if the acceptance necessitates or is conditioned on” the RDA incurring new indebtedness. This plainly precludes the operation of some of the financial assistance provisions discussed above (to the extent that they require repayment by an RDA). However, the provisions governing a direct grant of resources do not seem to be affected. Those provisions would seem to remain relevant during the transitional period.

And, as always, the provisions may be relevant in any legal action that is pending or can be brought.

**The savings provision should be sufficient to avoid making any change to the meaning or effect of the financial assistance provisions during the transitional period.** It would make clear that the repeal of the provisions, pursuant to the Commission’s clean-up legislation, would have no effect on the “policy, substance, construction, or application” of those provision “with regard

to any redevelopment-related matter....” See proposed Section 33090(b). The savings provision would also make clear that “redevelopment-related matters” include:

(1) The authority, rights, powers, duties, and obligations of a successor agency or any other person or entity who is granted or charged with authority, rights, powers, duties, and obligations relating to redevelopment.

...

(4) Any provision of former law authorizing legal action or specifying rules of evidence or procedure governing a legal action.

(5) The validity of any bond issued by a redevelopment agency.

(6) The validity of any redevelopment-related ordinance, resolution, referendum, regulation, plan, report, map, boundary description, or other legally operative document promulgated by a former redevelopment agency, a successor agency, or any other person or entity.

Proposed Section 33090(b). Those express provisions should be sufficient to encompass the various powers and duties of cities and counties addressed in the financial assistance provisions, the validity of any bonds issued pursuant to those provisions, and the validity of any resolutions promulgated pursuant to those provisions.

#### NEXT STEP

This memorandum only presents one side of the lengthy and complicated provisions governing RDA finances. It does not discuss the financial obligations of RDAs. Those matters will be discussed in a future memorandum.

Respectfully submitted,

Brian Hebert  
Executive Director

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HEALTH AND SAFETY CODE

1 DIVISION 24. COMMUNITY DEVELOPMENT AND  
2 HOUSING

3 PART 1. COMMUNITY REDEVELOPMENT LAW

4 CHAPTER 6. FINANCIAL PROVISIONS

5 Article 1. General

6 **§ 33600. Financial assistance from any public or private source**

7 33600. An agency may accept financial or other assistance from any public or  
8 private source, for the agency's activities, powers, and duties, and expend any  
9 funds so received for any of the purposes of this part.

10 **§ 33601. Loans and grants**

11 33601. An agency may borrow money or accept financial or other assistance  
12 from the state or the federal government or any other public agency for any  
13 redevelopment project within its area of operation, and may comply with any  
14 conditions of such loan or grant.

15 An agency may borrow money (by the issuance of bonds or otherwise) or accept  
16 financial or other assistance from any private lending institution for any  
17 redevelopment project for any of the purposes of this part, and may execute trust  
18 deeds or mortgages on any real or personal property owned or acquired.

19 **§ 33602. "Bonds" defined**

20 33602. "Bonds" means any bonds, notes, interim certificates, debentures, or  
21 other obligations issued by an agency pursuant to Article 5 (commencing with  
22 Section 33640) of this chapter.

23 **§ 33603. Investments**

24 33603. An agency may invest any money held in reserves or sinking funds, or  
25 any money not required for immediate disbursement, in property or securities in  
26 which savings banks may legally invest money subject to their control.

27 **§ 33604. Disposition of funds of RDA that has ceased to function**

28 33604. If an agency ceases to function, any surplus funds existing after payment  
29 of all its obligations and indebtedness shall vest in the community.

1    **§ 33605. Preliminary loan notes**

2       33605. In connection with the issuance and sale of preliminary loan notes,  
3       secured by a requisition agreement with the United States of America, the agency  
4       may delegate to one or more of its agents or employees the powers or duties it  
5       deems proper.

6    **§ 33606. Annual RDA budget**

7       33606. An agency shall adopt an annual budget containing all of the following  
8       specific information, including all activities to be financed by the Low and  
9       Moderate Income Housing Fund established pursuant to Section 33334.3:

10      (a) The proposed expenditures of the agency.

11      (b) The proposed indebtedness to be incurred by the agency.

12      (c) The anticipated revenues of the agency.

13      (d) The work program for the coming year, including goals.

14      (e) An examination of the previous year's achievements and a comparison of the  
15      achievements with the goals of the previous year's work program.

16      The annual budget may be amended from time to time as determined by the  
17      agency. All expenditures and indebtedness of the agency shall be in conformity  
18      with the adopted or amended budget.

19      When the legislative body is not the redevelopment agency, the legislative body  
20      shall approve the annual budget and amendments of the annual budget of the  
21      agency.

22    **§ 33607. Reimbursement of county in specified circumstances**

23       33607. A county may require a community redevelopment agency to reimburse  
24       the county for any expenses incurred by the county in performing any of the  
25       services required to be performed by the county for the redevelopment agency  
26       pursuant to Sections 33670, 33675, and 33676 for a project area as to which no  
27       payments are made by the agency to the county in accordance with subdivision (b)  
28       of Section 33401 and no agreement has been entered into and either of the  
29       following situations exist:

30      (a) A final redevelopment plan for the project area is adopted on or after January  
31      1, 1986.

32      (b) A final redevelopment plan for the project area was adopted prior to January  
33      1, 1986, but its boundaries are changed on or after January 1, 1986, to add land to,  
34      or to exclude land from, the project area. However, in the case of a project area  
35      which changes its boundaries on or after January 1, 1986, to add land to the  
36      project area, the reimbursement shall relate only to expenses incurred by the  
37      county with respect to the added area.

1    [§§ 33607.5-33608. Omitted]

2           Article 2. Community Redevelopment Agency Administrative Fund

3    **§ 33610. Grant or loan of initial administrative funds**

4       33610. At any time after the agency created for any community becomes  
5 authorized to transact business and exercise its powers, the legislative body of the  
6 community may appropriate to the agency such amounts as the legislative body  
7 deems necessary for the administrative expenses and overhead of the agency. The  
8 money appropriated may be paid to the agency as a grant to defray the expenses  
9 and overhead, or as a loan to be repaid upon such terms and conditions as the  
10 legislative body may provide.

11       In addition to the common understanding and usual interpretation of the term,  
12 “administrative expense” includes, but is not limited to, expenses of  
13 redevelopment planning and dissemination of redevelopment information.

14    **§ 33611. Submission of annual RDA administrative budget to legislative body**

15       33611. Each agency transacting business and exercising powers under this part  
16 shall annually submit to the legislative body of the community a proposed budget  
17 of its administrative expenses.

18    **§ 33612. Legislative body adoption of annual budget for administrative expenses of RDA**

19       33612. The legislative body may adopt an annual budget for the administrative  
20 expenses of the agency in such amounts as it deems necessary and may provide  
21 such conditions and restrictions upon the expenditure or encumbrance of the  
22 money appropriated pursuant to the budget as it deems advisable.

23    **§ 33613. Community redevelopment agency administrative fund**

24       33613. The money appropriated for administrative expenses shall be kept in the  
25 treasury of the community in a special fund to be known as the community  
26 redevelopment agency administrative fund, and money shall be drawn from the  
27 fund to meet the administrative expenses of the agency in substantially the same  
28 manner as money is drawn by other agencies and departments of the community  
29 subject to budgetary control.

30    **§ 33614. Nature of money appropriated for administrative expenses of RDA**

31       33614. The money appropriated by the legislative body to the community  
32 redevelopment agency administrative fund is money granted by the community to  
33 defray the administrative expenses of the agency which is performing [sic] a  
34 public function of the community.



1 **§ 33625. All financing provisions subject to specified provisions governing sale or lease of**  
2 **property**

3 33625. All other provisions of this part that relate to financing are subject to  
4 Sections 33433, 33434, and 33624.

5 **§ 33626. Withdrawal of funds from or abolition of revolving fund**

6 33626. The legislative body of any community may abolish the redevelopment  
7 revolving fund whenever it finds that the purposes for which it was established  
8 have been accomplished.

9 The legislative body of any community [sic] may, with the consent of the  
10 agency, withdraw money from the redevelopment revolving fund whenever and to  
11 the extent that it finds that the amount of money therein exceeds the amount  
12 necessary to finance existing or planned purposes for which its expenditure is  
13 authorized by the provisions of this article. All money withdrawn from the fund by  
14 reason of its being reduced in size, or its abolition, and all money which, after  
15 abolition, would have been required to be deposited or redeposited in the fund,  
16 shall be transferred to the general obligation bond redemption fund of the  
17 community or to the general fund of the community, as directed by the legislative  
18 body.

19 Article 4. Community Appropriations and General Obligation Bonds

20 **§ 33630. Authorization of community to issue general obligation bonds**

21 33630. The community may issue and sell its general obligation bonds for any  
22 or all of the following purposes: raising money to be deposited in the  
23 redevelopment revolving fund, or providing funds with which to redeem before  
24 maturity, retire at maturity, or purchase agency bonds issued under Article 5  
25 (commencing with Section 33640) of this chapter. General obligation bonds issued  
26 pursuant to this article may be authorized and issued in a principal amount  
27 sufficient to provide funds for the payment of any or all of the following:

28 (a) The estimated amount of money to be raised to be deposited in the  
29 redevelopment revolving fund.

30 (b) The principal amount of agency bonds proposed to be so redeemed, retired  
31 or purchased.

32 (c) The estimated amount of any premiums required to be paid in connection  
33 with the redemption or purchase of such agency bonds.

34 (d) The estimated amount of any due and unpaid interest or accrued interest on  
35 such agency bonds which must be paid at the time the same are redeemed, retired  
36 or purchased.

37 (e) The amount of interest on such general obligation bonds estimated to accrue  
38 during the period from the date thereof until the portion of taxes allocated to and  
39 paid into the special fund of the redevelopment agency under the provisions of  
40 Section 33670 pledged or to be pledged to the repayment of an advance to the

1 agency for any purpose authorized by this article or by Article 3 (commencing  
2 with Section 33620) of this chapter equals the annual amount of the interest upon  
3 such bonds due and payable thereon in the next succeeding year, such period not  
4 to exceed 10 years from the date of such general obligation bonds or the first  
5 series thereof; provided, that such amount shall not include any interest estimated  
6 to accrue during any year for which interest on agency bonds proposed to be so  
7 redeemed, retired or purchased has been provided from the proceeds of sale of  
8 such agency bonds.

9 (f) The estimated amount of all expenses incidental to or connected with the  
10 redemption, retirement or purchase of such agency bonds and the authorization,  
11 issuance and sale of such general obligation bonds.

12 All agency bonds redeemed, retired or purchased with the proceeds of such  
13 general obligation bonds shall be canceled and shall not be reissued.

14 The legislative body may fix a date, not more than 10 years from the date of  
15 issuance of any such general obligation bonds, for the earliest maturity of each  
16 issue or series of such bonds.

17 **§ 33631. General obligation bond as loan to RDA**

18 33631. If the redevelopment plan contains the provision authorized by Section  
19 33670, the agency and the legislative body of the community may, either before or  
20 after the authorization of general obligation bonds for the purposes permitted by  
21 Section 33630, enter into an agreement that the principal amount of any such  
22 general obligation bonds sold for such purposes, together with all interest which  
23 the community may pay thereon, shall constitute a loan by the community to the  
24 agency for the purpose of refinancing the redevelopment project, and that, subject  
25 to any prior pledge of or claim upon the moneys in the special fund provided for in  
26 said section 33670, the moneys accruing to such special fund are irrevocably  
27 pledged to the repayment of such loan until there has been repaid to the  
28 community from time to time from such special fund the principal amount of such  
29 general obligation bonds plus all interest which the community may pay thereon,  
30 less such part, if any, of the proceeds of such general obligation bonds which were  
31 not used for such purposes, and less any premiums and accrued interest received  
32 by the community upon the sale of such general obligation bonds.

33 **§ 33632. Disposition of surplus in general obligation bond redemption fund**

34 33632. Any surplus existing in the general obligation bond redemption fund  
35 after payment of principal and interest shall be transferred to the general fund of  
36 the community.

37 **§ 33633. Authorization of bonds issued pursuant to article**

38 33633. Except as otherwise provided in this part, any general obligation bonds  
39 issued by any community pursuant to this article shall be authorized and issued in  
40 the manner and within the limitations prescribed by law or the charter of the

1 community for the issuance and authorization of such bonds for public purposes  
2 generally. Irrespective of any limitation as to the amount of general obligation  
3 bonds which may be issued a community may issue such bonds for the purposes  
4 prescribed in this article, in excess of the limitation, in such amount as may be  
5 authorized by the voters of the community at any general or special election.

## 6 Article 5. Agency Bonds

### 7 § 33640. Authority for RDA to issue bond

8 33640. From time to time an agency may, subject to the approval of the  
9 legislative body, issue bonds for any of its corporate purposes. An agency may  
10 also, subject to the approval of the legislative body, issue refunding bonds for the  
11 purpose of paying or retiring bonds previously issued by it.

### 12 § 33641. Sources of bond payment

13 33641. An agency may issue any types of bonds which it may determine,  
14 including bonds on which the principal and interest are payable:

15 (a) Exclusively from the income and revenues of the redevelopment projects  
16 financed with the proceeds of the bonds, or with the proceeds together with  
17 financial assistance from the state or federal government in aid of the projects.

18 (b) Exclusively from the income and revenues of certain designated  
19 redevelopment projects whether or not they were financed in whole or in part with  
20 the proceeds of the bonds.

21 (c) In whole or in part from taxes allocated to, and paid into a special fund of,  
22 the agency pursuant to the provisions of Article 6 (commencing with Section  
23 33670).

24 (d) In whole or in part from taxes imposed pursuant to Section 7280.5 of the  
25 Revenue and Taxation Code which are pledged therefor.

26 (e) From its revenues generally.

27 (f) From any contributions or other financial assistance from the state or federal  
28 government.

29 (g) By any combination of these methods.

### 30 § 33641.5. Pledge of collateral

31 33641.5. (a) As used in this section:

32 (1) "Collateral" means any revenues, moneys, accounts receivable, contracts  
33 rights, and other rights to payment of whatever kind or other property subject to  
34 the pledge provided for or created in a pledge document.

35 (2) "Pledge document" means the resolution, indenture, trust agreement, loan  
36 agreement, lease, installment sale agreement, reimbursement agreement, pledge  
37 agreement, or similar agreement in which the pledge is provided for or created.

38 (3) "Pledge" means a committment [sic] of, by the grant of a lien on and a  
39 security interest in, the collateral referred to in a pledge document.

1 (b) A pledge of collateral by a redevelopment agency to secure, directly or  
2 indirectly, the payment of the principal or redemption price of, or interest on, any  
3 bonds, or any reimbursement agreement with any provider of credit to bonds,  
4 which is issued by or entered into by an agency shall be valid and binding in  
5 accordance with the terms of the pledge document from the time the pledge is  
6 made for the benefit of pledgees and successors thereto.

7 The collateral shall immediately be subject to the pledge, and the pledge shall  
8 constitute a lien and security interest which immediately shall attach to the  
9 collateral and be effective, binding, and enforceable against the pledgor, its  
10 successors, purchasers of the collateral, creditors, and all others asserting the rights  
11 therein, to the extent set forth, and in accordance with, the pledge document  
12 irrespective of whether those parties have notice of the pledge and without the  
13 need for any physical delivery, recordation, filing, or further act.

14 **§ 33642. Pledge of revenue, mortgage, or deed of trust**

15 33642. Any of such bonds may be additionally secured by a pledge of any  
16 revenues or by an encumbrance by mortgage, deed of trust, or otherwise of any  
17 redevelopment project or other property of the agency or by a pledge of the taxes  
18 referred to in subdivision (c) of Section 33641, or by any combination thereof.

19 **§ 33643. No personal liability**

20 33643. Neither the members of an agency nor any persons executing the bonds  
21 are liable personally on the bonds by reason of their issuance.

22 **§ 33644. Bond not a debt of community or state**

23 33644. The bonds and other obligations of any agency are not a debt of the  
24 community, the State, or any of its political subdivisions and neither the  
25 community, the State, nor any of its political subdivisions is liable on them, nor in  
26 any event shall the bonds or obligations be payable out of any funds or properties  
27 other than those of the agency; and such bonds and other obligations shall so state  
28 on their face. The bonds do not constitute an indebtedness within the meaning of  
29 any constitutional or statutory debt limitation or restriction.

30 **§ 33645. Authorization of bond by resolution**

31 33645. The agency may authorize bonds by resolution. The resolution, trust  
32 indenture, or mortgage may provide for:

33 (a) The issuance of the bonds in one or more series.

34 (b) The date the bonds shall bear.

35 (c) The maturity dates of the bonds.

36 (d) The rate or maximum rate of interest on the indebtedness, which shall not  
37 exceed the maximum rate permitted by Section 53531 of the Government Code,  
38 and need not be recited if the rate does not exceed 4 1/2 percent. The interest may



1 be fixed or variable and may be simple or compound. The interest shall be payable  
2 at the time or times determined by the agency.

3 (e) The denomination of the bonds.

4 (f) Their form, either coupon or registered.

5 (g) The conversion or registration privileges carried by the bonds.

6 (h) The rank or priority of the bonds.

7 (i) The manner of their execution.

8 (j) The medium of payment.

9 (k) The place of payment.

10 (l) The terms of redemption with or without premium to which the bonds are  
11 subject.

12 (m) The maximum amount of bonded indebtedness in compliance with, and not  
13 to exceed, the limit specified in the redevelopment plan as required in Section  
14 33334.1.

15 The resolution, trust indenture, or mortgage shall provide that tax-increment  
16 funds allocated to an agency pursuant to Section 33670 shall not be payable to a  
17 trustee on account of any issued bonds when sufficient funds have been placed  
18 with the trustee to redeem all outstanding bonds of the issue.

19 **§ 33645.5. Interest rate of bond payable to or guaranteed by federal government**

20 33645.5. Notwithstanding Section 33645 or any other provision of law, the rate  
21 of interest on any indebtedness or obligation of an agency which is payable to the  
22 federal government or any agency or instrumentality thereof or on any such  
23 indebtedness or obligation guaranteed by the federal government or any  
24 instrumentality thereof may be at a rate higher than the limitation established in  
25 Section 33645, or any other law, if such rate is the rate established by the federal  
26 government or any instrumentality thereof. Any such indebtedness or obligation  
27 shall be in such form and denomination, have such maturity, and be subject to  
28 such conditions as may be prescribed by the federal government or agency or  
29 instrumentality thereof.

