Schlenk, Sarah

From: Niccolo De Luca [ndeluca@townsendpa.com]
Sent: Friday, May 11, 2012 1:06 PM
To: Quan, Jean; Reid, Larry; Everhart, Maisha; Leon, Ray T.; Campbell-Washington, Anne; Santana, Deanna; Blackwell, Fred; Landreth, Sabrina; Schlenk, Sarah; Johnson, Scott
Subject: RDA Legislation Update/State Budget

Team Oakland,

Following up from Monday's Successor Agency meeting, here is your end of the week recap of where we are on RDA related bills and the State Budget.

State Budget

The Governor's May Revise should be released on Monday, May 14. The Governor will not let anyone see his proposal until Monday, so I want to offer some predictions. First, the deficit could be over $ 12 billion dollars. As we recently mentioned, we feel the Governor will recommend that all post-redevelopment housing funds be absorbed by the State. There should be about $1.5 billion available. Yesterday, Senate President Pro Tem Darrell Steinberg said Democratic legislative leaders had hoped to use those funds for affordable housing, but it seems to be a "ripe candidate" for the budget gap. Steinberg did say he would prefer not to use it for that purpose.

In addition, we feel the Governor will propose a 5-10% reduction to State employees. How much this adds up isn't known, yet this proposed cut may be a political play to pose the Governor's tax initiative favorably on the November ballot. We have also learned that there may be a post-redevelopment trailer bill included that further empowers the State Controller and incorporates cleanup. The RDA related bills will more than likely be used in the budget negotiations.

Regarding the status on the 6 bills I presented, below is where they stand:

AB 1585 (Perez)

This bill, among other items, makes changes to the process of dissolving redevelopment agencies, including requiring the funds on deposit in the Low-and Moderate-Income Housing Fund of the former RDA to remain with the entity that assumes the housing functions rather than being distributed as property tax revenue. This is the most detailed, most encompassing of all RDA clean up bills.

Status: There will be no movement until after the May Revise is released. This bill has successfully moved through the Assembly and is waiting to be heard in the Senate Government and Finance Committee then go through the Senate.

SB 986 (Dutton)

This bill requires that unencumbered balances of funds that are derived from tax exempt bond proceeds be used for purposes outlined within the bill. This bill would also require that the proceeds of bonds issued by a former redevelopment agency on or before December 31, 2010, be used by the successor agency for the purposes for which the bonds were sold. SB 986 specifies how critical public infrastructure is defined.

3a

Status: The bill was heard in the Senate Appropriations Committee on 5/7/12. It has been sent to the Suspense file and will be heard on May 24th.

SB 1151 (Steinberg)
This bill provides that the AB 26X process for disposing of redevelopment agency assets and remitting unencumbered balances funds for distribution to the taxing entities does not apply to a jurisdiction that has by August 1, 2012 formed a Community Development and Housing Joint Powers Authority (authority) pursuant to SB 1156 (Steinberg). In addition, directs an authority to prepare a long-range asset management plan to govern the disposition and ongoing use of the Sustainable Economic Development and Housing Trust Fund. The plan must:

- Inventory all assets, assess the value and purpose of acquisition of these assets, and determine the current value of real property assets.
- Address the use or disposition of all of the assets in the trust.
- Outline a strategy for maximizing the long-term social and monetary value of the real property and assets in the trust consistent with the provisions of SB 1156 and so as to create high wage and high skill jobs, plus affordable housing.

Status: This bill is scheduled be heard in the Senate Appropriations Committee on May 14.

SB 1156 (Steinberg)
This bill permits a city and county representing the geographic territory covering the area served by a former redevelopment agency to form a Community Development and Housing Joint Powers Authority (authority) after July 1, 2012 to carry out the Community Redevelopment Law. If a county formed a redevelopment agency, then the county may form an authority. An authority so formed may adopt a redevelopment plan for a project area. This plan must terminate on a specified date not more than 30 years after the first issuance of bond indebtedness by the authority.

Status: This bill is scheduled be heard in the Senate Appropriations Committee on May 14.

SB 1220 (DeSaulnier)
This bill creates the Home Opportunity and Market Stabilization Trust Fund Act of 2012, which creates the Housing Opportunity and Market Stabilization Fund in the State Treasury. SB 1220 imposes a fee of $75 whenever a person records a real estate instrument, paper, or notice required or permitted by law to be recorded, The Legislature may appropriate moneys in the fund to support development, acquisition, rehabilitation, and preservation of low and moderate income households.

Status: The bill was heard in the Senate Appropriations Committee on 5/7/12. It has been sent to the Suspense file and will be heard on May 24th.

SB 1335 (Pavley)
This bill was amended and authorizes a redevelopment successor agency to retain-property obtained *by* the former redevelopment agency for remediation or removal purposes of the release of hazardous substances at a brownfield site using available financing, funds, and grants, subject to approval of the oversight board pursuant to specified procedures. Upon completion of remediation, the bill would require the successor agency to dispose of the property pursuant to existing asset disposition provisions.

Status: This bill is scheduled be heard in the Senate Appropriations Committee on May 14.

3a

As a side note, there are two bills (below) that have been introduced that give the Controller more teeth. They are:

AB 1692 (Wieckowski)
This bill would revise and recast the bankruptcy procedures that apply to the neutral evaluation process. The bill would authorize the neutral evaluator to toll the limitation period for the neutral evaluation process based upon a finding that the local public entity or any interested parties' conduct in presenting information required under this process prevented the parties from effectively proceeding in the neutral evaluation process.

SB 186 (Kehoe)
This bill is positioned to work with AB 1692. The bill would raise fines for local governments who the Controller believes do not provide sufficient financial reports. The bill also gives the Controller greater authority to audit local governments.

As always, please let me know if there are any questions.

Thank you.

Niccolo De Luca
Director, Northern California
Townsend Public Affairs, Inc.
436 14th Street, Suite 723
Oakland, CA 94612
510-835-9050, Ext. 201
510-681-7306 Cell phone
510-835-9030 Fax number