

# CITY OF OAKLAND

## BILL ANALYSIS



OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

Date: March 30, 2006  
2006 MAR 16 AM 9:27

**Bill Number:** SB 1206

An act to amend Sections 33030, 33031, 33320.1, 33378, 33445, 33485, 33486, and 33501 of, and to add Sections 33501.1, 33501.2, 33501.3, 33501.7, and 33601.5 to, the Health and Safety Code, relating to Redevelopment

**Bill Author:** Senator Kehoe (Coauthors: Senators Dunn and Machado)

### DEPARTMENT INFORMATION

**Contact:** Aliza Gallo  
**Department:** Community & Economic Development Agency  
**Telephone:** x7405 **FAX** x2653 **E-mail:** agallo@oaklandnet.com

**RECOMMENDED POSITION:** (SUPPORT, SUPPORT IF AMENDED, NEUTRAL, WATCH, OPPOSE, NOT RELEVANT)

**OPPOSE**

### Summary of the Bill

SB 1206 introduces major revisions to the statutory definition of "Blight" under current California Redevelopment Law. The proposed legislation would delete many of the factors contained in existing law and relied upon by redevelopment agencies to show the existence of blight. Additionally the Bill limits the establishment of indebtedness because of the new blight definitions and places limitations on the use of funds.

### Positive Factors for Oakland

None

### Negative Factors for Oakland

Oakland has ten redevelopment areas of which two are among the largest Redevelopment Project Areas in the State of California. Redevelopment is a powerful and necessary tool to address the blighted conditions present in some portions of Oakland. Redevelopment tax increment financing supports affordable housing, infill development and other efforts to address blight. Any changes to California Redevelopment Law could affect Oakland as well as other communities with similar needs that rely on Redevelopment programs to assist in community and economic development efforts.

SB 1206: Redevelopment Law Reforms (Kehoe) could affect Oakland because of the proposed redefinition and narrowing of the definition of “blight”. Impacts would affect:

- Oakland’s ability to extend Redevelopment Plans for Indebtedness from 20 years to 30 years and the Agency’s ability to extend a Plan for an additional 10 years for plan effectiveness and receipt of tax increment
- Oakland’s ability to add new territory to existing Redevelopment Project Areas
- Oakland’s ability to create new Redevelopment Project Areas
- Oakland’s ability to merge existing Redevelopment Project Areas

The revisions to the definitions of blight may adversely impact the ability of the Agency to extend the time limits for many Oakland Project Areas. In particular, the 10 year extension of the time limit for incurring debt would apply to plans adopted after 1994 (Coliseum, Central City East, Broadway/MacArthur/San Pablo, West Oakland), and would require new Blight findings; the 10 year extension for the time limits for plan effectiveness and receipt of tax increment for pre-1993 plans (Central District, Oak Center, Stanford/Adeline, Acorn) would also require the Agency to demonstrate that blight conditions remain. If SB 1206 is approved as proposed, Oakland’s ability to adopt new areas or expand existing Project Areas may be negatively impacted.

**PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:**

**Critical** (top priority for City lobbyist, city position required ASAP)

**Very Important** (priority for City lobbyist, city position necessary)

**Somewhat Important** (City position desirable if time and resources are available)

**Minimal or**  **None** (do not review with City Council, position not required)

**Known support:**

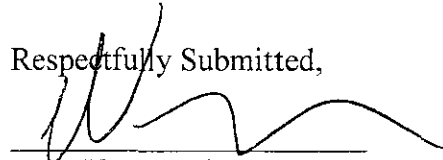
State Attorney General  
California Taxpayers Association

**Known Opposition:**

California Redevelopment Association  
League of California Cities

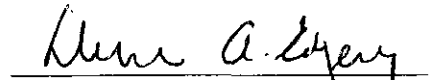
**Attach bill text and state/federal legislative committee analysis, if available.**

Respectfully Submitted,



Dan Vanderprie  
Director of Redevelopment, Economic  
Development, Housing and Community  
Development

Approved for Forwarding to the  
Rules & Legislation Committee

  
Office of City Administrator

AMENDED IN SENATE MARCH 14, 2006  
AMENDED IN SENATE FEBRUARY 27, 2006

**SENATE BILL**

**No. 1206**

**Introduced by Senator Kehoe  
(Coauthors: Senators Dunn and Machado)**

January 26, 2006

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An act to amend Sections 33030, 33031, 33320.1, 33378, 33445, 33485, 33486, and 33501 of, and to add Sections 33444.4, 33501.1, 33501.2, 33501.3, 33501.7, and 33601.5 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1206, as amended, Kehoe. Redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight in those communities and defines a blighted area as one that is predominantly urbanized and characterized by specified conditions.

