

Schlenk, Sarah

From: Niccolo De Luca [ndeluca@townsendpa.com]
Sent: Thursday, May 03, 2012 3:11 PM
To: Everhart, Maisha; Leon, Ray T.; Campbell-Washington, Anne; Santana, Deanna; Blackwell, Fred; Johnson, Scott; Hunter, Gregory; Quan, Jean; Reid, Larry; Landreth, Sabrina; Schlenk, Sarah
Subject: Quick Summary on the Post Redevelopment Related Bills
 Team Oakland,

Following up from my previous email update, I wanted to provide a quick snap shot of the main RDA clean up bills. Below are the 6 bills, with a brief summary and status. If you would like more information on any specific bill, please let us know.

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:

- o This bill has successfully moved through the Assembly and is waiting to be heard in the Senate Government and Finance Committee
- o It is anticipated that no movement will happen until after the May Revise is released.
- o Housing dollars seem to be a target for the May Revise.
- o Some Senate Democrats are urging Senator Steinberg to move the bill.

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.

Status:

- o This bill has successfully moved through Senate Gov and Finance committee.
- o This bill was amended to limit which type of projects would be eligible.
- o The bill will be heard in the Senate Appropriations Committee on 5/7/12.

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:

- o Inventory all assets, assess the value and purpose of acquisition of these assets, and determine the current value of real property assets.
- o Address the use or disposition of all of the assets in the trust.
- o 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:

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- This bill has successfully moved through the Senate Government and Finance Committee
- This bill has successfully moved through the Senate Transportation and Housing Committee
- This bill is waiting to be heard in the Senate Appropriations Committee

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 has successfully moved through the Senate Government and Finance Committee
- This bill has successfully moved through the Senate Transportation and Housing Committee
- This bill is waiting to be heard in the Senate Appropriations Committee

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:

- This bill has successfully moved through the Senate Government and Finance Committee
- This bill has successfully moved through the Senate Transportation and Housing Committee
- The bill will be heard in the Senate Appropriations Committee on 5/7/12.

SB 1335 (Pavley): This bill was amended and authorize 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 has successfully moved through the Senate Government and Finance Committee
- This bill has successfully moved through the Senate Environment Committee
- This bill is waiting to be heard in the Senate Appropriations Committee

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From: Niccolo De Luca [ndeluca@townsendpa.com]
Sent: Monday, April 23, 2012 7:48 PM
To: Johnson, Scott; Levin, Jeffrey; Hunter, Gregory; Byrd, Michele; Lane, Patrick; Gallegos, Larry; Auletta, Al; Rossi, Daniel; Blackwell, Fred; Santana, Deanna; Quan, Jean; keith.carson@acgov.org; frank@tuckertech.com; tony.smith@ousd.k12.ca.us; eortiz@actransit.org
Cc: Everhart, Maisha; Campbell-Washington, Anne; Landreth, Sabrina; Schlenk, Sarah
Subject: State Legislative Update: RDA related bills

Chair person Carson, Vice Chair Quan and Members of the Oakland Oversight Board,

First, I apologize I wasn't able to make the hearing in person this evening; I was covering a Senate Committee hearing and testified on a bill that the City of Oakland is supporting. The committee ended at 5:45 pm and I would not have been able to drive from Sacramento to Oakland in time. With that said, below is what I planned on presenting to the Oversight Board. I may not have covered all of the email addresses, so please forward to whomever I may have inadvertently missed.

A quick background for some of you, Townsend Public Affairs and the City of Oakland has had a long, prosperous working relationship and we have been honored to represent the City in Sacramento since 2006. We have successfully worked together to secure much needed State funding for transportation infrastructure, new parks, public safety programs, affordable housing projects and economic development. We have also had many pieces of legislation signed into law.

Fast forward to today, and we have been working closely with the City and City staff on the major pieces of RDA legislation. If the Oversight Committee would like, we can also send you weekly updates on where these RDA related bills are, their next steps, and any new details.

So with that, here is the current snapshot in time.

There are 5 main bills in play that would impact cities and successor agencies. One is an Assembly bill; the other four are Senate bills. Because of these bills, there has been a post-redevelopment working group between the Assembly and Senate tasked to come up with a joint approach on all redevelopment related bills.

As some of you know, some of the bills don't necessarily reflect one another, some counter one another and so while this group of internal staffers meet; the bills will continue to move forward through the normal legislative process. We have been working with this group of Members and staffers on behalf of the City to make sure the legislation best meets our needs.

The bills are:

Assembly Bill 1585 from Speaker Perez

This bill has 6 coauthors and has successfully gotten through three Assembly Committees and the full Assembly. Very soon it will be scheduled for the first Senate committee hearing.

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This bill is widely viewed as the most substantial piece of RDA clean up legislation. It's supported by many affordable housing groups. The City of Oakland submitted a 'support if amended' position and we have been working closely with the Speakers staff to get some Oakland suggested amendments in the bill. In addition, since this bill is a City priority, we have been working very hard to ensure this bill moves forward.