30 **§ 33646. Sale of bonds**

31 33646. The bonds may be sold at no less than par less a discount of not to  
32 exceed 5 percent, at public sale held after notice published once at least five days  
33 prior to the sale in a newspaper of general circulation published in the community,  
34 or, if there is none, in a newspaper of general circulation published in the county.  
35 The bonds may be sold at not less than par to the federal government at private  
36 sale without any advertisement.

37 The amendment to this section made at the 1969 Regular Session of the  
38 Legislature shall be applicable to bonds of a redevelopment agency which have  
39 been authorized by the agency prior to the effective date of the amendment but  
40 which have not been issued prior to such date.

1 **§ 33647. Signature of former member or officer remains effective**

2 33647. If any agency member or officer whose signature appears on bonds or  
3 coupons ceases to be such member or officer before delivery of the bonds, his  
4 signature is as effective as if he had remained in office.

5 **§ 33648. Bonds negotiable**

6 33648. Bonds issued pursuant to this part are fully negotiable.

7 **§ 33649. Conclusive presumption**

8 33649. In any action or proceedings involving the validity or enforceability of  
9 any bonds or their security, any such bond reciting in substance that it has been  
10 issued by the agency to aid in financing a redevelopment project is conclusively  
11 deemed to have been issued for a redevelopment project and the project is  
12 conclusively deemed to have been planned, located, and constructed pursuant to  
13 this part.

14 **§ 33650. Other specified powers**

15 33650. In connection with the issuance of bonds, and in addition to its other  
16 powers, an agency has the powers prescribed in Sections 33651 to 33659,  
17 inclusive.

18 **§ 33651. Authority to pledge and encumber**

19 33651. An agency may:

20 (a) Pledge all or any part of its gross or net rents, fees, or revenues to which its  
21 right then exists or may thereafter come into existence.

22 (b) Encumber by mortgage, deed of trust, or otherwise all or any part of its real  
23 or personal property, then owned or thereafter acquired.

24 **§ 33652. Covenants**

25 33652. An agency may covenant:

26 (a) Against pledging all or any part of its rents, fees, and revenues.

27 (b) Against encumbering all or any part of its real or personal property, to which  
28 its right or title then exists or may thereafter come into existence.

29 (c) Against permitting any lien on such revenues or property.

30 (d) With respect to limitations on its right to sell, lease, or otherwise dispose of  
31 all or part of any redevelopment project.

32 (e) As to what other, or additional debts or obligations it may incur.

33 **§ 33653. Covenants , replacement, redemption**

34 33653. An agency may:

35 (a) Covenant as to the bonds to be issued, as to the issuance of such bonds in  
36 escrow or otherwise, and as to the use and disposition of the bond proceeds.

37 (b) Provide for the replacement of lost, destroyed, or mutilated bonds.

- 1 (c) Covenant against extending the time for the payment of its bonds or interest.  
2 (d) Redeem the bonds, covenant for their redemption, and provide the  
3 redemption terms and conditions.

4 **§ 33654. Covenants and special funds**

5 33654. An agency may:

6 (a) Covenant as to the consideration or rents and fees to be charged in the sale or  
7 lease of a redevelopment project, the amount to be raised each year or other period  
8 of time by rents, fees, and other revenues, and as to their use and disposition.

9 (b) Create or authorize the creation of special funds for money held for  
10 redevelopment or other costs, debt service, reserves, or other purposes, and  
11 covenant as to the use and disposition of such money.

12 **§ 33655. Procedure for amendment or abrogation of contract with bondholders**

13 33655. An agency may prescribe the procedure, if any, by which the terms of  
14 any contract with bondholders may be amended or abrogated, the amount of bonds  
15 whose holders are required to consent thereto, and the manner in which such  
16 consent may be given.

17 **§ 33656. Covenants regarding use, maintenance, insurance, and replacement of property**

18 33656. An agency may covenant:

19 (a) As to the use of any or all of its real or personal property.

20 (b) As to the maintenance of its real and personal property, its replacement, the  
21 insurance to be carried on it, and the use and disposition of insurance money.

22 **§ 33657. More covenants**

23 33657. An agency may:

24 (a) Covenant as to the rights, liabilities, powers, and duties arising upon the  
25 breach by it of any covenant, condition, or obligation.

26 (b) Covenant and prescribe as to the events of default and terms and conditions  
27 upon which any or all of its bonds or obligations become or may be declared due  
28 before maturity, and as to the terms and conditions upon which such declaration  
29 and its consequences may be waived.

30 **§ 33658. Powers and duties of trustee**

31 33658. An agency may:

32 (a) Vest in a trustee or the holders of bonds or any proportion of them the right  
33 to enforce the payment of the bonds or any covenants securing or relating to the  
34 bonds.

35 (b) Vest in a trustee the right, in the event of a default by the agency, to take  
36 possession of all or part of any redevelopment project, to collect the rents and  
37 revenues arising from it and to dispose of such money pursuant to the agreement  
38 of the agency with the trustee.

- 1 (c) Provide for the powers and duties of a trustee and limit his liabilities.  
2 (d) Provide the terms and conditions upon which the trustee or the holders of  
3 bonds or any proportion of them may enforce any covenant or rights securing or  
4 relating to the bonds.

5 **§ 33659. Powers of RDA**

6 33659. An agency may:

7 (a) Exercise all or any part or combination of the powers granted in Sections  
8 33651 to 33658 inclusive.

9 (b) Make covenants other than and in addition to the covenants expressly  
10 authorized in such sections of like or different character.

11 (c) Make such covenants and to do any and all such acts and things as may be  
12 necessary, convenient, or desirable to secure its bonds, or, except as otherwise  
13 provided in this part, as will tend to make the bonds more marketable  
14 notwithstanding that such covenants, acts, or things may not be enumerated in this  
15 part.

16 **§ 33660. Obligee remedies**

17 33660. In addition to all other rights which may be conferred on him, and  
18 subject only to any contractual restrictions binding upon him, an obligee may:

19 (a) By mandamus, suit, action, or proceeding, compel the agency and its  
20 members, officers, agents, or employees to perform each and every term,  
21 provision, and covenant contained in any contract of the agency with or for the  
22 benefit of the obligee, and require the carrying out of any or all such covenants  
23 and agreements of the agency and the fulfillment of all duties imposed upon it by  
24 this part.

25 (b) By suit, action, or proceeding in equity, enjoin any acts or things which may  
26 be unlawful, or the violation of any of the rights of the obligee.

27 **§ 33661. More obligee remedies**

28 33661. By its resolution, trust indenture, mortgage, lease, or other contract, an  
29 agency may confer upon any obligee holding or representing a specified amount in  
30 bonds, the following rights upon the happening of an event or default prescribed in  
31 such resolution or instrument, to be exercised by suit, action, or proceeding in any  
32 court of competent jurisdiction:

33 (a) To cause possession of all or part of any redevelopment project to be  
34 surrendered to any such obligee.

35 (b) To obtain the appointment of a receiver of all or part of any redevelopment  
36 project of the agency and of the rents and profits from it. If a receiver is appointed,  
37 he may enter and take possession of the redevelopment project or any part of it,  
38 operate and maintain it, collect and receive all fees, rents, revenues, or other  
39 charges thereafter arising from it, and shall keep such money in separate accounts  
40 and apply it pursuant to the obligations of the agency as the court shall direct.

1 (c) To require the agency and its members and employees to account as if it and  
2 they were the trustees of an express trust.

3 **§ 33662. Tax exemption**

4 33662. The bonds are issued for an essential public and governmental purpose,  
5 and together with interest on them and income from them are exempt from all  
6 taxes.

7 **§ 33663. Authority to purchase RDA bonds**

8 33663. Notwithstanding any restrictions on investments contained in any laws,  
9 the state and all public officers, municipal corporations, political subdivisions, and  
10 public bodies, all banks, bankers, trust companies, savings banks and institutions,  
11 building and loan associations, savings and loan associations, investment  
12 companies, and other persons carrying on a banking business, all insurance  
13 companies, insurance associations, and other persons carrying on an insurance  
14 business, and all executors, administrators, guardians, conservators, trustees, and  
15 other fiduciaries may legally invest any sinking funds, money, or other funds  
16 belonging to them or within their control in any bonds or other obligations issued  
17 by an agency. Such bonds and other obligations are authorized security for all  
18 public deposits. It is one of the purposes of this part to authorize any persons,  
19 firms, corporations, associations, political subdivisions, bodies and officers, public  
20 and private, to use any funds owned or controlled by them, including, but not  
21 limited to, sinking, insurance, investment, retirement, compensation, pension, and  
22 trust funds, and funds held on deposit, for the purchase of any such bonds or other  
23 obligations. This part does not relieve any person, firm, or corporation from any  
24 duty of exercising reasonable care in selecting securities.

25 **§ 33664. RDA repurchase of bonds**

26 33664. (a) An agency may purchase its bonds as follows:

27 (1) At a price not more than the sum of their principal amount and accrued  
28 interest plus (if the bonds purchased are callable at a premium) an amount not to  
29 exceed the premium that would be applicable if the bonds were purchased on the  
30 next following call date.

31 (2) At a higher price if a majority of the members of the agency determine,  
32 based upon substantial evidence, that under then prevailing conditions the  
33 purchase would be of financial advantage to the agency. Prior to purchasing bonds  
34 pursuant to this paragraph, the agency shall adopt a resolution designating  
35 paragraph (1), (2), or (3) of subdivision (b) as the financial advantage accruing to  
36 the agency from the bond purchase or specifying in detail any alternative basis for  
37 the agency's finding of financial advantage. Unless the legislative body has  
38 designated itself as the redevelopment agency, the agency shall additionally obtain  
39 the approval of the legislative body for repurchase of agency bonds under this  
40 subdivision and, if applicable, under Section 33640.

1 A resolution of the legislative body approving repurchase of agency bonds under  
2 this subdivision shall be operative only for the period specified in the resolution of  
3 the legislative body, not to exceed five years. However, the authorization may be  
4 renewed by an appropriate resolution of the legislative body and the expiration of  
5 the legislative body’s resolution shall in no way impair the obligation of bonds  
6 previously issued by the agency to refund bonds purchased under this subdivision.

7 (b) “Financial advantage,” as used in subdivision (a), includes, but is not limited  
8 to, each of the following:

9 (1) A reduction in the aggregate debt service on the agency’s outstanding bonds.

10 (2) The creation of opportunities to more efficiently leverage revenues of the  
11 agency.

12 (3) Cancellation of agency bonds subject to adverse provisions of, or tax  
13 consequences under, the laws of the United States.

14 (c) Any bond purchases made pursuant to this section shall be (1) identified in  
15 the agency’s annual fiscal year report required by Section 33080.1 for the fiscal  
16 year in which the purchase was made and (2) reflected in the agency’s statement  
17 of indebtedness filed pursuant to Section 33675.

18 (d) Within two weeks following a purchase of bonds pursuant to paragraph (2)  
19 of subdivision (a), the redevelopment agency shall transmit to the California Debt  
20 Advisory Commission a copy of the agency’s resolution specifying the financial  
21 advantage to the agency in making the purchase, together with a covering letter  
22 that includes all of the following information respecting the bonds purchased:

23 (1) The date of the agency’s resolution authorizing the bonds, the date of  
24 issuance of the bonds, and any other information necessary to identify the  
25 particular issuance or series of bonds.

26 (2) The terms of redemption to which the bonds were originally subject.

27 (3) The denominations and interest rates of the bonds purchased.

28 (4) The purchase price.

29 (e) All bonds purchased pursuant to this section shall be canceled.

30 **§ 33665. Application of Article 3 (commencing with Section 33620)**

31 33665. All of the provisions of this article are subject to the limitations of  
32 Article 3 (commencing with Section 33620) of this chapter.

33 **Article 6. Taxation**

34 **§ 33670. Tax revenue allocation**

35 33670. Any redevelopment plan may contain a provision that taxes, if any,  
36 levied upon taxable property in a redevelopment project each year by or for the  
37 benefit of the State of California, any city, county, city and county, district, or  
38 other public corporation (hereinafter sometimes called “taxing agencies”) after the  
39 effective date of the ordinance approving the redevelopment plan, shall be divided  
40 as follows:

1 (a) That portion of the taxes which would be produced by the rate upon which  
2 the tax is levied each year by or for each of the taxing agencies upon the total sum  
3 of the assessed value of the taxable property in the redevelopment project as  
4 shown upon the assessment roll used in connection with the taxation of that  
5 property by the taxing agency, last equalized prior to the effective date of the  
6 ordinance, shall be allocated to and when collected shall be paid to the respective  
7 taxing agencies as taxes by or for the taxing agencies on all other property are paid  
8 (for the purpose of allocating taxes levied by or for any taxing agency or agencies  
9 which did not include the territory in a redevelopment project on the effective date  
10 of the ordinance but to which that territory has been annexed or otherwise  
11 included after that effective date, the assessment roll of the county last equalized  
12 on the effective date of the ordinance shall be used in determining the assessed  
13 valuation of the taxable property in the project on the effective date); and

14 (b) Except as provided in subdivision (e) or in Section 33492.15, that portion of  
15 the levied taxes each year in excess of that amount shall be allocated to and when  
16 collected shall be paid into a special fund of the redevelopment agency to pay the  
17 principal of and interest on loans, moneys advanced to, or indebtedness (whether  
18 funded, refunded, assumed, or otherwise) incurred by the redevelopment agency to  
19 finance or refinance, in whole or in part, the redevelopment project. Unless and  
20 until the total assessed valuation of the taxable property in a redevelopment project  
21 exceeds the total assessed value of the taxable property in that project as shown by  
22 the last equalized assessment roll referred to in subdivision (a), all of the taxes  
23 levied and collected upon the taxable property in the redevelopment project shall  
24 be paid to the respective taxing agencies. When the loans, advances, and  
25 indebtedness, if any, and interest thereon, have been paid, all moneys thereafter  
26 received from taxes upon the taxable property in the redevelopment project shall  
27 be paid to the respective taxing agencies as taxes on all other property are paid.

28 (c) In any redevelopment project in which taxes have been divided pursuant to  
29 this section prior to 1968, located within any county with total assessed valuation  
30 subject to general property taxes for the 1967–68 fiscal year between two billion  
31 dollars (\$2,000,000,000) and two billion one hundred million dollars  
32 (\$2,100,000,000), if the total assessed valuation of taxable property within the  
33 redevelopment project for the 1967–68 fiscal year was reduced, the total sum of  
34 the assessed value of taxable property used as the basis for apportionment of taxes  
35 under subdivision (a) shall be reduced by 10 percent for the 1968–69 fiscal year  
36 and fiscal years thereafter.

37 (d) For the purposes of this section, taxes shall not include taxes from the  
38 supplemental assessment roll levied pursuant to Chapter 3.5 (commencing with  
39 Section 75) of Part 0.5 of Division 1 of the Revenue and Taxation Code for the  
40 1983–84 fiscal year.

41 (e) That portion of the taxes in excess of the amount identified in subdivision (a)  
42 which are attributable to a tax rate levied by a taxing agency for the purpose of  
43 producing revenues in an amount sufficient to make annual repayments of the

1 principal of, and the interest on, any bonded indebtedness for the acquisition or  
2 improvement of real property shall be allocated to, and when collected shall be  
3 paid into, the fund of that taxing agency. This subdivision shall only apply to taxes  
4 levied to repay bonded indebtedness approved by the voters of the taxing agency  
5 on or after January 1, 1989.

6 **§ 33670.5. Assessment ratio**

7 33670.5. Section 33670 fulfills the intent of Section 16 of Article XVI of the  
8 Constitution. To further carry out the intent of Section 16 of Article XVI of the  
9 Constitution, whenever that provision requires the allocation of money between  
10 agencies such allocation shall be consistent with the intent of the people when they  
11 approved Section 16 of Article XVI of the Constitution. Whenever money is  
12 allocated between agencies by means of a comparison of assessed values for  
13 different years, that comparison shall be based on the same assessment ratio.  
14 When there are different assessment ratios for the years compared, the assessed  
15 value shall be changed so that it is based on the same assessment ratio for the  
16 years so compared.

17 **§ 33670.8. Special tax allocation rules for cities of Santa Cruz and Watsonville**

18 33670.8. (a) With respect to the allocation of taxes pursuant to Section 33670 in  
19 redevelopment project areas within the incorporated City of Santa Cruz, which  
20 were already approved on October 17, 1989, the otherwise applicable provisions  
21 of this part shall be modified as specified in this subdivision.

22 For the purpose of determining the portion of taxes to be paid annually to the  
23 Redevelopment Agency of the City of Santa Cruz pursuant to Sections 33328,  
24 33670, and 33675 for any redevelopment project which was approved on or before  
25 October 17, 1989, “assessment roll ... last equalized” and “base-year assessment  
26 roll” mean the last equalized assessment roll determined pursuant to subdivision  
27 (a) of Section 33670 reduced by the same amount as the amount of reduction in  
28 the current assessment roll determined pursuant to Section 170 of the Revenue and  
29 Taxation Code.

30 (b) With respect to the allocation of taxes pursuant to Section 33670 in  
31 redevelopment project areas within the incorporated City of Watsonville, which  
32 were already approved on October 17, 1989, the otherwise applicable provisions  
33 of this part shall be modified as specified in this subdivision.

34 For the purpose of determining the portion of taxes to be paid annually to the  
35 Redevelopment Agency of the City of Watsonville pursuant to Sections 33328,  
36 33670, and 33675 for any redevelopment project which was approved on or before  
37 October 17, 1989, “assessment roll ... last equalized” and “base-year assessment  
38 roll” mean the last equalized assessment roll determined pursuant to subdivision  
39 (a) of Section 33670 reduced by the same amount as the amount of reduction in  
40 the current assessment roll determined pursuant to Section 170 of the Revenue and  
41 Taxation Code.



1 (c) In claiming an allocation of taxes pursuant to Section 33675, as adjusted  
2 pursuant to subdivision (b), the redevelopment agency of the City of Watsonville  
3 shall consider the economic impact of the allocation on other agencies which have  
4 sustained substantial disaster damage and shall negotiate and enter into an  
5 agreement with the County of Santa Cruz to avoid further economic hardship.