This bill would revise the definition of "predominantly urbanized" and revise the conditions that characterize a blighted area. The bill would prohibit the inclusion of nonblighted parcels in a redevelopment project area for the purpose of obtaining property tax revenue from the area without substantial justification for their inclusion.

(2) Existing law makes an ordinance that adopts, modifies, or amends a redevelopment plan subject to referendum and requires the referendum petitions circulated in cities and counties over 500,000 population be submitted to the clerk of the legislative body within 90 days of the adoption of the ordinance subject to referendum. *The bill*

**7**  
HOUSE OF LEGISLATION  
COMTE  
MAR 30 2006

would prohibit a redevelopment agency from entering into an agreement with any person that limits another person from engaging in a business activity within the community.

This bill would extend these provisions to all cities and counties.

(3) Existing law prohibits a redevelopment agency from using tax increment funds for the construction or rehabilitation of a city hall or county administration building.

This bill would include land acquisition, related site clearance, and design costs in the prohibition against using tax increment funds for the construction of a city hall or county administration building.

(4) Existing law authorizes a redevelopment agency to merge project areas under its jurisdiction without regard to contiguity of the areas.

This bill would require the legislative body of the redevelopment agency that intends such a merger to find, based on substantial evidence, that significant blight remains within one of the project areas and that the blight cannot be eliminated without the merger.

(5) Existing law authorizes the bringing of a civil action to determine the validity of proceedings taken by a legislative body related to the establishment of a redevelopment agency and specified actions taken by a redevelopment agency and makes the Department of Finance an interested person in action brought with regard to the validity of an ordinance adopting a redevelopment plan.

This bill would require the civil action to be commenced within 90 days from the date of the decision of the legislative body or redevelopment agency and would also make the Attorney General an interested person in a civil action brought to determine the validity of these matters. The bill would authorize the Attorney General, the Department of Conservation, and the Department of Finance to intervene as of right in these civil actions.

The bill would prohibit an action from being brought against a redevelopment agency or legislative body unless the grounds for noncompliance with the Community Redevelopment Law are presented to the agency or legislative body orally or in writing before the close of the required public hearing.

The bill would require ~~the any party bringing an action to furnish filing a pleading or brief in an action challenging the validity of a finding and determination that the project area is blighted to serve a copy of the complaint, the answer, and any amended or supplemental pleading to~~ or brief on the Attorney General and would prohibit a

court from granting relief ~~until to a party unless proof of service of this notice~~ is filed with the court ~~that the party has complied with this requirement.~~

The bill would prohibit a redevelopment agency or legislative body from permitting or requiring a property owner or real party in interest to indemnify the agency ~~of or~~ legislative body against these civil actions as a condition of ~~adopting, amending, or implementing~~ *adopting or amending* a redevelopment plan.

(6) Existing law requires a redevelopment plan containing provisions for the receipt and use of property tax increment revenues by the redevelopment agency to contain a time limit not exceeding 20 years from the adoption of the redevelopment plan on the establishing of loans, advances, and indebtedness to be paid with the proceeds of those revenues to finance the redevelopment project, except by amendment of the redevelopment plan.

This bill would prohibit a redevelopment agency from establishing any ~~loans, advances, or~~ indebtedness to be paid with tax increment revenues commencing with the 11th fiscal year in which the agency receives property tax increment revenues from a project area unless the legislative body finds, based on substantial evidence, that significant blight remains within the project area and this blight cannot be eliminated without the establishment of the ~~loan, advance, or~~ indebtedness.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 33030 of the Health and Safety Code is  
2 amended to read:

3 33030. (a) It is found and declared that there exist in many  
4 communities blighted areas that constitute physical and economic  
5 liabilities, requiring redevelopment in the interest of the health,  
6 safety, and general welfare of the people of these communities  
7 and of the state.

8 (b) A blighted area is one that contains both of the following:

9 (1) An area that is predominantly urbanized, as that term is  
10 defined in Section 33320.1, and is an area in which the  
11 combination of conditions set forth in Section 33031 is so  
12 prevalent and so substantial that it causes a reduction of, or lack

1 of, proper utilization of the area to an extent that it constitutes a  
2 serious physical and economic burden on the community that  
3 cannot reasonably be expected to be reversed or alleviated by  
4 private enterprise or governmental action, or both, without  
5 redevelopment.

6 (2) An area that is characterized by one or more conditions set  
7 forth in any paragraph of subdivision (a) of Section 33031 and  
8 one or more conditions set forth in any paragraph of subdivision  
9 (b) of Section 33031.

10 (c) A blighted area that contains the conditions described in  
11 subdivision (b) may also be characterized by the existence of  
12 inadequate public improvements.