Some of the key points of this bill include:

- 1) Clarifies that the "administrative cost allowance" is 5% of the property tax, including property tax that was allocated to the former RDA and the successor agency for the 2011-2012 fiscal year.
- 2) Specifies that employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, are not subject to the administrative cost allowance cap.
- 3) Specifies that costs incurred to fulfill collective bargaining agreements for layoffs or terminations of city employees who performed work for the former RDA are enforceable obligations payable from property tax funds.
- 4) Provides that obligations to employees that are transferred from the former RDA or successor agency to the entity assuming the housing functions are enforceable obligations payable from property tax funds.
- 5) Adds the following categories of enforceable obligations and requires their approval by the oversight board:
 - a) Loans made by the former city, county, or city and county that created the RDA to the RDA if the loan was made within two years of the date of the creation of a project area, if the loan was for the project area; and,
 - b) Loans made from the city or county to the former RDA to make a payment to the state's Supplemental Educational Revenue Augmentation Fund (SERAF).
- 6) Requires the oversight board to do the following in order to deem other loan agreements from the city, county, or city and county to the former RDA an enforceable obligation:
 - a) Make a finding that the loan was for legitimate redevelopment purposes; and,
 - b) Condition its approval on the loan being repaid to the city, county, or city and county based on a defined schedule over a reasonable term, at an interest rate not to exceed the interest rate earned by funds deposited into the Local Agency Investment Fund.
- 7) Requires any amounts on deposit in the Low & Moderate Housing Fund of a former RDA to be transferred to the city, county, or city and county that elected to retain the responsibility for performing the housing functions of the former agency.
- 8) Requires the entity that assumes the housing functions of the former RDA to enforce affordability covenants and other related activities as defined in Community Redevelopment Law.

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- 9) Requires the succeeding housing entity to contract to expend at least 80% of the monies in the L&M Fund within two years of the date of receipt of those monies.
- 10) Specifies that if within four years of the date of receipt of the L&M Fund monies the succeeding housing entity has not spent the monies, then the excess amount, minus the amount necessarily reserved for the ongoing monitoring and maintenance of affordable housing projects shall be transferred to the State Trust Fund for expenditure by HCD.
- 11) Prohibits excess funds from being transferred to HCD if the succeeding housing entity applies for, and receives, a time extension waiver from HCD.
- 12) There are other provisions that if you would like, I can spell out.
- 13) In addition, if this bill takes any amendments, it will have to be on the Senate side and we are checking in with our contacts to see if there will be any amendments.

As I stated earlier, this bill is now on the Senate side and will soon be heard in Senate Government committee.

Senate Bill 1220 from Senator DeSaulnier

This bill is viewed as the newest method to create a pool of funds to support affordable housing. What this bill does is enacts the Home Opportunity and Market Stabilization Trust Fund Act of 2012, which creates the Housing Opportunity and Market Stabilization Fund in the State Treasury. The Legislature may appropriate moneys in the fund to support development, acquisition, rehabilitation, and preservation of low and moderate income households.

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 Committee on Transportation and Housing analysis states that the fee raises an average of \$525 million annually. The City of Oakland is also on record as supporting

This bill has two committee hearings this week.

Senate Bill 986 from Senator Dutton

What is interesting to note is that Senator Dutton is the lone republican author amongst these 5 bills. This bill would require successor agencies to use bond proceeds derived from bonds sold on or before December 31, 2010 for the purposes for which the bonds were sold if the successor agency is either:

- Performing an obligation required pursuant to any enforceable obligation entered into by the former redevelopment agency, or
- Performing an enforceable obligation the successor agency entered into on or before December 31, 2014, to fulfill the purposes for which the bonds were sold by the dissolved redevelopment agency.

The bill passed out of committee last week with an 8-0 vote. It will be heard in Senate Appropriations next.

Senate Bill 1151 from Senate Pro Tem Steinberg

This bill would create an alternative process by which communities can use their former redevelopment agencies' assets for specified economic development and housing purposes.

The alternative process requires a Community Development and Housing Joint Powers Authority to develop a long-range asset management plan to govern the disposition and use of former redevelopment agency assets that are placed into a Sustainable Economic Development and Housing Trust Fund.

The bill passed out of committee with a 6-3 vote. It will be heard in Senate Rules next.

Senate Bill 1156 from Senate Pro Tem Steinberg

This bill would allow cities and counties to use a variety of local economic development and housing tools through the formation of a Community Development and Housing Joint Powers Authority.

The bill passed out of committee with a 6-3 vote. It will be heard in Senate Transportation and Housing next.

So there is a quick snap shot on the main RDA clean up bills. Now, the million dollar question is, what will the Governor support?

I have personally discussed RDA clean up legislation with the Governor. I had the opportunity to ravel with him from Oakland to Irvine and when I asked him about RDA clean up bills, respectfully, he was non-committal. He did say he would read and analyze any bill that makes it to his desk.

With both leadership positions, the President of the Senate and Speaker of the House authoring legislation, we are hopeful something will be signed into law that supports economic development, affordable housing and allows for the continuation of past work from RDAs. That very well could be AB 1585, or a hybrid of all 5 bills that the working group would begin drafting.

With that, I will happily answer any questions.

Thank you.

Niccolo De Luca

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