6 (d) Within 30 days after receipt of a notice from the Assessor of the County of  
7 Santa Cruz establishing the adjustment in the assessment roll pursuant to  
8 subdivision (b), the Redevelopment Agency of the City of Watsonville may elect  
9 not to be subject to this section by giving written notice of its decision to the  
10 County of Santa Cruz. Notwithstanding an election by the Redevelopment Agency  
11 of the City of Watsonville not to be subject to this section pursuant to this  
12 subdivision, it shall still reimburse the County of Santa Cruz for its cost of  
13 revising the property tax assessment rolls and allocations.

14 (e) Subdivisions (a) and (b) shall apply to allocation of taxes levied on the 1990  
15 and subsequent equalized assessment rolls, upon the request of the redevelopment  
16 agencies of the Cities of Santa Cruz and Watsonville, and those agencies shall  
17 reimburse the County of Santa Cruz for its cost of revising the property tax  
18 assessment rolls and allocations.

19 (f)(1) The county auditor shall certify to the director of finance of each city  
20 which includes a redevelopment project subject to this section when the total sum  
21 of the assessed value of the taxable property in each redevelopment project subject  
22 to this section as shown upon each current year's equalized assessment roll  
23 becomes equal to the total sum of the assessed value of the taxable property in  
24 each redevelopment project as shown upon the assessment roll last equalized  
25 before October 17, 1989, adjusted by the change in the Consumer Price Index for  
26 the San Francisco/Oakland Metropolitan Area between 1989 and the date of the  
27 certification pursuant to this subdivision. On the July 1 following the date of  
28 certification and each July 1 thereafter, the county auditor shall increase the total  
29 sum of the assessed value of the taxable property in each redevelopment project as  
30 shown upon the assessment roll adjusted pursuant to subdivision (a) or (b) by 10  
31 percent of the difference between the total sum of the assessed value of the taxable  
32 property in each redevelopment project determined pursuant to subdivision (a) of  
33 Section 33670 and the total sum of the assessed value of the taxable property in  
34 each redevelopment project as adjusted pursuant to subdivision (a) or (b), until the  
35 two total assessed values are equal, and shall report this adjusted value to the other  
36 county officials charged with the responsibility of allocating taxes pursuant to  
37 Sections 33670 and 33675, who shall use this assessed value in determining the  
38 portion of taxes to be paid annually to the redevelopment agency subject to this  
39 section.

40 (2) For purposes of this subdivision only, in the event that any redevelopment  
41 project area within the incorporated area of the City of Santa Cruz already  
42 approved on October 17, 1989, is amended to add territory to the project area, the  
43 assessed value of taxable property in the territory added shall be computed

1 separately and the county assessor shall not take the assessed value into account in  
2 determining when the total sum of the assessed value of the taxable property in the  
3 redevelopment project becomes equal to the total sum of the assessed value of the  
4 taxable property as shown on the assessment roll last equalized prior to October  
5 17, 1989, as adjusted pursuant to this subdivision.

6 (g) With respect to an area added to a redevelopment project by the City of  
7 Santa Cruz or the City of Watsonville pursuant to Sections 33458.5 and 33477, the  
8 terms “assessment roll” and “last equalized assessment roll” as used in Section  
9 33670 shall mean and refer to the assessment roll as reduced in accordance with  
10 the provisions of subdivision (b) of Section 170 of the Revenue and Taxation  
11 Code.

12 **[§§ 33670.9-33670.95. Omitted]**

13 **§ 33671. Pledge of tax increment revenue**

14 33671. In any redevelopment plan or in the proceedings for the advance of  
15 moneys, or making of loans, or the incurring of any indebtedness (whether funded,  
16 refunded, assumed, or otherwise) by the redevelopment agency to finance or  
17 refinance, in whole or in part, the redevelopment project, the portion of taxes  
18 mentioned in subdivision (b) of Section 33670 may be irrevocably pledged for the  
19 payment of the principal of and interest on such loans, advances, or indebtedness.

20 **§ 33671.5. Priority of pledge**

21 33671.5. Whenever any redevelopment agency is authorized to, and does,  
22 expressly pledge taxes allocated to, and paid into a special fund of, the agency  
23 pursuant to Section 33670, to secure, directly or indirectly, the obligations of the  
24 agency including, but not limited to, bonded indebtedness and agreements  
25 pursuant to subdivision (b) of Section 33401, then that pledge heretofore or  
26 hereafter made shall have priority over any other claim to those taxes not secured  
27 by a prior express pledge of those taxes.

28 **§ 33672. “Tax” defined**

29 33672. As used in this article the word “taxes” shall include, but without  
30 limitation, all levies on an ad valorem basis upon land or real property. As used in  
31 this article, “taxes” shall not include any amounts of money deposited in a Sales  
32 and Use Tax Compensation Fund pursuant to Section 97.68 of the Revenue and  
33 Taxation Code or a Vehicle License Fee Property Tax Compensation Fund  
34 pursuant to Section 97.70 of the Revenue and Taxation Code.

35 **§ 33672.5. Tax allocation statements**

36 33672.5. (a) Upon the written request of a redevelopment agency for the purpose  
37 of assisting the agency, the county auditor or other officer responsible for  
38 allocation of tax revenues pursuant to Section 33670 shall prepare a statement

1 each fiscal year, commencing with the 1992–93 fiscal year, for each  
2 redevelopment project area and each area added to a redevelopment project area  
3 by amendment, which provides for all the following:

4 (1) The total taxable assessed value of secured, unsecured, and state-assessed  
5 railroad and nonoperating, nonunitary property.

6 (2) The total taxable assessed value used by the county auditor to determine the  
7 division of taxes required by subdivision (a) of Section 33670.

8 (3) The total taxable assessed value used by the county auditor to determine the  
9 division of taxes required by subdivision (b) of Section 33670.

10 (4) The estimated amount of taxes calculated pursuant to subdivision (b) of  
11 Section 33670, as adjusted by subdivision (e) of Section 33670 and subdivision (a)  
12 of Section 33676. The statement shall specify the gross amount of tax-increment  
13 revenue allocated to the agency and any payments to other taxing entities that are  
14 deducted from the gross amount allocated.

15 (5) The estimated amount of taxes to be allocated pursuant to subdivisions (c)  
16 and (d) of Section 100 of the Revenue and Taxation Code.

17 (b) If requested to provide a statement pursuant to subdivision (a), the county  
18 auditor shall deliver each statement to the respective redevelopment agencies  
19 receiving property tax revenue on or before November 30 of each year.

20 (c)(1) Upon the request of a redevelopment agency pursuant to subdivision (a),  
21 and concurrently with the disbursement of those property tax revenues, the county  
22 auditor shall prepare a statement which provides the amount of disbursement made  
23 pursuant to all of the following:

24 (A) Section 33670.

25 (B) Section 100 of the Revenue and Taxation Code.

26 (C) Supplemental property tax revenues allocated pursuant to Sections 75 to  
27 75.80 of the Revenue and Taxation Code, inclusive.

28 (2) The statement provided pursuant to this subdivision shall also include  
29 corrections, updates, or adjustments, if any, to the property tax revenue amounts  
30 and taxable assessed values reported pursuant to subdivision (a) of Section 33670.

31 (d) The county auditor shall also provide to a redevelopment agency, no later  
32 than 30 days after the receipt of a written request from that agency, information or  
33 clarification with respect to any statement issued pursuant to this section.

34 (e) If any redevelopment agency requests a statement or information pursuant to  
35 this section, the agency shall reimburse the county auditor for all actual and  
36 reasonable costs incurred.

37 **§ 33673. Taxation of property leased by redevelopment agency to third person**

38 33673. Whenever property in any redevelopment project has been redeveloped  
39 and thereafter is leased by the redevelopment agency to any person or persons or  
40 whenever the agency leases real property in any redevelopment project to any  
41 person or persons for redevelopment, the property shall be assessed and taxed in  
42 the same manner as privately owned property, and the lease or contract shall

1 provide that the lessee shall pay taxes upon the assessed value of the entire  
2 property and not merely the assessed value of his or its leasehold interest.

3 **§ 33673.1. Notice of leased property**

4 33673.1. Every redevelopment agency shall provide notice to the local assessor  
5 within 30 days whenever the agency leases real property in a redevelopment  
6 project to any person or persons for redevelopment. The notice shall provide the  
7 date on which the lessee acquires the beneficial use of the leased property. The  
8 notice shall be accompanied by a memorandum of lease and a map of the leased  
9 property.

10 **§ 33674. Start date for tax increment allocation**

11 33674. The portion of taxes mentioned in subdivision (b) of Section 33670 shall  
12 not be allocable and payable for the first time until the tax year which begins after  
13 the December 1st next following the transmittal of the documents as required in  
14 Section 33375 or Section 33457.

15 **§ 33675. Tax increment allocation procedure**

16 33675. (a) The portion of taxes required to be allocated pursuant to subdivision  
17 (b) of Section 33670 shall be allocated and paid to the agency by the county  
18 auditor or officer responsible for the payment of taxes into the funds of the  
19 respective taxing entities pursuant to the procedure contained in this section.

20 (b) Not later than October 1 of each year, for each redevelopment project for  
21 which the redevelopment plan provides for the division of taxes pursuant to  
22 Section 33670, the agency shall file, with the county auditor or officer described in  
23 subdivision (a), a statement of indebtedness and a reconciliation statement  
24 certified by the chief financial officer of the agency.

25 (c)(1) For each redevelopment project for which a statement of indebtedness is  
26 required to be filed, the statement of indebtedness shall contain all of the  
27 following:

28 (A) For each loan, advance, or indebtedness incurred or entered into, all of the  
29 following information:

30 (i) The date the loan, advance, or indebtedness was incurred or entered into.

31 (ii) The principal amount, term, purpose, interest rate, and total interest of each  
32 loan, advance, or indebtedness.

33 (iii) The principal amount and interest due in the fiscal year in which the  
34 statement of indebtedness is filed for each loan, advance, or indebtedness.

35 (iv) The total amount of principal and interest remaining to be paid for each  
36 loan, advance, or indebtedness.

37 (B) The sum of the amounts determined under clause (iii) of subparagraph (A).

38 (C) The sum of the amounts determined under clause (iv) of subparagraph (A).

39 (D) The available revenues as of the end of the previous year, as determined  
40 pursuant to paragraph (10) of subdivision (d).

1 (2) The agency may estimate the amount of principal or interest, the interest  
2 rate, or term of any loan, advance, or indebtedness if the nature of the loan,  
3 advance, or indebtedness is such that the amount of principal or interest, the  
4 interest rate or term cannot be precisely determined. The agency may list on a  
5 statement of indebtedness any loan, advance, or indebtedness incurred or entered  
6 into on or before the date the statement is filed.

7 (d) For each redevelopment project for which a reconciliation statement is  
8 required to be filed, the reconciliation statement shall contain all of the following:

9 (1) A list of all loans, advances, and indebtedness listed on the previous year's  
10 statement of indebtedness.

11 (2)(A) A list of all loans, advances, and indebtedness, not listed on the previous  
12 year's statement of indebtedness, but incurred or entered into in the previous year  
13 and paid in whole or in part from revenue received by the agency pursuant to  
14 Section 33670. This listing may aggregate loans, advances, and indebtedness  
15 incurred or entered into in the previous year for a particular purpose (such as  
16 relocation expenses, administrative expenses, consultant expenses, or property  
17 management expenses) into a single item in the listing.

18 (B) For purposes of this section, any payment made pursuant to Section 33684  
19 shall be considered as payment against existing passthrough payment indebtedness  
20 as listed on the agency's statement of indebtedness. If the most recent statement of  
21 indebtedness documents failed to include all or a part of the agency's obligation to  
22 the passthrough payments, those obligations shall be added to the next statement  
23 of indebtedness to be filed and shall include both current payments plus all future  
24 passthrough obligations.

25 (3) For each loan, advance, or indebtedness described in paragraph (1) or (2), all  
26 of the following information:

27 (A) The total amount of principal and interest remaining to be paid as of the  
28 later of the beginning of the previous year or the date the loan, advance, or  
29 indebtedness was incurred or entered into.

30 (B) Any increases or additions to the loan, advance, or indebtedness occurring  
31 during the previous year.

32 (C) The amount paid on the loan, advance, or indebtedness in the previous year  
33 from revenue received by the agency pursuant to Section 33670.

34 (D) The amount paid on the loan, advance, or indebtedness in the previous year  
35 from revenue other than revenue received by the agency pursuant to Section  
36 33670.

37 (E) The total amount of principal and interest remaining to be paid as of the end  
38 of the previous fiscal year.

39 (4) The available revenues of the agency as of the beginning of the previous  
40 fiscal year.

41 (5) The amount of revenue received by the agency in the previous fiscal year  
42 pursuant to Section 33670.

1 (6) The amount of available revenue received by the agency in the previous  
2 fiscal year other than pursuant to Section 33670.

3 (7) The sum of the amounts specified in subparagraph (D) of paragraph (3), to  
4 the extent that the amounts are not included as available revenues pursuant to  
5 paragraph (6).

6 (8) The sum of the amounts specified in paragraphs (4), (5), (6), and (7).

7 (9) The sum of the amounts specified in subparagraphs (C) and (D) of paragraph  
8 (3).

9 (10) The amount determined by subtracting the amount determined under  
10 paragraph (9) from the amount determined under paragraph (8). The amount  
11 determined pursuant to this paragraph shall be the available revenues as of the end  
12 of the previous fiscal year.

13 (e) For the purposes of this section, available revenues shall include all cash or  
14 cash equivalents held by the agency that were received by the agency pursuant to  
15 Section 33670 and all cash or cash equivalents held by the agency that are  
16 irrevocably pledged or restricted to payment of a loan, advance, or indebtedness  
17 that the agency has listed on a statement of indebtedness. In no event shall  
18 available revenues include funds in the agency's Low and Moderate Income  
19 Housing Fund established pursuant to Section 33334.3. For the purposes of  
20 determining available revenues as of the end of the 1992–93 fiscal year, an agency  
21 shall conduct an examination or audit of its books and records for the 1990–91,  
22 1991–92, and 1992–93 fiscal years to determine the available revenues as of the  
23 end of the 1992–93 fiscal year.

24 (f) For the purposes of this section, the amount an agency will deposit in its Low  
25 and Moderate Income Housing Fund established pursuant to Section 33334.3 shall  
26 constitute an indebtedness of the agency. For the purposes of this section, no loan,  
27 advance, or indebtedness that an agency intends to pay from its Low and Moderate  
28 Income Housing Fund established pursuant to Section 33334.3 shall be listed on a  
29 statement of indebtedness or reconciliation statement as a loan, advance, or  
30 indebtedness of the agency. For the purposes of this section, any statutorily  
31 authorized deficit in or borrowing from an agency's Low and Moderate Income  
32 Housing Fund established pursuant to Section 33334.3 shall constitute an  
33 indebtedness of the agency.

34 (g) The county auditor or officer shall, at the same time or times as the payment  
35 of taxes into the funds of the respective taxing entities of the county, allocate and  
36 pay the portion of taxes provided by subdivision (b) of Section 33670 to each  
37 agency. The amount allocated and paid shall not exceed the amount determined  
38 pursuant to subparagraph (C) of paragraph (1) of subdivision (c) minus the amount  
39 determined pursuant to subparagraph (D) of paragraph (1) of subdivision (c).

40 (h)(1) The statement of indebtedness constitutes prima facie evidence of the  
41 loans, advances, or indebtedness of the agency.

42 (2)(A) If the county auditor or other officer disputes the amount of loans,  
43 advances, or indebtedness as shown on the statement of indebtedness, the county

1 auditor or other officer shall, within 30 days after receipt of the statement, give  
2 written notice to the agency thereof.

3 (B) The agency shall, within 30 days after receipt of notice pursuant to  
4 subparagraph (A), submit any further information it deems appropriate to  
5 substantiate the amount of any loans, advances, or indebtedness which has been  
6 disputed. If the county auditor or other officer still disputes the amount of loans,  
7 advances, or indebtedness, final written notice of that dispute shall be given to the  
8 agency, and the amount disputed may be withheld from allocation and payment to  
9 the agency as otherwise required by subdivision (g). In that event, the auditor or  
10 other officer shall bring an action in the superior court in declaratory relief to  
11 determine the matter not later than 90 days after the date of the final notice.

12 (3) In any court action brought pursuant to this section, the issue shall involve  
13 only the amount of loans, advances, or indebtedness, and not the validity of any  
14 contract or debt instrument or any expenditures pursuant thereto. Payments to a  
15 trustee under a bond resolution or indenture of any kind or payments to a public  
16 agency in connection with payments by that public agency pursuant to a lease or  
17 bond issue shall not be disputed in any action under this section. The matter shall  
18 be set for trial at the earliest possible date and shall take precedence over all other  
19 cases except older matters of the same character. Unless an action is brought  
20 within the time provided for herein, the auditor or other officer shall allocate and  
21 pay the amount shown on the statement of indebtedness as provided in subdivision  
22 (g).

23 (i) Nothing in this section shall be construed to permit a challenge to or attack  
24 on matters precluded from challenge or attack by reason of Sections 33500 and  
25 33501. However, nothing in this section shall be construed to deny a remedy  
26 against the agency otherwise provided by law.

27 (j) The Controller shall prescribe a uniform form of statement of indebtedness  
28 and reconciliation statement. These forms shall be consistent with this section. In  
29 preparing these forms, the Controller shall obtain the input of county auditors,  
30 redevelopment agencies, and organizations of county auditors and redevelopment  
31 agencies.

32 (k) For the purposes of this section, a fiscal year shall be a year that begins on  
33 July 1 and ends the following June 30.

34 **§ 33676. Tax allocation in special cases (including “basic aid” school district)**

35 33676. (a) Prior to the adoption by the legislative body of a redevelopment plan  
36 providing for tax increment financing pursuant to Section 33670, any affected  
37 taxing agency may elect to be allocated, and every school district and community  
38 college district shall be allocated, in addition to the portion of taxes allocated to  
39 the affected taxing agency pursuant to subdivision (a) of Section 33670, all or any  
40 portion of the tax revenues allocated to the agency pursuant to subdivision (b) of  
41 Section 33670 attributable to one or more of the following:

1 (1) Increases in the rate of tax imposed for the benefit of the taxing agency  
2 which levy occurs after the tax year in which the ordinance adopting the  
3 redevelopment plan becomes effective.

4 (2) If an agency pursuant to Section 33354.5 amends a redevelopment plan  
5 which does not utilize tax increment financing to add tax increment financing, and  
6 pursuant to subdivision (a) of Section 33670 uses the assessment roll last  
7 equalized prior to the effective date of the ordinance originally adopting the  
8 redevelopment plan, an affected taxing agency may elect to be allocated all or any  
9 portion of the tax revenues allocated to the agency pursuant to subdivision (b) of  
10 Section 33670 which the affected taxing agency would receive if the agency were  
11 to use the assessment roll last equalized prior to the effective date of the ordinance  
12 amending the redevelopment plan to add tax increment financing.

13 (b)(1) Any local education agency that is a basic aid district or office at the time  
14 the ordinance adopting a redevelopment plan is adopted and that receives no state  
15 funding, other than that provided pursuant to Section 6 of Article IX of the  
16 California Constitution, pursuant to Section 2558, 42238, or 84751, as appropriate,  
17 of the Education Code, shall receive annually its percentage share of the property  
18 taxes from the project area allocated among all of the affected taxing entities  
19 during the fiscal year the funds are allocated, increased by an amount equal to the  
20 lesser of the following:

21 (A) The percentage growth in assessed value that occurs throughout the district,  
22 excluding the portion of the district within the redevelopment project area.

23 (B) Eighty percent of the growth in assessed value that occurs within the portion  
24 of the district within the redevelopment project area.

25 (2) Subparagraphs (A) and (B) of paragraph (1) shall not apply to a  
26 redevelopment plan adopted by the legislative body of a community if both of the  
27 following occur:

28 (A) The median household income in the community in which the  
29 redevelopment project area is located is less than 80 percent of the median  
30 household income in the county in which the redevelopment project area is  
31 located.

32 (B) The preliminary plan for the redevelopment plan was adopted on or before  
33 September 1, 1993, and the redevelopment plan was adopted on or before August  
34 1, 1994.

35 (3) Any local education agency that is a basic aid district or office at the time the  
36 ordinance amending a redevelopment plan is adopted pursuant to Section 33607.7  
37 and that receives no state funding, other than that provided pursuant to Section 6  
38 of Article IX of the California Constitution, pursuant to Section 2558, 42238, or  
39 84751, as appropriate, of the Education Code, shall receive either of the following:

40 (A) If an agreement exists that requires payments to the basic aid district, the  
41 amount required to be paid by an agreement between the agency and the basic aid  
42 district entered into prior to January 1, 1994.



1 (B) If an agreement does not exist, the percentage share of the increase in  
2 property taxes from the project area allocated among all of the affected taxing  
3 entities during the fiscal year the funds in the project area are allocated, derived  
4 from 80 percent of the growth in assessed value that occurs within the portion of  
5 the district within the redevelopment project area from the year in which the  
6 amendment takes effect pursuant to subdivision (c) of Section 33607.7.

7 (4) The redevelopment agency shall subtract from any payments made pursuant  
8 to this section the amount that a basic aid district receives pursuant to Sections  
9 33607.5 and 33607.7 for the purposes of either paragraph (1) of subdivision (h) of  
10 Section 42238 of the Education Code or either Section 2558 or 84751 of the  
11 Education Code.

12 (c) The governing body of any affected taxing agency, other than a school  
13 district and a community college district, electing to receive allocation of taxes  
14 pursuant to this section in addition to taxes allocated to it pursuant to subdivision  
15 (a) of Section 33670 shall adopt a resolution to that effect and transmit the same,  
16 prior to the adoption of the redevelopment plan, to (1) the legislative body, (2) the  
17 agency, and (3) the official or officials performing the functions of levying and  
18 collecting taxes for the affected taxing agency. Upon receipt by the official or  
19 officials of the resolution, allocation of taxes pursuant to this section to the  
20 affected taxing agency which has elected to receive the allocation pursuant to this  
21 section by the adoption of the resolution and allocation of taxes pursuant to this  
22 section to every school district and community college district shall be made at the  
23 time or times allocations are made pursuant to subdivision (a) of Section 33670.

24 (d) An affected taxing agency, at any time after the adoption of the resolution,  
25 may elect not to receive all or any portion of the additional allocation of taxes  
26 pursuant to this section by rescinding the resolution or by amending the same, as  
27 the case may be, and giving notice thereof to the legislative body, the agency, and  
28 the official or officials performing the functions of levying and collecting taxes for  
29 the affected taxing agency. After receipt of a notice by the official or officials that  
30 an affected taxing agency has elected not to receive all or a portion of the  
31 additional allocation of taxes by rescission or amendment of the resolution, any  
32 allocation of taxes to the affected taxing agency required to be made pursuant to  
33 this section shall not thereafter be made but shall be allocated to the agency and  
34 the affected taxing agency shall thereafter be allocated only the portion of taxes  
35 provided for in subdivision (a) of Section 33670. After receipt of a notice by the  
36 official or officials that an affected taxing agency has elected to receive additional  
37 tax revenues attributable to only a portion of the increases in the rate of tax, only  
38 that portion of the tax revenues shall thereafter be allocated to the affected taxing  
39 agency in addition to the portion of taxes allocated pursuant to subdivision (a) of  
40 Section 33670, and the remaining portion thereof shall be allocated to the agency.

41 (e) As used in this section, “affected taxing agency” means and includes every  
42 public agency for the benefit of which a tax is levied upon property in the project

1 area, whether levied by the public agency or on its behalf by another public  
2 agency.

3 (f) This section shall apply only to redevelopment projects for which a final  
4 redevelopment plan is adopted pursuant to Article 5 (commencing with Section  
5 33360) of Chapter 4 on or after January 1, 1977.

6 **§ 33677. Tax allocation in merged project areas**

7 33677. The amount of taxes allocated to the redevelopment agency pursuant to  
8 Section 33670 shall be separately computed for each constituent project area  
9 merged into a single project area pursuant to Section 33460, and for the original  
10 project area and each separate addition of land to the project area made by  
11 amendment of the redevelopment plan pursuant to Section 33450. The section is  
12 declaratory of existing law with respect to amendments to redevelopment plans.

13 **§ 33677.5. Allocation where RDA governs more than one project**

14 33677.5. A county auditor shall only offset excess amounts of property tax  
15 revenues allocated to a redevelopment project against property tax revenues of that  
16 redevelopment project, and not against the property tax revenues of another  
17 redevelopment project governed by the same redevelopment agency.

18 **§ 33678. California Constitution Article XIII B**

19 33678. (a) This section implements and fulfills the intent of this article and of  
20 Article XIII B and Section 16 of Article XVI of the California Constitution. The  
21 allocation and payment to an agency of the portion of taxes specified in  
22 subdivision (b) of Section 33670 for the purpose of paying principal of, or interest  
23 on, loans, advances, or indebtedness incurred for redevelopment activity, as  
24 defined in subdivision (b) of this section, shall not be deemed the receipt by an  
25 agency of proceeds of taxes levied by or on behalf of the agency within the  
26 meaning or for the purposes of Article XIII B of the California Constitution, nor  
27 shall such portion of taxes be deemed receipt of proceeds of taxes by, or an  
28 appropriation subject to limitation of, any other public body within the meaning or  
29 for purposes of Article XIII B of the California Constitution or any statutory  
30 provision enacted in implementation of Article XIII B. The allocation and  
31 payment to an agency of this portion of taxes shall not be deemed the  
32 appropriation by a redevelopment agency of proceeds of taxes levied by or on  
33 behalf of a redevelopment agency within the meaning or for purposes of Article  
34 XIII B of the California Constitution.

35 (b) As used in this section, “redevelopment activity” means either of the  
36 following:

37 (1) Redevelopment meeting all of the following criteria:

38 (A) Is redevelopment as prescribed in Sections 33020 and 33021.

39 (B) Primarily benefits the project area.

1 (C) None of the funds are used for the purpose of paying for employee or  
2 contractual services of any local governmental agency unless these services are  
3 directly related to the purpose of Sections 33020 and 33021 and the powers  
4 established in this part.

5 (2) Payments authorized by Section 33607.5.

6 (c) Should any law hereafter enacted, without a vote of the electorate, confer  
7 taxing power upon an agency, the exercise of that power by the agency in any  
8 fiscal year shall be deemed a transfer of financial responsibility from the  
9 community to the agency for that fiscal year within the meaning of subdivision (a)  
10 of Section 3 of Article XIII B of the California Constitution.

11 **§ 33679. Use of tax increment to construct publicly-owned building**

12 33679. Before an agency commits to use the portion of taxes to be allocated and  
13 paid to an agency pursuant to subdivision (b) of Section 33670 for the purpose of  
14 paying all or part of the value of the land for, and the cost of the installation and  
15 construction of, any publicly owned building, other than parking facilities, the  
16 legislative body shall hold a public hearing.

17 Notice of the time and place of the public hearing shall be published in a  
18 newspaper of general circulation in the community for at least two successive  
19 weeks prior to the public hearing. There shall be available for public inspection  
20 and copying, at a cost not to exceed the cost of duplication, a summary that  
21 includes all of the following:

22 (a) Estimates of the amount of the taxes proposed to be used to pay for the land  
23 and construction of any publicly owned building, including interest payments.

24 (b) Sets forth the facts supporting the determinations required to be made by the  
25 legislative body pursuant to Section 33445 or the findings required to be made by  
26 the legislative body pursuant to Section 33445.1.

27 (c) Sets forth the redevelopment purpose for which the taxes are being used to  
28 pay for the land and construction of the publicly owned building.

29 The summary shall be made available to the public for inspection and copying  
30 no later than the time of the first publication of the notice of the public hearing.

31 [Article 7. School Finance — Omitted]

32 **CHAPTER 7.5. LOANS TO TAX-EXEMPT ORGANIZATIONS**

33 **§ 33740. Findings and declarations**

34 33740. The Legislature hereby finds and declares that it would be beneficial to  
35 empower redevelopment agencies to issue tax-exempt revenue bonds for the  
36 purpose of lending the proceeds to nonprofit organizations exempt from federal  
37 income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of

1 1986, as amended (26 U.S.C. Sec. 501(c)(3)), for the housing purposes specified  
2 in Section 33741.

3 **§ 33741. Authority to issue bonds to fund loans to nonprofits for development of**  
4 **multifamily rental housing**

5 33741. An agency may issue bonds to provide funds to be loaned by the agency  
6 to nonprofit organizations exempt from federal income taxation under Section  
7 501(c)(3) of the Internal Revenue Code of 1986, as amended (26 U.S.C. Sec.  
8 501(c)(3)), for use by the organization to finance the acquisition, construction,  
9 rehabilitation, refinancing, or development of multifamily rental housing,  
10 including mobilehome parks that are or will be nonprofit or cooperatively owned,  
11 or both, in which residents rent spaces and either rent or own the mobilehomes  
12 occupying these spaces, to provide housing within the territorial jurisdiction of the  
13 agency in accordance with the organization's tax-exempt purposes under that  
14 federal law. The bonds shall be issued so as to satisfy the requirements of Section  
15 145 of the Internal Revenue Code of 1986, as amended (26 U.S.C. Sec. 145).

16 **§ 33742. Occupancy and rent restrictions**

17 33742. (a) Occupancy and rent restrictions with respect to housing acquired  
18 pursuant to this chapter shall either meet the requirements of subparagraphs (A)  
19 and (B) of paragraph (1) or the requirements of paragraph (2), as follows:

20 (1)(A) Not less than 20 percent of the total number of units in a multifamily  
21 rental housing development financed, or for which financing has been extended or  
22 committed, pursuant to this chapter from the proceeds of the sale of bonds of each  
23 bond issuance of the agency shall be for occupancy on a priority basis by lower  
24 income households, as defined by Section 50079.5. If a multifamily rental housing  
25 development is located within a targeted area project, as defined by Section  
26 103(b)(12)(A) of Title 26 of the United States Code, not less than 15 percent of the  
27 total number of units financed, or for which financing has been extended or  
28 committed pursuant to this chapter, shall be for occupancy on a priority basis by  
29 lower income households. Not less than one-half of the units required for  
30 occupancy on a priority basis by lower income households shall be for occupancy  
31 on a priority basis for very low income households, as defined by Section 50105.

32 (B)(i) With respect to multifamily rental developments that are not mobilehome  
33 parks, the rental payments on the units required for occupancy by very low income  
34 households paid by the persons occupying the units (excluding any supplemental  
35 rental assistance from the state, the federal government, or any other public agency  
36 to those persons or on behalf of those units) shall not exceed 30 percent of an  
37 amount equal to 50 percent of area median income. If the nonprofit organization  
38 elects to establish a base rent for all or part of the units for lower income  
39 households and very low income households, the base rents shall be adjusted for  
40 household size. In adjusting rents for household size for this purpose, it shall be  
41 assumed that one person will occupy a studio unit, two persons will occupy a one-

1 bedroom unit, three persons will occupy a two-bedroom unit, four persons will  
2 occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.

3 (ii) With respect to mobilehome parks:

4 (I) Where a resident rents both the mobilehome and the space occupied by the  
5 mobilehome, for spaces and mobilehomes required for occupancy by very low  
6 income households, the total rental payments paid by the household on the  
7 mobilehome and the space occupied by the mobilehome (excluding any  
8 supplemental rental assistance from the state, the federal government, or any other  
9 public agency to that household or on behalf of that space and mobilehome) shall  
10 not exceed 30 percent of an amount equal to 50 percent of the area median  
11 income, adjusted for household size as appropriate for the unit that occupies the  
12 space.

13 (II) Where a resident is both the registered and legal owner of the mobilehome,  
14 is not making mortgage payments for the purchase of that mobilehome, and rents  
15 the space that the mobilehome occupies, for spaces and mobilehomes required for  
16 occupancy by very low income households, the total rental charge for occupancy  
17 of that space, excluding a reasonable allowance for other related housing costs  
18 determined at the time of acquisition of the mobilehome park by the nonprofit  
19 corporation, excluding any supplemental rental assistance from the state, the  
20 federal government, or any other public agency to that household on behalf of that  
21 space and mobilehome, shall not exceed 30 percent of 50 percent of the area  
22 median income, adjusted for household size as appropriate for the unit that  
23 occupies the space.

24 (III) Where a resident is the registered owner of the mobilehome, is making  
25 mortgage payments for the purchase of that mobilehome, and rents the space  
26 occupied by the mobilehome, for spaces and mobilehomes required for occupancy  
27 by very low income households, the rental charge for occupancy of a space by a  
28 mobilehome, exclusive of any charges for utilities and storage (excluding any  
29 supplemental rental assistance from the state, the federal government, or any other  
30 public agency to that household or on behalf of that space and mobilehome), shall  
31 not exceed 15 percent of 50 percent of the area median income, adjusted for  
32 household size as appropriate for the unit that occupies the space.

33 (IV) In adjusting rents for household size, either the occupancy standards  
34 established in clause (i) of subparagraph (B) of paragraph (1) of subdivision (a) or  
35 the alternative standards that assume that one person will occupy a recreational  
36 vehicle, two persons will occupy a single-wide mobilehome, and three persons  
37 will occupy a multisectional mobilehome may be utilized.

38 (2) The multifamily rental housing development is a “qualified low-income  
39 housing project,” within the meaning of Section 42(g) of the federal Internal  
40 Revenue Code (26 U.S.C. Sec. 42), because it meets the criteria set forth in  
41 Section 42 (g)(1)(B) and (2) of the federal Internal Revenue Code.

42 (b) If at the time of acquisition any of the units or mobilehome spaces are  
43 occupied by ineligible households, that fact alone shall neither constitute a cause

1 for the tenant's eviction nor render the project ineligible. Upon vacation of any  
2 unit initially occupied by an ineligible household, that unit shall be rented to an  
3 eligible household until the required residency by eligible households is attained.

4 (c) As a condition of financing pursuant to this chapter, the nonprofit  
5 organization shall enter into a regulatory agreement with the agency, which shall  
6 require that units reserved for occupancy by lower income households shall  
7 remain available on a priority basis for occupancy for the term of the bonds issued  
8 to provide the financing or 30 years, whichever is greater. The regulatory  
9 agreement shall contain a provision making the covenants and conditions of the  
10 agreement binding upon successors in interest of the nonprofit organization. The  
11 regulatory agreement shall be recorded in the office of the county recorder of the  
12 county in which the multifamily rental housing development is located. The  
13 regulatory agreement shall be recorded in the grantor-grantee index to the name of  
14 the property owner as grantor and to the name of the agency as grantee.

15 **§ 33743. Related commercial property**

16 33743. An agency may, in conjunction with the financing of multifamily rental  
17 housing pursuant to this chapter, finance the acquisition of commercial property  
18 for lease, subject to all of the following conditions:

19 (a) No more than 10 percent of the proceeds of any revenue bonds issued  
20 pursuant to this chapter may be used to acquire the commercial property for lease.

21 (b) The commercial property acquired will be located on the same parcel or on a  
22 parcel adjacent to a multifamily rental housing development.

23 (c) As a condition of the financing, any lease payments collected in excess of  
24 payments necessary for debt service, operating expenses and any required reserves  
25 related to the property, shall be used to reduce rents or units reserved for  
26 occupancy by lower income households and very low income households in a  
27 multifamily rental housing development.

28 **§ 33744. Complaint of violation of occupancy and rent restrictions**

29 33744. Whenever a complaint is received concerning a violation of the  
30 restrictions imposed pursuant to Section 33742, the agency shall investigate  
31 promptly and make a report to the complaining party on whether the violation  
32 existed and whether it persists, and if it persists, what action the agency will take  
33 to remedy the violation. When the agency determines that a violation exists,  
34 whether determined upon an investigation of a complaint or on its own motion, the  
35 agency shall take all appropriate action, including necessary legal action, to  
36 promptly eliminate the violation.

37 Notwithstanding other provisions of this section, any person aggrieved by a  
38 violation of the restrictions imposed pursuant to Section 33742 may seek a judicial  
39 remedy without regard to whether a complaint has been made to the agency or  
40 whether the agency is then taking any action to remedy the violation.

1    **§ 33745. Bond-related costs**

2       33745. For the purposes of this chapter, an agency shall have the power to issue  
3 its bonds to defray, in whole or in part, the costs of studies and surveys, insurance  
4 premiums, underwriting fees, and legal, accounting and marketing services  
5 incurred in connection with the issuance and sale of bonds pursuant to this chapter,  
6 including bond and mortgage reserve accounts, trustee, custodian, and rating  
7 agency fees, and any other costs which are reasonably related to the foregoing.

8    **§ 33746. Bond terms**

9       33746. (a) Bonds issued pursuant to this chapter shall be repayable solely from  
10 payments of principal and interest on account of the loans funded thereby. The  
11 agency may pledge all or any portion of these payments to secure the bonds.

12       (b) Neither the members of the agency nor any person executing the bonds shall  
13 be personally liable on the bonds or be subject to any personal liability or  
14 accountability by reason of the issuance thereof.

15       (c) The exercise of the powers granted by this chapter shall be in all respects for  
16 the benefit of the people of this state and for their health and welfare. Any bonds  
17 issued under this chapter, their transfer, and income therefrom shall at all times be  
18 free from taxation of every kind by the state and by the municipalities and political  
19 subdivisions of the state, except estate taxes.

20       (d) This chapter provides an alternative method for issuing bonds and lending  
21 moneys for acquisition of multifamily rental housing by private nonprofit  
22 organizations.

23                   **CHAPTER 8. REDEVELOPMENT CONSTRUCTION LOANS**

24                                   **Article 1. General Provisions and Definitions**

25    **§ 33750. Need for RDAs to make housing construction loans**

26       33750. The Legislature finds and declares that it is necessary and essential that  
27 redevelopment agencies be authorized to make long-term, low-interest loans  
28 through qualified mortgage lenders to finance residential construction in order to  
29 encourage investment and upgrade redevelopment project areas and increase the  
30 supply of housing. Unless redevelopment agencies intervene to generate mortgage  
31 funds and to provide some form of assistance to finance residential construction,  
32 many redevelopment areas will stagnate and deteriorate because owners and  
33 investors are not able to obtain loans from private sources.

34       The Legislature further finds and declares that financing of rehabilitation, as  
35 provided in this chapter, serves an essential public purpose for the economic  
36 renewal of our cities.

1    **§ 33751. Benefits of RDA construction loans**

2       33751. The Legislature further finds and determines that a program to provide  
3 residential construction financing would accomplish the following:

4       (a) Facilitate increasing the supply of urban housing and ease the housing  
5 shortage that exists in many parts of the state.

6       (b) Encourage Californians of all social and economic positions to reinhabit  
7 urban areas, thereby rendering these areas more socially balanced and  
8 economically self-sufficient.

9       (c) Reduce pressures for suburbanization and thereby mitigate many of the  
10 problems caused by urban migration, including inefficient use of scarce energy  
11 resources and urban sprawl.

12       (d) Stimulate urban building and construction activity and thereby increase  
13 urban employment and improve the urban tax base.

14    **§ 33751.5. Development outside project area**

15       33751.5. The Legislature further finds and declares that the construction and  
16 rehabilitation of residences intended for occupancy primarily by persons and  
17 families of low or moderate income, as defined in Section 50093, is properly  
18 included within redevelopment plans whether or not such construction or  
19 rehabilitation is to occur within a redevelopment area, since redevelopment  
20 agencies have specific obligations for development of housing whether or not such  
21 development is feasible within specific redevelopment project areas.

22    **§ 33752. General public benefit**

23       33752. It is the intent of the Legislature, in enacting this chapter, to strengthen  
24 the vitality and promote the completion of urban redevelopment for the general  
25 public benefit. The construction of federally assisted housing for low- and  
26 moderate-income households is not a primary purpose of this chapter. However,  
27 nothing in this chapter shall be deemed to prohibit financing of federally assisted  
28 housing for low- and moderate-income households when such housing is  
29 consistent with the redevelopment plan and the loan is directly or indirectly  
30 insured.

31    **§ 33753. Definitions**

32       33753. The definitions set forth in Article 1 (commencing with Section 33000)  
33 of Chapter 1 of this part shall govern the construction of this chapter. Additionally,  
34 as used in this chapter:

35       (a) “Construction loan” means a loan to finance residential construction under  
36 this chapter, whether such loan is insured or uninsured.

37       (b) “Financing” means the lending of moneys or any other thing of value for the  
38 purpose of facilitating residential construction pursuant to this chapter, including  
39 the making of construction loans and mortgage loans to purchasers of newly  
40 constructed and newly rehabilitated residences and the making of loans to



1 qualified mortgage lenders, and the making of mortgage loans to purchasers of  
2 newly constructed or existing residences located in targeted areas as provided in  
3 Section 33760.

4 (c) “Local codes” means applicable local, state and federal standards for  
5 residential construction or rehabilitation, including any other standards adopted by  
6 the agency for a redevelopment project area or as part of its redevelopment  
7 program.

8 (d) “Mortgage loan” means a long-term loan which is secured by a mortgage  
9 and is made for permanent financing of residences, pursuant to this chapter.

10 (e) “Participating party” means any person, corporation, partnership, firm, or  
11 other entity or group of entities requiring financing for residential construction  
12 pursuant to the provisions of this chapter. No elective officer of the state other  
13 than officers provided for by Article VI of the California Constitution, and no  
14 employee or member of the redevelopment agency, shall be eligible to be a  
15 participating party under the provisions of this chapter. If any elected officer of  
16 any political subdivision of the state participates in deliberations or votes on a  
17 financing plan, redevelopment plan, or bond issue, that person shall not be eligible  
18 to be a participating party for bonds issued pursuant to those plans or issues.

19 (f) “Qualified mortgage lender” means a mortgage lender authorized by a  
20 redevelopment agency to do business with the agency and to aid in financing  
21 pursuant to this chapter on behalf of the agency, for which service the qualified  
22 mortgage lender will be reasonably compensated. Such a mortgage lender shall be  
23 a state or national bank, federal or state-chartered savings and loan association, or  
24 trust company or mortgage banker which is capable of providing service or  
25 otherwise aiding in the financing of mortgages on residential construction within  
26 the jurisdiction of the agency. Nothing in any other provision of state law shall  
27 prevent such a lender from serving as a qualified mortgage lender pursuant to this  
28 chapter.

29 (g) “Redevelopment project area” means a project area, as defined in Section  
30 33320.1, for which a final redevelopment plan has been adopted pursuant to  
31 Section 33365.

32 (h) “Rehabilitation” means repairs and improvements to a substandard residence  
33 necessary to make it meet local codes; and also means the acquisition of  
34 substandard residences for purposes of repairs and improvements where the cost  
35 of such repairs and improvements equals or exceeds 25 percent of the cost of the  
36 acquisition. As used in this section, “substandard residence” has the same meaning  
37 as the term “substandard building,” as defined in Section 17920.3, except that  
38 “substandard residence” shall include all property improved with any structure  
39 defined in subdivision (j) of this section as a “residence,” with respect to which  
40 any of the conditions listed in Section 17920.3 exist.

41 (i) “Residential construction” means the construction of new residences or the  
42 rehabilitation and improvement of substandard residences to meet requirements of

1 local codes and the redevelopment plan. “Residential construction” also means the  
2 improvement of residences as provided in subdivision (h).

3 (j)(1) “Residence” means real property improved with a residential structure and  
4 within a redevelopment project area real property improved with a commercial  
5 structure (or structures) or a mixed residential and commercial structure, which the  
6 redevelopment agency determines to be an integral part of a residential  
7 neighborhood. For purposes of determining the integrality of new construction for  
8 such purpose, a proposed commercial or mixed residential and commercial  
9 structure shall be located within or immediately adjacent to a neighborhood  
10 primarily residential in character.

11 (2) “Residence” also means residential hotels in which not less than one-half of  
12 the occupied dwelling units are occupied on a nontransient basis. A dwelling unit  
13 shall be deemed to be used on a nontransient basis if the term of the tenancy is one  
14 month or longer or if the tenant has resided in the unit for more than 30 days. In a  
15 residential hotel, individual dwelling units shall lack either cooking facilities or  
16 individual sanitary facilities, or both. However, for purposes of this paragraph, a  
17 residential hotel does not include dormitories, fraternity and sorority houses,  
18 hospitals, sanitariums, rest homes, or trailer parks and courts.

19 New construction of any commercial structure, or of the commercial portion of  
20 any mixed residential and commercial structure, financed under this chapter shall  
21 not exceed 80,000 square feet of gross building area per development. Any suit  
22 challenging such finding shall be filed within 60 days, or the findings of the  
23 agency shall be conclusive.

24 An agency may not provide long-term financing pursuant to this chapter for new  
25 construction of a commercial structure or the commercial portion of a mixed  
26 residential and commercial structure if conventional financing in an amount  
27 sufficient to complete the construction has been obtained for the construction of  
28 such structure or portion thereof.

29 Prior to the financing of any commercial structure within a redevelopment  
30 project area, the agency shall adopt a financing plan by resolution, which may  
31 include commercial and residential structures. The square footage of the  
32 commercial structures shall not exceed 30 percent of the aggregate square footage  
33 of all the commercial and residential structures within the project area and  
34 financed pursuant to the financing plan. The financing plan for the commercial  
35 and residential structures shall include structures that have been, or are being,  
36 financed pursuant to this chapter or under federal or state financial assistance  
37 programs or local assistance programs of any kind whatsoever. However, such a  
38 financing plan shall not be required for an agency that has financed residential  
39 structures with the proceeds of bonds issued prior to September 30, 1980, nor shall  
40 such amendments affect the validity of the tax-exempt status of bonds issued  
41 pursuant to this chapter prior to such date.

42 Additionally, any financing for a commercial structure or a mixed residential  
43 and commercial structure authorized or preliminarily approved by resolution

1 adopted by a redevelopment agency or community development commission  
2 established pursuant to Section 33201 either (1) on or before June 3, 1980, in  
3 furtherance of which the agency or any person or entity has expended substantial  
4 funds or committed to reimburse another person or entity which has expended  
5 substantial funds; provided that if the long-term permanent financing is in excess  
6 of five million dollars (\$5,000,000) on any one project from all financing sources,  
7 including conventional and tax-exempt financing, a redevelopment agency or  
8 community development commission shall not provide such long-term permanent  
9 financing unless such agency or commission adopted a resolution before January  
10 1, 1981, officially approving and authorizing the sale of revenue bonds to provide  
11 such long-term permanent financing, and the bonds were sold and delivered before  
12 March 1, 1981; or (2) before October 31, 1980, in furtherance of which the agency  
13 has expended funds in connection with such financing or plans relating to such  
14 financing if the structure to be financed is located within a city designated  
15 pursuant to Section 119 of federal Public Law 95-128, as amended, or within a  
16 city designated as of September 30, 1980, under Title IX of federal Public Law 89-  
17 136, as amended, as a long-term economic deterioration area, or financing for a  
18 commercial structure or mixed residential and commercial structure as to which  
19 bonds have been delivered on or before July 31, 1980 (without regard to the date  
20 the bonds were authorized or received preliminary approval), shall not be subject  
21 to new requirements or conditions of this subdivision enacted by Chapter 1331 of  
22 the Statutes of 1980.

23 “Residence” includes condominium and cooperative dwelling units, and  
24 includes both real property improved with single-family residential structures and  
25 real property improved with multiple-family residential structures.

26 (k) “Revenue bonds” means any bonds, notes, interim certificates, debentures, or  
27 other obligations issued by an agency pursuant to this chapter and which are  
28 payable exclusively from revenues and from any other funds specified in this  
29 chapter upon which the revenue bonds may be made a charge and from which they  
30 are payable.

31 (l) “Revenues” means all amounts received as repayment of principal, interest,  
32 and all other charges received for, and all other income and receipts derived by,  
33 the redevelopment agency from the financing of residential construction, including  
34 moneys deposited in a sinking, redemption, or reserve fund or other fund to secure  
35 the revenue bonds or to provide for the payment of the principal of, or interest on,  
36 the revenue bonds.

37 (m) “Target areas” has the same meaning as in Section 103A of the Federal  
38 Internal Revenue Code of 1954, as amended.

1 Article 2. Powers and Procedures

2 **§ 33760. Financing authorized for specified types of construction; occupancy restrictions**

3 33760. (a) Within its territorial jurisdiction, an agency may determine the  
4 location and character of any residential construction to be financed under this  
5 chapter and may make mortgage or construction loans to participating parties  
6 through qualified mortgage lenders, or purchase mortgage or construction loans  
7 without premium made by qualified mortgage lenders to participating parties, or  
8 make loans to qualified mortgage lenders, for financing any of the following:

9 (1) Residential construction within a redevelopment project area.

10 (2) Residential construction of residences in which the dwelling units are  
11 committed, for the period during which the loan is outstanding, for occupancy by  
12 persons or families who are eligible for financial assistance specifically provided  
13 by a governmental agency for the benefit of occupants of the residence.

14 (3) To the extent required by Section 103A of Title 26 of the United States  
15 Code, as amended, to maintain the exemption from federal income taxes of  
16 interest on bonds or notes issued by the agency under this chapter, residences  
17 located within targeted areas, as defined by Section 103(b)(12)(A) of Title 26 of  
18 the United States Code. Any loans to qualified mortgage lenders shall be made  
19 under terms and conditions which, in addition to other provisions as determined by  
20 the agency, shall require the qualified mortgage lender to use all of the net  
21 proceeds thereof, directly or indirectly, for the making of mortgage loans or  
22 construction loans in an appropriate principal amount equal to the amount of the  
23 net proceeds. Those mortgage loans may, but need not, be insured.

24 (b)(1) Not less than 20 percent (15 percent in target areas) of the units in any  
25 residential project financed pursuant to this section on or after January 1, 1986,  
26 shall be occupied by, or made available to, individuals of low and moderate  
27 income, as defined by Section 103(b)(12)(C) of Title 26 of the United States Code.  
28 If the sponsor elects to establish a base rent for units reserved for lower income  
29 households, the base rents shall be adjusted for household size, as determined  
30 pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec.  
31 1437f), or its successor, for a family of one person in the case of a studio unit, two  
32 persons in the case of a one-bedroom unit, three persons in the case of a two-  
33 bedroom unit, four persons in the case of a three-bedroom unit, and five persons in  
34 the case of a four-bedroom unit.

35 (2) Not less than one-half of the units described in paragraph (1) shall be  
36 occupied by, or made available to, very low income households, as defined by  
37 Section 50105. The rental payments for those units paid by the persons occupying  
38 the units (excluding any supplemental rental assistance from the state, the federal  
39 government, or any other public agency to those persons or on behalf of those  
40 units) shall not exceed the amount derived by multiplying 30 percent times 50  
41 percent of the median adjusted gross income for the area, adjusted for family size,  
42 as determined pursuant to Section 8 of the United States Housing Act of 1937 (42

1 U.S.C. Sec. 1437f), or its successor, for a family of one person in the case of a  
2 studio unit, two persons in the case of a one-bedroom unit, three persons in the  
3 case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and  
4 five persons in the case of a four-bedroom unit.

5 (c) Units required to be reserved for occupancy as provided in subdivision (b)  
6 and financed with the proceeds of bonds issued on or after January 1, 1986, shall  
7 remain occupied by, or made available to, those persons until the bonds are retired.

8 (d)(1) When issuing tax-exempt bonds for purposes of this section, the  
9 regulatory agreement entered into by the agency shall require that following the  
10 expiration or termination of the qualified project period, except in the event of  
11 foreclosure and redemption of the bonds, deed in lieu of foreclosure, eminent  
12 domain, or action of a federal agency preventing enforcement, units required to be  
13 reserved for occupancy for low- or very low income households and financed or  
14 refinanced with proceeds of bonds issued pursuant to this section on or after  
15 January 1, 2006, or refinanced with the proceeds of bonds issued pursuant to  
16 Section 53583 of the Government Code or any charter city authority on or after  
17 January 1, 2007, shall remain available to any eligible household occupying a  
18 reserved unit at the date of expiration or termination, at a rent not greater than the  
19 amount set forth by the regulatory agreement prior to the date of expiration or  
20 termination, until the earliest of any of the following occur:

21 (A) The household's income exceeds 140 percent of the maximum eligible  
22 income specified in the regulatory agreement for reserved units.

23 (B) The household voluntarily moves or is evicted for "good cause." "Good  
24 cause" for the purposes of this section, means the nonpayment of rent or allegation  
25 of facts necessary to prove major, or repeated minor, violations of material  
26 provisions of the occupancy agreement which detrimentally affect the health and  
27 safety of other persons or the structure, the fiscal integrity of the development, or  
28 the purposes or special programs of the development.

29 (C) Thirty years after the date of the commencement of the qualified project  
30 period.

31 (D) The sponsor pays the relocation assistance and benefits to tenants as  
32 provided in subdivision (b) of Section 7264 of the Government Code.

33 (2) As used in this subdivision, "qualified project period" shall have the  
34 meaning specified in, and shall be determined in accordance with the provisions  
35 of, subsection (d) of Section 142 of the Internal Revenue Code of 1986, as  
36 amended, and United States Treasury regulations and rulings promulgated  
37 pursuant thereto.

38 (3) The amendment to this subdivision made during the 2005-06 Regular  
39 Session of the Legislature that is set forth in paragraph (1) is declaratory of  
40 existing law.

41 (e) This section shall become operative January 1, 1996.

1 **§ 33760.5. Financing authorized for multifamily rental property outside project area;**  
2 **occupancy restrictions**

3 33760.5. (a) Notwithstanding the requirements of Section 33760, agencies  
4 which operate within a jurisdiction, the population of which is in excess of  
5 600,000 persons, as determined by the Department of Finance, may additionally  
6 provide financing for residential construction of multifamily rental units outside of  
7 a redevelopment project area as set forth in and subject to the limitations of this  
8 section.

9 (b) Within its territorial jurisdiction, an agency may determine the location and  
10 character of any residential construction to be financed under this chapter and may  
11 make mortgage or construction loans to participating parties through qualified  
12 mortgage lenders, or purchase mortgage or construction loans without premium  
13 made by qualified mortgage lenders to participating parties for financing  
14 residential construction of multifamily rental units.

15 (c) Not less than 20 percent (15 percent in target areas) of the units in each  
16 project financed pursuant to this section shall be occupied by, or made available  
17 to, individuals of low and moderate income, as defined in Section 103(b)(12)(C)  
18 of Title 26 of the United States Code. If the sponsor elects to establish a base rent  
19 for units reserved for lower income households, the base rents shall be adjusted for  
20 household size, as determined pursuant to Section 8 of the United States Housing  
21 Act of 1937 (42 U.S.C. Sec. 1437f), or its successor, for a family of one person in  
22 the case of a studio unit, two persons in the case of a one-bedroom unit, three  
23 persons in the case of a two-bedroom unit, four persons in the case of a three-  
24 bedroom unit, and five persons in the case of a four-bedroom unit.

25 (d) Not less than one-half of the low- and moderate-income units described in  
26 subdivision (c) shall be occupied by, or made available to, very low income  
27 households, as defined in Section 50105. The rental payments for those units paid  
28 by the persons occupying the units (excluding any supplemental rental assistance  
29 from the state, the federal government, or any other public agency to those persons  
30 or on behalf of those units) shall not exceed the amount derived by multiplying 30  
31 percent times 50 percent of the median adjusted gross income for the area,  
32 adjusted for family size, as determined pursuant to Section 8 of the United States  
33 Housing Act of 1937, (42 U.S.C. Sec. 1437f), or its successor, for a family of one  
34 person in the case of a studio unit, two persons in the case of a one-bedroom unit,  
35 three persons in the case of a two-bedroom unit, four persons in the case of a  
36 three-bedroom unit, and five persons in the case of a four-bedroom unit.

37 (e) No agency may issue any bonds on or after January 1, 1986, until the  
38 information required to be filed pursuant to Section 8855.5 of the Government  
39 Code has been filed with the California Debt Advisory Commission and the  
40 Treasurer certifies to the Legislature that the agency has filed that information.

41 (f) Units required to be reserved for occupancy by subdivisions (c) and (d) and  
42 financed with the proceeds of bonds issued on or after January 1, 1986, shall  
43 remain occupied by, or made available to, those persons until the bonds are retired.

1 (g) This section shall become operative January 1, 1996.

2 **§ 33760.7. Notice of change affecting tenants who receive housing assistance**

3 33760.7. The same notice requirements as specified in Section 65863.10 of the  
4 Government Code shall apply to multifamily rental housing that receives financial  
5 assistance pursuant to Section 33760 or 33760.5.

6 **§ 33761. Authority to issue revenue bond to fund or refund previously issued bond**

7 33761. An agency may issue revenue bonds for the purpose of financing  
8 residential construction authorized by this chapter and for the purpose of funding  
9 or refunding previously issued revenue bonds. An agency may also issue revenue  
10 bonds for the purpose of refunding bonds previously issued by another political  
11 subdivision of the state for the purpose of financing residential construction  
12 authorized by this chapter for projects within the jurisdiction of the agency. For  
13 the purposes of this section, “political subdivision” means a city, a housing  
14 authority, or a nonprofit corporation acting on behalf of a city or a housing  
15 authority, all of which operate within the jurisdiction of the agency. Any savings  
16 that accrue to the agency from refunding bonds previously issued by another  
17 political subdivision shall be limited to the expenditures authorized in subdivision  
18 (e) of Section 33334.2.

19 **§ 33761.5. Retention of occupancy restrictions when refunding bond**

20 33761.5. (a)(1) When refunding revenue bonds for multifamily housing which  
21 were previously issued pursuant to this chapter, the agency shall ensure that rental  
22 units required, by this chapter or by applicable federal law at the time the original  
23 bonds were issued, to be reserved for occupancy for low- and very low income  
24 households shall remain occupied by, or made available to, those persons at least  
25 until the later of the following:

26 (A) The date originally so required.

27 (B) As long as any bonds remain outstanding with respect to the development.

28 (2) For bonds previously issued to finance a development where all of the units,  
29 other than management units, are, at the time of the refunding, subsidized by a  
30 housing assistance payments contract for new construction and substantial  
31 rehabilitation pursuant to Section 8 of the United States Housing Act of 1937 (42  
32 U.S.C. Sec. 1437f), subparagraph (B) of paragraph (1) shall mean a period of time  
33 until the termination of the contract.

34 (b) The agency may determine that the period set forth in paragraph (1) of  
35 subdivision (a) shall not apply to the refunding of previously issued revenue bonds  
36 for which there is a mandatory redemption or acceleration as a result of default  
37 under the terms of the existing loan agreement or other security documents.

1    **§ 33762. RDA authority to regulate construction loan terms; related agency powers**

2    33762. An agency may establish limitations respecting fees, charges, and  
3 interest rates to be used by qualified mortgage lenders for financing residential  
4 construction pursuant to this chapter and may from time to time revise such fees,  
5 charges, and interest rates to reflect changes in interest rates on the agency’s  
6 revenue bonds, losses due to defaults, changes in loan-servicing charges, or other  
7 expenses related to administration of the residential construction financing  
8 program. Any change in interest rate shall conform to the provisions of Section  
9 1916.5 of the Civil Code, except that paragraph (3) of subdivision (a) of Section  
10 1916.5 shall not apply and that the “prescribed standard” specified in Section  
11 1916.5 shall be periodically determined by the redevelopment agency after hearing  
12 preceded by public notice to affected parties, and shall reflect changes in interest  
13 rates on the agency’s bonds, and bona fide changes in loan servicing charges  
14 related to the administration of a program under the provisions of this chapter. An  
15 agency may purchase mortgage or construction loans made by a qualified  
16 mortgage lender without premium or may itself pay such fees and charges incurred  
17 in lending money for the purpose of residential construction and may collect and  
18 disburse, or may contract to pay any person, partnership, association, corporation,  
19 or public agency for, collection and disbursal of payments of principal, interest,  
20 taxes, insurance, and mortgage insurance. An agency may hold deeds of trust or  
21 mortgages, including mortgages insured under Title II of the National Housing  
22 Act, as security for financing residential construction and may pledge or assign the  
23 same as security for repayment of revenue bonds. Such deeds of trust or mortgages  
24 may be assigned to, and held on behalf of the agency by, any bank or trust  
25 company appointed to act as trustee or fiscal agent by the agency in any indenture  
26 or resolution providing for issuance of bonds pursuant to this chapter. An agency  
27 may establish the terms and conditions of financing, which shall be consistent with  
28 the provisions of any applicable federal or state law under which the financing is  
29 to be insured.

30    **§ 33763. Loan requirements relating to qualified mortgage lender and mortgage insurance**

31    33763. (a) No loan shall be made for financing except through a qualified  
32 mortgage lender.

33    (b) All mortgage loans made for financing pursuant to this chapter from the  
34 proceeds of bonds issued on or before October 1, 1983, shall be insured or  
35 guaranteed, in whole or in part, by any instrumentality of the United States, or the  
36 State of California, or by any person licensed to insure mortgages in this state.  
37 Mortgage loans made for financing pursuant to this chapter from the proceeds of  
38 bonds issued after October 1, 1983, may be insured or guaranteed, in whole or in  
39 part by those entities or persons. However, nothing in this subdivision shall impair  
40 any contractual rights which may have vested in bondholders or other persons  
41 prior to October 1, 1983.



1 **§ 33763.5. RDA to regulate standards, qualifications, and criteria for loan approval**

2 33763.5. All loans made by a redevelopment agency shall be made according to  
3 a regulation that contains standards, qualifications, and criteria for the making and  
4 approval of loans and that has been adopted by the redevelopment agency at a  
5 public meeting.

6 **§ 33764. Authority to employ consultants**

7 33764. An agency may employ engineering, architectural, accounting,  
8 collection, or other services, including services in connection with the servicing of  
9 loans made to participating parties, as may be necessary in the judgment of the  
10 agency for the successful financing of residential construction pursuant to this  
11 chapter. An agency may pay the reasonable costs of consulting engineers,  
12 architects, accountants, and other experts, if, in the judgment of the agency, such  
13 services are necessary to the successful financing of any residential construction  
14 and if the agency is not able to provide such services. An agency may employ and  
15 fix the compensation of financing consultants, bond counsel, and other advisers as  
16 may be necessary in its judgment to provide for the issuance and sale of any  
17 revenue bonds of the agency.

18 **§ 33765. General grant of authority to carry out purposes of chapter**

19 33765. In addition to all other powers specifically granted by this chapter, an  
20 agency may do all things necessary or convenient to carry out the purposes of this  
21 chapter.

22 **§ 33766. Sole source of repayment of revenue bonds**

23 33766. Revenues and the proceeds of mortgage insurance or guarantee claims, if  
24 any, shall be the sole source of funds pledged by an agency for repayment of its  
25 revenue bonds. Revenue bonds issued under this chapter do not constitute a debt  
26 or liability of the agency or the state for which the faith and credit of the agency or  
27 the state is pledged but shall be payable solely from revenues and the proceeds of  
28 mortgage insurance or guarantee claims, if any.

29 **§ 33767. Authority to regulate construction and to acquire and dispose of property as  
30 necessary for purposes of chapter**

31 33767. All residential construction shall be undertaken or completed subject to  
32 the rules and regulations of the agency. An agency may acquire by deed, purchase,  
33 lease, contract, gift, devise, or otherwise any real or personal property, structures,  
34 rights, rights-of-way, franchises, easements, and other interests in lands necessary  
35 or convenient for the financing of residential construction, upon such terms and  
36 conditions as it deems advisable, and may lease, sell, or dispose of the same in  
37 such manner as may be necessary or desirable to carry out the objectives and  
38 purposes of this chapter.



1 notes may be paid from the proceeds of sale of the bonds of the agency in  
2 anticipation of which they were issued. Bond anticipation notes and agreements  
3 relating thereto and the resolution or resolutions authorizing the notes and  
4 agreements may contain any provisions, conditions, or limitations which a bond,  
5 agreement relating thereto, or bond resolution of the agency may contain except  
6 that any note or renewal thereof shall mature at a time not later than five years  
7 from the date of the issuance of the original note.

8 (b) Every issue of its revenue bonds shall be a special obligation of the  
9 redevelopment agency payable from all or any part of the revenues specified in  
10 this chapter. The revenue bonds shall be negotiable instruments for all purposes,  
11 subject only to the provisions of the bonds for registration.

12 **§ 33775.5. Determination of bond amount**

13 33775.5. In determining the amount of bonds to be issued, the agency may  
14 include all costs of the issuance of such revenue bonds, bond reserve funds, and  
15 bond interest estimated to accrue for a period not exceeding 12 months from the  
16 date of issuance of the bonds.

17 **§ 33776. Bond terms**

18 33776. The revenue bonds may be issued as serial bonds or as term bonds, or the  
19 redevelopment agency, in its discretion, may issue revenue bonds of both types.  
20 The revenue bonds shall be authorized by resolution of the agency and shall bear  
21 such date or dates, mature at such time or times, not exceeding 50 years from their  
22 respective dates of issuance, bear interest at such fixed or variable rate or rates, be  
23 payable at such time or times, be in such denominations, be in such form either  
24 coupon or registered, carry such registration privileges, be executed in such  
25 manner, be payable in lawful money of the United States of America at such place  
26 or places, and be subject to such terms of redemption as the resolution or  
27 resolutions of the redevelopment agency may provide. The bonds may be sold at  
28 either a public or private sale and for such prices as the agency shall determine.  
29 Pending preparation of the definitive bonds, the agency may issue interim receipts,  
30 certificates, or temporary bonds, which shall be exchanged for such definitive  
31 bonds.

32 **§ 33777. Further bond terms**

33 33777. Any resolution or resolutions authorizing any revenue bonds or any issue  
34 of revenue bonds may contain provisions respecting any of the following terms  
35 and conditions, which shall be a part of the contract with the holders of the  
36 revenue bonds:

37 (a) The pledge of all or any part of the revenues, subject to such agreements with  
38 bondholders as may then exist.

1 (b) The interest and principal to be received and other charges to be charged and  
2 the amounts to be raised each year thereby, and the use and disposition of the  
3 revenues.

4 (c) The setting aside of reserves or sinking funds and the regulation and  
5 disposition thereof.

6 (d) Limitations on the purposes to which the proceeds of a sale of any issue of  
7 revenue bonds, then or thereafter issued, may be applied, and pledging such  
8 proceeds to secure the payment of the revenue bonds or any issue of revenue  
9 bonds.

10 (e) Limitations on the issuance of additional revenue bonds, the terms upon  
11 which additional revenue bonds may be issued and secured, and the refunding of  
12 outstanding revenue bonds.

13 (f) The procedure, if any, by which the terms of any contract with bondholders  
14 may be amended or abrogated, the amount of revenue bonds the holders of which  
15 must consent thereto, and the manner in which such consent may be given.

16 (g) Limitation on expenditures for operating, administration, or other expenses  
17 of the agency.

18 (h) Specification of the acts or omissions to act which shall constitute a default  
19 in the duties of the redevelopment agency to holders of its revenue bonds, and  
20 providing the rights and remedies of such holders in the event of default.

21 (i) The mortgaging of any residence and the site thereof for the purpose of  
22 securing the bondholders.

23 (j) The mortgaging of land, improvements, or other assets owned by a  
24 participating party for the purpose of securing the bondholders.

25 **§ 33777.5. Authority to invest bond revenue**

26 33777.5. When not immediately required to provide financing under this  
27 chapter, revenues and the proceeds of revenue bonds may be invested in any  
28 securities or obligations authorized by the resolution providing for issuance of the  
29 bonds or authorized by its trust indenture. Such investments may include mortgage  
30 obligations on single-family dwellings purchased from a state or federally  
31 chartered bank or savings and loan association pursuant to a repurchase agreement  
32 under which the bank or savings and loan association will repurchase the mortgage  
33 obligation on or before a specified date and for a specified amount, provided that  
34 the mortgage or the repurchase agreement shall be insured by a mortgage  
35 insurance company licensed to insure mortgages in the State of California and  
36 qualified to provide insurance on mortgages purchased by the Federal Home Loan  
37 Mortgage Corporation or the Federal National Mortgage Association.

38 The authority provided in this section is additional and alternative to any other  
39 authorization for investments contained in this part, including Section 33782, or in  
40 other provisions of law.

1    **§ 33778. Personal liability limitation**

2    33778. Neither the members of the agency nor any person executing the revenue  
3    bonds shall be liable personally on the revenue bonds or be subject to any personal  
4    liability or accountability by reason of the issuance thereof.

5    **§ 33779. RDA authority to purchase its own revenue bonds**

6    33779. The agency shall have the power out of any funds available therefor to  
7    purchase its revenue bonds. The agency may hold, pledge, cancel, or resell such  
8    revenue bonds, subject to and in accordance with agreements with the  
9    bondholders.

10   **§ 33780. Sources of bond security**

11   33780. In the discretion of the agency, any revenue bonds issued under the  
12   provisions of this chapter may be secured by a trust agreement by and between the  
13   agency and a corporate trustee or trustees, which may be any trust company or  
14   bank having the powers of a trust company within or without this state. Such a  
15   trust agreement or the resolution providing for the issuance of revenue bonds may  
16   pledge or assign the revenues to be received or proceeds of any contract or  
17   contracts pledged, and may convey or mortgage any residence the construction of  
18   which is to be financed out of the proceeds of such revenue bonds. Such trust  
19   agreement or the resolution providing for the issuance of bonds may provide for  
20   the assignment to such corporate trustee or trustees of mortgage or construction  
21   loans or loans to qualified mortgage lenders, to be held by such trustee or trustees  
22   on behalf of the agency for the benefit of the bondholders. Such trust agreement or  
23   resolution providing for the issuance of revenue bonds may contain such  
24   provisions for protecting and enforcing the rights and remedies of the bondholders  
25   as may be reasonable and proper and not in violation of law, including such  
26   provisions as may be included in any resolution or resolutions of the agency  
27   authorizing the issuance of the revenue bonds. Any bank or trust company doing  
28   business under the laws of this state which may act as depository of the proceeds  
29   of revenue bonds or of revenues or other moneys may furnish such indemnity  
30   bonds or pledge such securities as may be required by the agency. Any such trust  
31   agreement may set forth the rights and remedies of the bondholders and of the  
32   trustee or trustees, and may restrict the individual right of action by bondholders.  
33   In addition to the foregoing, any such trust agreement or resolution may contain  
34   such other provisions as the agency may deem reasonable and proper for the  
35   security of the bondholders. All expenses incurred in carrying out the provisions  
36   of such trust agreement or resolution may be treated as a part of the cost of  
37   residential construction.

38   **§ 33781. Legal action by bondholder or trustee authorized**

39   33781. Any holder of revenue bonds issued under the provisions of this chapter  
40   or any of the coupons appertaining thereto, and the trustee or trustees appointed

1 pursuant to any resolution authorizing the issuance of such revenue bonds, except  
2 to the extent the rights thereof may be restricted by the resolution authorizing the  
3 issuance of the revenue bonds, may, either at law or in equity, by suit, action,  
4 mandamus, or other proceedings, protect or enforce any and all rights specified in  
5 the laws of this state or in such resolution, and may enforce and compel the  
6 performance of all duties required by this chapter or by such resolution to be  
7 performed by the agency or by any officer, employee, or agent thereof, including  
8 the fixing, charging, and collecting of rates, fees, interest, and charges authorized  
9 and required by the provisions of such resolution to be fixed, established, and  
10 collected.

11 **§ 33782. Issuance of revenue bond to refund outstanding bond**

12 33782. Any agency may provide for the issuance of the revenue bonds of the  
13 agency for the purpose of refunding any revenue bonds of the agency then  
14 outstanding, or for the purpose of refunding any revenue bonds of another political  
15 subdivision of the state then outstanding pursuant to Section 33761, including the  
16 payment of any redemption premiums thereof and any interest accrued or to  
17 accrue to the earliest or subsequent date of redemption, purchase, or maturity of  
18 the bonds, and, if both (a) deemed advisable by the agency, and (b) projects  
19 financed with the bonds fall within the jurisdiction of the agency, for the  
20 additional purpose of paying all or any part of the cost of additional residential  
21 construction.

22 The proceeds of revenue bonds issued pursuant to this section may, in the  
23 discretion of the agency, be applied to the purchase or retirement at maturity or  
24 redemption of outstanding revenue bonds, either at their earliest or any subsequent  
25 redemption date or upon the purchase or retirement at the maturity thereof and,  
26 pending that application, the portion of the proceeds allocated for that purpose  
27 may be placed in escrow, to be applied to the purchase or retirement at maturity or  
28 redemption on that date, as may be determined by the agency. Pending use for  
29 purchase, retirement at maturity, or redemption of outstanding revenue bonds, any  
30 proceeds held in such an escrow may be invested and reinvested as provided in the  
31 resolution authorizing the issuance of the refunding bonds. Any interest or other  
32 increment earned or realized on any such investment may also be applied to the  
33 payment of the outstanding revenue bonds to be refunded. After the terms of the  
34 escrow have been fully satisfied and carried out, any balance of the proceeds and  
35 any interest or increment earned or realized from the investment thereof may be  
36 returned to the agency to be used by it for any lawful purpose under this chapter.  
37 That portion of the proceeds of any revenue bonds issued pursuant to this section  
38 which is designated for the purpose of paying all or any part of the cost of  
39 additional residential construction may be invested and reinvested in obligations  
40 of, or guaranteed by, the United States of America or in certificates of deposit or  
41 time deposits secured by obligation of, or guaranteed by, the United States of

1 America, maturing not later than the time or times when the proceeds will be  
2 needed for the purpose of paying all or any part of the cost.

3 All revenue bonds issued pursuant to this section shall be subject to this chapter  
4 in the same manner and to the same extent as other bonds issued pursuant to this  
5 chapter.

6 **§ 33783. Revenue bonds are legal investments**

7 33783. Notwithstanding any other provision of law, revenue bonds issued  
8 pursuant to this chapter shall be legal investments for all trust funds, insurance  
9 companies, savings and loan associations, investment companies and banks, both  
10 savings and commercial, and shall be legal investments for executors,  
11 administrators, guardians, conservators, trustees, and all other fiduciaries. Such  
12 bonds shall be legal investments for state school funds and for any funds which  
13 may be invested in county, municipal, or school district bonds, and such bonds  
14 shall be deemed to be securities which may properly and legally be deposited with,  
15 and received by, any state or municipal officer or by any agency or political  
16 subdivision of the state for any purpose for which the deposit of bonds or  
17 obligations of the state is now, or may hereafter be authorized by law, including  
18 deposits to secure public funds.

19 **§ 33784. Bonds serve public purpose, exempt from state taxation**

20 33784. The exercise of the powers granted by this chapter shall be in all respects  
21 for the benefit of the people of this state and for their health and welfare. Any  
22 revenue bonds issued under the provisions of this chapter, their transfer and the  
23 income therefrom, shall at all times be free from taxation of every kind by the state  
24 and by the municipalities and other political subdivisions of the state, except  
25 inheritance and gift taxes.

26 Article 4. Residential Construction

27 **§ 33790. Agency authority to supervise construction**

28 33790. An agency may not finance mortgage or construction loans which have  
29 not been authorized by prior written agreement between the agency and the  
30 participating party. All agreements for such loans shall provide that the  
31 architectural and engineering design of the residential construction shall be subject  
32 to such standards as may be established by the agency and that the work of such  
33 residential construction shall be subject to such supervision as the agency deems  
34 necessary.

35 **§ 33791. Loan agreement terms**

36 33791. An agency may enter into loan agreements with any participating party  
37 relating to residential construction of any kind or character. The terms and  
38 conditions of such loan agreements may be as mutually agreed upon, but such

1 terms and conditions shall not be inconsistent with the provisions of this chapter or  
2 regulations adopted pursuant thereto. Any such loan agreement may provide the  
3 means or methods by which any mortgage taken by the agency shall be  
4 discharged, and it shall contain such other terms and conditions as the agency may  
5 require. An agency may fix, revise, charge and collect interest and principal and  
6 all other rates, fees, and charges with respect to financing of residential  
7 construction. Such rates, fees, charges and interest shall be fixed and adjusted so  
8 that the aggregate of such rates, fees, charges and interest will provide funds  
9 sufficient with other revenues and moneys which it is anticipated will be available  
10 therefor, if any, to all of the following:

11 (a) Pay the principal of, and interest on, outstanding revenue bonds of the  
12 agency issued to finance such residential construction as the same shall become  
13 due and payable.

14 (b) Create and maintain reserves required or provided for in any resolution  
15 authorizing such revenue bonds. A sufficient amount of the revenues derived from  
16 residential construction may be set aside at such regular intervals as may be  
17 provided by the resolution in a sinking or other similar fund, which is hereby  
18 pledged to, and charged with, the payment of the principal of and interest on such  
19 revenue bonds as the same shall become due, and the redemption price or the  
20 purchase price of revenue bonds retired by call or purchase as therein provided.  
21 Such pledge shall be valid and binding from the time the pledge is made. The  
22 rates, fees, interest, and other charges, revenues, or moneys so pledged and  
23 thereafter received by the agency shall immediately be subject to the lien of such  
24 pledge without any physical delivery thereof or further act, and the lien of any  
25 such pledge shall be valid and binding as against all parties having claims of any  
26 kind in tort, contract, or otherwise against the agency, irrespective of whether such  
27 parties have notice thereof. Neither the resolution nor any loan agreement by  
28 which a pledge is created need be filed or recorded except in the records of the  
29 agency. The use and disposition of moneys to the credit of such sinking or other  
30 similar fund shall be subject to the provisions of the resolution authorizing the  
31 issuance of such revenue bonds. Except as may otherwise be provided in the  
32 resolution, such sinking or other similar fund may be a fund for all revenue bonds  
33 of the agency issued to finance the construction of the residence of a particular  
34 participating party without distinction or priority. The agency, however, in any  
35 such resolution may provide that such sinking or other similar fund shall be the  
36 fund for particular project or projects of residential construction and for the bonds  
37 issued to finance such project or projects and may, additionally, authorize and  
38 provide for the issuance of revenue bonds having a lien with respect to the security  
39 authorized by this section which is subordinate to the lien of other revenue bonds  
40 of the agency, and in such case, the agency may create separate sinking or other  
41 similar funds securing the revenue bonds having the subordinate lien.

42 (c) Pay operating and administrative costs of the agency incurred in the  
43 administration of the program authorized by this chapter.



1    **§ 33792. Funds received pursuant to chapter are trust funds**

2       33792. All moneys received pursuant to the provisions of this chapter, whether  
3 revenues or proceeds from the sale of revenue bonds or proceeds of mortgage  
4 insurance or guarantee claims, shall be deemed to be trust funds to be held and  
5 applied solely for the purposes of this chapter. Any bank or trust company in  
6 which such moneys are deposited shall act as trustee of such moneys and shall  
7 hold and apply the same for the purposes specified in this chapter, subject to the  
8 terms of the resolution authorizing the revenue bonds.

9    **§ 33795. Chapter to be construed liberally to effect its purposes**

10       33795. This chapter being necessary for the welfare of the state and its  
11 inhabitants, shall be liberally construed to effect its purposes.

12    **§ 33796. Procedural defect does not invalidate bond**

13       33796. If the jurisdiction of the agency to order a proposed act is not affected, an  
14 omission of any officer or the agency in proceedings under this chapter or any  
15 other defect in the proceedings shall not invalidate the proceedings or revenue  
16 bonds issued pursuant to this chapter.

17    **§ 33797. Chapter confers full authority for issuance of bonds**

18       33797. This chapter is full authority for the issuance of bonds by an agency for  
19 the purpose of financing residential construction.

20    **§ 33798. Authority conferred by chapter is supplemental to and independent of other**  
21 **authority**

22       33798. This chapter shall be deemed to provide a complete, additional, and  
23 alternative method for doing the things authorized thereby, and shall be regarded  
24 as supplemental and additional to the powers conferred by other laws. The  
25 issuance of revenue bonds and refunding revenue bonds under the provisions of  
26 this chapter need not comply with the requirements of any other law applicable to  
27 the issuance of bonds.

28    **§ 33799. Action to determine validity of bond**

29       33799. An action may be brought pursuant to Chapter 9 (commencing with  
30 Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the  
31 validity of any issuance or proposed issuance of revenue bonds under this chapter  
32 and the legality and validity of all proceedings previously taken or proposed in a  
33 resolution of an agency to be taken for the authorization, issuance, sale, and  
34 delivery of the revenue bonds and for the payment of the principal thereof and  
35 interest thereon.

1 CHAPTER 9. SPECIAL ASSESSMENTS

2 Article 1. Definitions

3 **§ 33800. Application of definitions**

4 33800. The definitions contained in this article govern the construction of this  
5 chapter, unless the context requires otherwise.

6 **§ 33801. “Indebtedness”**

7 33801. “Indebtedness” means any obligations incurred by a redevelopment  
8 agency prior to July 1, 1978, the payment of which is to be made in whole or in  
9 part out of taxes allocated to the agency pursuant to Section 33670 and includes:

10 (a) Bonds, notes, interim certificates, debentures, or other obligations issued by  
11 an agency (whether funded, refunded, assumed or otherwise) pursuant to Article 5  
12 (commencing with Section 33640) of Chapter 6 of this part.

13 (b) Loans or moneys advanced to the agency, including, but not limited to, loans  
14 from federal, state or local agencies.

15 (c) A contractual obligation which, if breached, could subject the agency to  
16 damages or other liabilities or remedies.

17 (d) An obligation incurred pursuant to Section 33445.

18 (e) Indebtedness incurred pursuant to Section 33334.2.

19 (f) Obligations imposed by law with respect to activities which occurred prior to  
20 July 1, 1978.

21 **§ 33802. Further definition of “indebtedness”**

22 33802. “Indebtedness” also means a loan from the Local Agency Indebtedness  
23 Fund pursuant to Article 6.5 (commencing with Section 16496) of Chapter 3 of  
24 Part 2 of Division 4 of Title 2 of the Government Code for the purpose of making  
25 payments of principal or interest with respect to indebtedness specified in Section  
26 33801.

27 **§ 33803. “Payment”**

28 33803. “Payment” means any payment of principal or interest payable with  
29 respect to indebtedness payable from taxes allocated pursuant to subdivision (b) of  
30 Section 33670, which is as defined in Section 33801 or 33802, including  
31 redemption payments and any administrative costs associated with the payment of  
32 such indebtedness.

33 **§ 33804. “Persons and families of low or moderate income”**

34 33804. “Persons and families of low or moderate income” has the same meaning  
35 as defined in Section 50093.

1 Article 2. Findings and Declarations

2 **§ 33810. Security of indebtedness threatened**

3 33810. The Legislature finds and declares that the security of millions of dollars  
4 of indebtedness incurred prior to July 1, 1978, and dependent upon taxes allocated  
5 pursuant to Section 16 of Article XVI of the California Constitution and  
6 subdivision (b) of Section 33670 for its security is seriously threatened.

7 **§ 33811. Additional revenue needed to avoid default**

8 33811. The Legislature further finds and declares that unless supplemental  
9 sources of revenue for the payment of such indebtedness can be established, a  
10 substantial portion of such indebtedness will not be repaid, which will include the  
11 default of bonds and the breach of contractual obligations, and that if such defaults  
12 and breaches of contract occur, the credit and future borrowing capacity of both  
13 local agencies and the state may be impaired.

14 **§ 33812. Default likely to cause costly legal disputes**

15 33812. The Legislature further finds and declares that such defaults and breach  
16 of contracts may result in lengthy and costly legal actions against public agencies  
17 for the impairment of contractual rights.

18 **§ 33813. Flexible solution needed**

19 33813. The Legislature further finds and declares that there is a need to establish  
20 a flexible procedure to enable legislative bodies to obtain necessary supplemental  
21 revenues to pay the incurred indebtedness because the need for state funds for  
22 such purpose will be decreased and because the facts and circumstances  
23 surrounding each project and the indebtedness incurred are different and different  
24 solutions may be required.

25 **§ 33814. Special benefits of redevelopment**

26 33814. The Legislature further finds and declares that certain properties within  
27 the boundaries of redevelopment project areas established pursuant to the  
28 Community Redevelopment Law have increased in value and have received and  
29 will continue to receive special benefits from redevelopment activities undertaken  
30 by agencies, including, but not limited to, acquisition, assembly and disposition of  
31 lands, demolition and site clearance and the construction of public improvements  
32 financed by the proceeds of indebtedness incurred by redevelopment agencies.

33 **§ 33815. Special assessments on benefitted property equitable**

34 33815. The Legislature further finds and declares that the establishment of  
35 special assessments on the properties so specially benefited from the activities  
36 described in Section 33814 is the most equitable method for providing  
37 supplemental revenues to be used to pay the indebtedness.



1 (c) A description and estimated amounts of other revenues, funds and other  
2 moneys, other than tax revenues described in subdivision (b), which are or will be  
3 available to the agency for making the payments.

4 (d) An estimate of the total and annual amounts of the payments which the  
5 agency will be unable to make because of the insufficiency of funds available for  
6 that purpose.

7 (e) A schedule of payments and either (1) copies of contracts, agreements, or  
8 other documents creating the indebtedness, or (2) a list (including a summary of  
9 parties and purpose) of contracts, agreements, and other documents creating the  
10 indebtedness.

11 (f) A description of the redevelopment activities which have been or will be  
12 undertaken by the agency with the proceeds derived from the indebtedness.

13 (g) A diagram showing the following:

14 (1) The boundaries of a special area of the redevelopment project area which, in  
15 the opinion of the agency, has been specially benefited.

16 (2) The dimensions or description of the parcels of property within the special  
17 area as they existed at the time of making the report. Each such subdivision shall  
18 be given a separate number upon the diagram.

19 (3) The proposed assessment on each of the parcels of property within the  
20 special assessment area levied in proportion to benefits.

21 (h) A statement as to whether the proposed assessment district includes property  
22 containing residential dwelling units, an estimate of the number of such dwelling  
23 units occupied by persons and families of low or moderate income, and an  
24 estimate of the total amount of assessments to be levied on such dwelling units  
25 occupied by persons and families of low or moderate income.

26 (i) A request that the legislative body proceed with the formation of a special  
27 assessment area and levy a special assessment on properties in the special  
28 assessment area.

29 (j) For each fiscal year in which the special assessment is proposed to be levied,  
30 the amount of taxes which was projected to be available for allocation to the  
31 agency pursuant to subdivision (b) of Section 33670, based on the actual tax rates  
32 in effect for the 1977-78 fiscal year and on the projected assessed values under the  
33 applicable laws in effect for the 1977-78 fiscal year, with respect to its  
34 indebtedness incurred prior to July 1, 1978. The statement shall contain  
35 information upon which the assessed values were projected. If any bonds have  
36 been issued and the official statement or bond resolution for such bonds contained  
37 an estimate of projected tax revenues which were to be received by the agency  
38 pursuant to subdivision (b) of Section 33670, the information shall refer to the  
39 official statement or bond resolution.

1    **§ 33822.5. Public disclosure of related documents**

2       33822.5. Copies of contracts, agreements, and other documents specified in  
3       subdivision (e) of Section 33822 shall be made available to the public at the time  
4       the report is filed with the legislative body.

5    **§ 33822.7. Notice of report to Department of Housing and Community Development**

6       33822.7. The agency shall notify the Department of Housing and Community  
7       Development within five days following the filing of a report with the legislative  
8       body pursuant to Section 33821.

9    **§ 33823. Resolution of intention to levy special assessment**

10       33823. After the receipt of the report, the legislative body may adopt a  
11       resolution of intention to form a special assessment area and to levy special  
12       assessments on properties located therein to provide supplemental revenues for the  
13       purpose of making payments on the indebtedness when due.

14   **§ 33824. Content of resolution of intention**

15       33824. The resolution of intention shall:

16       (a) Describe the exterior boundaries of the special assessment area.

17       (b) Include the estimated annual amounts needed to be levied on the properties  
18       within such area for the purpose of making such payments and the period during  
19       which such special assessments will be required, which in no case shall be longer  
20       than the time by which the debt is to be repaid.

21       (c) Include the proposed assessments.

22       The resolution shall incorporate by reference the report required by Section  
23       33822.

24   **§ 33825. Notice of public hearing**

25       33825. The resolution shall contain a notice of the time and place at which any  
26       person may appear before the legislative body and object to the formation of the  
27       special assessment area and the levy of special assessments therein. The hearing  
28       shall be held not less than 30 days after the passage of the resolution.

29   **§ 33826. Content of notice of public hearing**

30       33826. The notice shall contain all of the following:

31       (a) A statement of the time, place, and purpose of the hearing on the resolution  
32       of intention and report of the agency.

33       (b) A statement of the total estimated payments of principal and interest and  
34       other payments required.

35       (c) The amounts as shown on the report of the agency, to be assessed against  
36       each parcel of property annually.

37       (d) A statement that any owner of property within the proposed assessment area  
38       may file a written protest as provided in Section 33831.

1 (e) A statement that the city or county will pay the assessment levied on that  
2 portion of real property containing residential dwelling units occupied by persons  
3 and families of low or moderate income. The statement shall set forth a schedule  
4 of the applicable maximum annual incomes by family size which may be received  
5 by persons and families of low or moderate income and notice as to where  
6 applications and information regarding the payments may be obtained.

7 **§ 33827. Notice given by clerk**

8 33827. The clerk of the legislative body shall give notice of the time and place  
9 in the resolution of intention as provided in Section 33825.

10 **§ 33828. Publication of notice**

11 33828. The notice shall be published pursuant to Section 6066 of the  
12 Government Code, the first publication of which shall be at least 20 days prior to  
13 the date set for hearing. Copies of the notice shall (1) be mailed by first class mail,  
14 postage prepaid, to the owners of property in the proposed special assessment area  
15 at the addresses of such owners as shown on the last equalized assessment roll  
16 used for tax purposes or as otherwise known to the clerk, (2) be mailed postage  
17 prepaid to the occupants of property in the proposed special assessment area, and  
18 (3) be posted conspicuously on all streets within the proposed special assessment  
19 area, not more than 300 feet apart on each street so posted, but not less than three  
20 in all. If property assessed pursuant to Section 19 of Article XIII of the  
21 Constitution is within such special assessment area, such notice shall be mailed to  
22 the owner of such property as shown on the roll last transmitted by the State Board  
23 of Equalization to the county auditor.

24 **§ 33829. Substantial compliance with notice requirements**

25 33829. No proceeding shall be held invalid for the failure to mail notice to any  
26 property owner or occupant or to post the notice if there has been substantial  
27 compliance with the requirements of this article.

28 **§ 33830. Alternative publication**

29 33830. If no newspaper is published and circulated in the city, the notice shall be  
30 published in a newspaper published in any county in which the city is located.

31 **§ 33831. Written protest procedure**

32 33831. Any owner of property within the proposed special assessment area may  
33 protest the formation of the special assessment area, the extent thereof, or the  
34 proposed assessment by filing a written protest with the clerk of the legislative  
35 body at or before the time set for the hearing. Such protest shall contain a  
36 description of the property sufficient to identify the same and, if the signer is not  
37 shown on the last equalized assessment roll as the owner of such property, shall  
38 contain or be accompanied by written evidence that such signer is the owner of

1 such property. The clerk shall endorse on each protest the date of its receipt and at  
2 the time appointed for the hearing shall present to the legislative body all protests  
3 filed. No other protests shall be considered by the legislative body.

4 **§ 33832. Conduct of public hearing**

5 33832. At the time and place set for hearing on the formation of the special  
6 assessment area and levy of special assessments, the legislative body shall  
7 consider the report of the agency and hear and pass upon all written protests. Such  
8 hearing may be continued from time to time by the legislative body.

9 **§ 33833. Effect of majority protest**

10 33833. If protests are filed against the special assessment area, and the  
11 legislative body finds that such protests are signed by the owners of more than  
12 one-half of the area of the property included within the proposed special  
13 assessment area, all further proceedings under the resolution of intention are  
14 barred, and no new resolution of intention for the same shall be passed within six  
15 months after the decision of the legislative body on the hearing, unless the protests  
16 are overruled by an affirmative vote of four-fifths of the members of the  
17 legislative body.

18 **§ 33834. Verification of protest**

19 33834. If it is necessary, in order to find whether a majority protest exists, to  
20 determine whether any or all of the signers of written protests are the “owners” of  
21 property to be assessed, the legislative body shall make such determination from  
22 the last equalized assessment roll or the roll specified in Section 33828, any  
23 written evidence submitted with a written protest and any other evidence received  
24 at the hearing. The legislative body shall be under no duty to obtain or consider  
25 any other evidence as to ownership of property and its determination of ownership  
26 shall be final and conclusive.

27 **§ 33835. Required findings**

28 33835. Prior to final action on the report, the legislative body shall find and  
29 determine, based on evidence submitted at the public hearing, (a) whether the  
30 properties proposed to be assessed are specially benefited by the redevelopment  
31 activities described in Section 33814, and are capable of bearing the burden of the  
32 proposed assessment, (b) whether the assessments have been apportioned in  
33 proportion to such benefits, (c) whether property within the assessment area  
34 contains residential dwelling units, and (d) for each fiscal year in which the special  
35 assessment is proposed to be levied, the amount of taxes which was projected to  
36 be available for allocation to the agency pursuant to subdivision (b) of Section  
37 33670, based on the actual tax rates in effect for the 1977–78 fiscal year and on  
38 the projected assessed values under the applicable laws in effect for the 1977–78  
39 fiscal year, with respect to its indebtedness incurred prior to July 1, 1978.



1    **§ 33835.3. Maximum amount that may be levied**

2       33835.3. In no event shall a special assessment be levied pursuant to this chapter  
3 if the amount specified in the adopted report pursuant to subdivision (b) of Section  
4 33822 is equal to or greater than the amount determined by the legislative body  
5 pursuant to subdivision (d) of Section 33835. If the amount established pursuant to  
6 subdivision (b) of Section 33822 in the adopted report is less than the amount  
7 determined pursuant to subdivision (d) of Section 33835, then the maximum  
8 amount which can be levied by special assessment pursuant to this chapter is the  
9 dollar difference between the amounts described in those two subdivisions plus  
10 any indebtedness described in Section 33802.

11    **§ 33835.5. Confirmation that special assessment does not exceed maximum**

12       33835.5. Prior to taking final action on the report pursuant to either Section  
13 33821 or 33837, the legislative body shall find and determine that the total amount  
14 of revenues received by levying a special assessment pursuant to this chapter, plus  
15 the taxes which the legislative body has determined will be received pursuant to  
16 subdivision (b) of Section 33822 of the adopted report, does not exceed the  
17 amount determined pursuant to subdivision (d) of Section 33835 plus any  
18 indebtedness described in Section 33802.

19    **§ 33836. Action by legislative body**

20       33836. If written protests by more than one-half of the area of the property in the  
21 special assessment area are either not received or are received and are overruled  
22 the legislative body may, by resolution, confirm, modify, or correct the report and  
23 order the formation of the special assessment area, and levy the assessments  
24 shown on the report as confirmed, modified or corrected. The resolution shall be  
25 final as to all persons and the assessments thereby levied upon the respective  
26 subdivisions of land in the special assessment area until changed pursuant to  
27 Section 33838. However, for the purposes of Section 33838, the assessment levied  
28 pursuant to this section shall be the assessment for the first fiscal year.

29    **§ 33837. Annual report to legislative body**

30       33837. Prior to May 15th of each year, after the first fiscal year, during which  
31 the assessment district is to continue, the agency shall file with the legislative body  
32 a report which shall contain (1) an estimate of the total amount of funds including  
33 taxes received by the agency pursuant to subdivision (b) of Section 33670 which  
34 will be available to pay the indebtedness for the next fiscal year, (2) an estimate of  
35 the amount of payments specified in the report pursuant to Section 33822 which  
36 the agency will be unable to pay because of insufficient funds, and (3) a diagram  
37 and a proposed assessment to be levied upon each parcel of property in the area  
38 for the next fiscal year.

1 **§ 33838. Action in response to annual report**

2 33838. After receiving a report pursuant to Section 33837, the legislative body  
3 shall review and adopt the report, either as presented or as modified, and shall take  
4 one of the following actions:

5 (a) Find that the existing levy will raise substantially the same amount as is  
6 needed to make the payments, in which case no change to the existing levy is  
7 needed.

8 (b) Find that the existing levy will raise more than is needed to make the  
9 payments, in which case the legislative body shall reduce the levy for that fiscal  
10 year to an amount sufficient to make the payments.

11 (c) Find that the existing levy will not raise sufficient funds to make the  
12 payments, in which case the legislative body may, after a notice and hearing  
13 pursuant to Sections 33825 to 33835, inclusive, levy an increased assessment for  
14 that fiscal year in an amount sufficient to make the payments.

15 **§ 33839. All tax increment used to pay indebtedness**

16 33839. Notwithstanding any other provision of this chapter, all tax increments  
17 allocated to the agency pursuant to subdivision (b) of Section 33670 with respect  
18 to a redevelopment project for which a special assessment district has been created  
19 pursuant to this chapter, shall first be used to pay indebtedness, as defined in this  
20 chapter.

21 **Article 4. Collection of Assessments**

22 **§ 33840. County auditor duties**

23 33840. Immediately after the levy, but in all cases before July 15th, a certified  
24 copy of the diagram and assessment shall be filed with the county auditor. The  
25 county auditor shall enter the amounts of the respective assessments on the county  
26 tax roll opposite the respective parcels of property. Immediately upon such  
27 recording, each of such assessments shall be a lien upon the property against  
28 which it is made and shall only be discharged by payment of the assessment and, if  
29 applicable, penalties, costs, or other charges resulting from delinquency in the  
30 payment of the assessment.

31 **§ 33840.5. City or county to pay assessment for low or moderate income residences**

32 33840.5. A city or county which levies assessments pursuant to this chapter shall  
33 pay to the county tax collector all such assessments levied on real property  
34 containing one or more dwelling units occupied by persons and families of low or  
35 moderate income; provided, that where such real property contains uses other than  
36 residential dwelling units occupied by persons and families of low or moderate  
37 income only that portion of the assessment attributable to the portion of the  
38 property occupied by persons and families of low or moderate income shall be

1 paid by the city or county. The city or county shall establish a reasonable method  
2 for determining such apportionments.

3 **§ 33840.7. Procedure for city or county payment of assessment on residences**

4 33840.7. (a) Each city or county which makes a finding that the assessment area  
5 includes property containing residential dwelling units shall establish procedures  
6 to enable persons and families of low or moderate income who occupy dwelling  
7 units within the assessment area, or owners of such dwelling units as provided in  
8 subdivision (b), to apply to the city or county to have the assessment paid. Such  
9 procedures may include (1) reasonable time deadlines for application, which, if  
10 not met by the applicant, will extinguish the obligation of the city or county to pay  
11 the assessment for that year and (2) a requirement that the applicant, not more than  
12 once each year, provide information which will enable the city or county to  
13 determine the dwelling unit in which the applicant resides and whether the  
14 applicant is a person or family of low or moderate income.

15 (b) As to properties or portions of properties in which the occupancy of dwelling  
16 units is restricted by a written agreement or by operation of law to persons and  
17 families of low or moderate income, the owner of the property may apply to the  
18 city or county to have the assessment paid on all such dwelling units and as to  
19 those properties or portions of properties the use of which the city or county  
20 knows is restricted by a written agreement or by operation of law to persons and  
21 families of low or moderate income, the city or county shall pay the assessment  
22 without requiring any application to be submitted. The city or county may require  
23 the owners of such properties to provide a copy of the subject written agreement,  
24 if any, and to provide other information annually which will enable the city or  
25 county to determine the number of dwelling units actually occupied by persons or  
26 families of low or moderate income.

27 (c) Except as to dwelling units in which the occupancy is restricted by law to  
28 persons and families of low or moderate income, the information required of  
29 applicants may include copies of federal and state income tax returns of the  
30 subject low or moderate income residents.

31 (d) The procedures established by a city or county pursuant to this section shall  
32 provide for annual reviews as to whether real property within the assessment area  
33 containing residential dwelling units is occupied by persons and families of low or  
34 moderate income. The procedures shall additionally provide for notice to  
35 occupants and owners of property within the special assessment area of the  
36 maximum annual income by family size which may be received by persons and  
37 families of low or moderate income; the notices shall be mailed to such occupants  
38 and owners not less than 30 days prior to the final date for receiving applications  
39 for payment of the assessment pursuant to Section 33840.5.



1 **§ 33851. Chapter does not authorize sale of issuance of bonds**

2 33851. Nothing in this chapter shall be construed as authorizing the sale or  
3 issuance of bonds.

4 **§ 33852. Proceedings exempt from CEQA**

5 33852. All proceedings and decisions undertaken or made pursuant to this  
6 chapter shall be exempt from the requirements of Division 13 (commencing with  
7 Section 21000) of the Public Resources Code.

8 **§ 33853. Proceedings exempt from Special Assessment Investigation, Limitation and**  
9 **Majority Protest Act of 1931**

10 33853. The Special Assessment Investigation, Limitation and Majority Protest  
11 Act of 1931, Division 4 (commencing with Section 2800) of the Streets and  
12 Highways Code, shall not apply to proceedings under this part.

13 **§ 33854. Severability**

14 33854. If any provision of this chapter or the application thereof to any person  
15 or circumstances is held invalid, such invalidity shall not affect other provisions or  
16 applications of this chapter which can be given effect without the invalid provision  
17 or application, and to this end the provisions of this chapter are severable.

18 **§ 33855. Effect if Section 33804.5 invalidated**

19 33855. If Section 33840.5 or any portion thereof is held invalid such invalidity  
20 shall not affect other provisions of this chapter which can be given effect without  
21 such invalid section; however, after such section or portion thereof has been held  
22 to be invalid: (1) no assessment district shall be established which includes real  
23 property containing one or more residential dwelling units occupied by persons  
24 and families of low or moderate income; (2) no levy shall be imposed on any real  
25 property containing one or more residential dwelling units occupied by persons  
26 and families of low or moderate income; and (3) any existing levy imposed upon  
27 real property containing one or more residential units occupied by persons and  
28 families of low or moderate income shall be deemed to be rescinded and the lien  
29 discharged. If any provision in this section is held to be invalid no levy shall be  
30 imposed on any property within a special assessment area which includes real  
31 property containing one or more residential dwelling units occupied by persons  
32 and families of low or moderate income after such section or portion thereof is  
33 found to be invalid.

34 **REVENUE AND TAXATION CODE**

35 **§ 7280.5. Transient occupancy tax imposed by RDA**

36 7280.5. (a) The redevelopment agency of any city which has levied a transient  
37 occupancy tax pursuant to Section 7280 or 7281 may also, by ordinance, levy a

1 transient occupancy tax in accordance with this part, if the city’s ordinance entitles  
2 any person subject to a transient occupancy tax under the city’s ordinance to credit  
3 the amount of transient occupancy taxes due to the redevelopment agency of that  
4 city pursuant to this section against the payment of taxes due under the city’s  
5 ordinance.

6 (b) An ordinance of a redevelopment agency imposing a transient occupancy tax  
7 pursuant to this section shall contain an enacting clause which states as follows:

8 “The redevelopment agency of the City of \_\_\_\_ does ordain as follows:”

9 The ordinance shall be signed by the chairperson of the agency and attested by  
10 the clerk or secretary of the agency, and shall take effect immediately upon its  
11 final passage, but shall become operative on the first day of the first calendar  
12 quarter commencing more than 180 days after adoption of the ordinance. In all  
13 other respects, the ordinance shall be introduced and passed, and notice given by  
14 publication, in the manner provided by law for general law cities.

15 (c) Any redevelopment agency adopting an ordinance pursuant to this section  
16 shall not levy a transient occupancy tax in excess of the rate of transient  
17 occupancy tax levied by its city, and the tax shall be levied only on  
18 accommodations located in a redevelopment project area for which the taxes are  
19 pledged pursuant to subdivision (e) of Section 33641 of the Health and Safety  
20 Code.

21 (d) Any pledge pursuant to Section 33641 of the Health and Safety Code made  
22 with respect to taxes imposed under this section for the payment of principal and  
23 interest on bonds of a redevelopment agency shall constitute the obligation of a  
24 contract between the redevelopment agency and the holder of the bonds and shall  
25 be protected from impairment by the United States and California Constitutions.  
26 The provisions of this section which authorize the imposition of the taxes may not  
27 be repealed during the time that any of the bonds remain outstanding.

28 CALIFORNIA CONSTITUTION

29 ARTICLE XVI. PUBLIC FINANCE

30 **Section 16. Redevelopment funding**

31 All property in a redevelopment project established under the Community  
32 Redevelopment Law as now existing or hereafter amended, except publicly owned  
33 property not subject to taxation by reason of that ownership, shall be taxed in  
34 proportion to its value as provided in Section 1 of this article, and those taxes (the  
35 word “taxes” as used herein includes, but is not limited to, all levies on an ad  
36 valorem basis upon land or real property) shall be levied and collected as other  
37 taxes are levied and collected by the respective taxing agencies.

1 The Legislature may provide that any redevelopment plan may contain a  
2 provision that the taxes, if any, so levied upon the taxable property in a  
3 redevelopment project each year by or for the benefit of the State of California,  
4 any city, county, city and county, district, or other public corporation (hereinafter  
5 sometimes called “taxing agencies”) after the effective date of the ordinance  
6 approving the redevelopment plan, shall be divided as follows:

7 (a) That portion of the taxes which would be produced by the rate upon which  
8 the tax is levied each year by or for each of those taxing agencies upon the total  
9 sum of the assessed value of the taxable property in the redevelopment project as  
10 shown upon the assessment roll used in connection with the taxation of that  
11 property by the taxing agency, last equalized prior to the effective date of the  
12 ordinance, shall be allocated to, and when collected shall be paid into, the funds of  
13 the respective taxing agencies as taxes by or for those taxing agencies on all other  
14 property are paid (for the purpose of allocating taxes levied by or for any taxing  
15 agency or agencies which did not include the territory in a redevelopment project  
16 on the effective date of the ordinance but to which that territory has been annexed  
17 or otherwise included after the ordinance’s effective date, the assessment roll of  
18 the county last equalized on the effective date of that ordinance shall be used in  
19 determining the assessed valuation of the taxable property in the project on that  
20 effective date); and

21 (b) Except as provided in subdivision (c), that portion of the levied taxes each  
22 year in excess of that amount shall be allocated to and when collected shall be paid  
23 into a special fund of the redevelopment agency to pay the principal of and interest  
24 on loans, moneys advanced to, or indebtedness (whether funded, refunded,  
25 assumed or otherwise) incurred by the redevelopment agency to finance or  
26 refinance, in whole or in part, the redevelopment project. Unless and until the total  
27 assessed valuation of the taxable property in a redevelopment project exceeds the  
28 total assessed value of the taxable property in the project as shown by the last  
29 equalized assessment roll referred to in subdivision (a), all of the taxes levied and  
30 collected upon the taxable property in the redevelopment project shall be paid into  
31 the funds of the respective taxing agencies. When the loans, advances, and  
32 indebtedness, if any, and interest thereon, have been paid, then all moneys  
33 thereafter received from taxes upon the taxable property in the redevelopment  
34 project shall be paid into the funds of the respective taxing agencies as taxes on all  
35 other property are paid.

36 (c) That portion of the taxes identified in subdivision (b) which are attributable  
37 to a tax rate levied by a taxing agency for the purpose of producing revenues in an  
38 amount sufficient to make annual repayments of the principal of, and the interest  
39 on, any bonded indebtedness for the acquisition or improvement of real property  
40 shall be allocated to, and when collected shall be paid into, the fund of that taxing  
41 agency. This paragraph shall only apply to taxes levied to repay bonded  
42 indebtedness approved by the voters of the taxing agency on or after January 1,  
43 1989.

1 The Legislature may also provide that in any redevelopment plan or in the  
2 proceedings for the advance of moneys, or making of loans, or the incurring of any  
3 indebtedness (whether funded, refunded, assumed, or otherwise) by the  
4 redevelopment agency to finance or refinance, in whole or in part, the  
5 redevelopment project, the portion of taxes identified in subdivision (b), exclusive  
6 of that portion identified in subdivision (c), may be irrevocably pledged for the  
7 payment of the principal of and interest on those loans, advances, or indebtedness.

8 It is intended by this section to empower any redevelopment agency, city,  
9 county, or city and county under any law authorized by this section to exercise the  
10 provisions hereof separately or in combination with powers granted by the same or  
11 any other law relative to redevelopment agencies. This section shall not affect any  
12 other law or laws relating to the same or a similar subject but is intended to  
13 authorize an alternative method of procedure governing the subject to which it  
14 refers.

15 The Legislature shall enact those laws as may be necessary to enforce the  
16 provisions of this section.

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