13 SEC. 2. Section 33031 of the Health and Safety Code is  
14 amended to read:

15 33031. (a) This subdivision describes physical conditions  
16 that cause blight:

17 (1) Buildings in which it is unsafe or unhealthy for persons to  
18 live or work. These conditions can be caused by serious building  
19 code violations, serious dilapidation, seriously defective design,  
20 construction that is vulnerable to serious damage from seismic or  
21 geologic hazards, and faulty or inadequate utilities.

22 (2) Factors that prevent or substantially hinder the  
23 economically viable use or capacity of buildings or lots. This  
24 condition can be caused by buildings of substandard design, lots  
25 of inadequate size given present general plan and zoning  
26 standards, and market conditions.

27 (3) Adjacent or nearby incompatible land uses that prevent the  
28 economic development of those parcels or other portions of the  
29 project area.

30 ~~(4) The existence of subdivided lots of irregular shape and  
31 inadequate size given present general plan, zoning standards, and  
32 market conditions that prevent the economic development of  
33 those parcels and that are in multiple ownership.~~

34 *(4) The existence of subdivided lots that are in multiple  
35 ownership and whose economic development has been impaired  
36 by their irregular shapes and inadequate sizes, given present  
37 general plan and zoning standards and market conditions.*

38 (b) This subdivision describes economic conditions that cause  
39 blight:

1 (1) Depreciated or stagnant property values. As used in this  
2 paragraph, “depreciated or stagnant property values” means that  
3 the annual rate of increase in the assessed valuation of real  
4 property within the project area is less than 50 percent of the  
5 annual rate of increase in the assessed valuation of real property  
6 ~~in the community either the community or the county~~ in seven  
7 out of the 10 previous fiscal years.

8 (2) Properties containing hazardous wastes that require the use  
9 of agency authority as specified in Article 12.5 (commencing  
10 with Section 33459).

11 (3) Abnormally high business vacancies or abnormally low  
12 lease rates. As used in this paragraph, “abnormally high business  
13 vacancies” means that the vacancy rate for commercial and  
14 industrial uses in the project area is greater than 200 percent of  
15 the vacancy rate for similar uses in ~~the community either the~~  
16 ~~community or the county~~. As used in this paragraph, “abnormally  
17 low lease rates” means that the average value of the monthly  
18 leases for commercial and industrial uses in the project area are  
19 less than 50 percent of the average value of the monthly leases  
20 for similar uses in ~~the community either the community or the~~  
21 ~~county~~.

22 (4) An inadequate number of necessary commercial facilities  
23 that are normally found in neighborhoods, including grocery  
24 stores, drug stores, and banks and other lending institutions. As  
25 used in this paragraph, an “inadequate number of necessary  
26 commercial facilities” means that the number of neighborhood  
27 commercial facilities per 1,000 residents of the project area is  
28 less than 50 percent of the number of similar facilities per 1,000  
29 residents in ~~the community either the community or the county~~.

30 (5) Residential overcrowding ~~that has resulted in significant~~  
31 ~~public health or safety problems~~. As used in this paragraph,  
32 ~~“residential overcrowding” means that the percentage of dwelling~~  
33 ~~units that have twice the number of occupants per bedroom in the~~  
34 ~~project area is greater than 200 percent of the percentage of~~  
35 ~~dwelling units that have twice the number of occupants per~~  
36 ~~bedroom in the community~~. “residential overcrowding” means  
37 that the percentage of overcrowded dwelling units in the project  
38 area is greater than 200 percent of the percentage of  
39 overcrowded dwelling units in either the community or the  
40 county. As used in this section, “overcrowded” means exceeding



1 *the standard prescribed in Article 5 (commencing with Section*  
2 *32) of Chapter 1 of Title 25 of the California Code of*  
3 *Regulations.*

4 (6) An excess of bars and liquor stores *that has resulted in*  
5 *significant public health or safety problems.* As used in this  
6 paragraph, an “excess of bars and liquor stores” means that the  
7 number of ~~onsite and offsite~~ retail liquor licenses per 1,000  
8 residents in the project area is greater than 200 percent of the  
9 number of ~~onsite and offsite liquor licenses in the community.~~  
10 *retail liquor licenses per 1,000 residents in either the community*  
11 *or the county.*

12 (7) An excess of adult-oriented ~~business~~ *businesses that has*  
13 *resulted in significant public health or safety problems.*

14 (8) A high crime rate that constitutes a serious threat to the  
15 public safety and welfare. As used in this paragraph, “high crime  
16 rate” means that the crime rate in the project area is greater than  
17 200 percent of the crime rate in ~~the community~~ *either the*  
18 *community or in the county*, as measured by *either* the California  
19 Crime Index prepared by the Department of Justice, *pursuant to*  
20 *Sections 13010 and 13012 of the Penal Code, or the Uniform*  
21 *Crime Reporting Program operated by the Federal Bureau of*  
22 *Investigation.*

23 SEC. 3. Section 33320.1 of the Health and Safety Code is  
24 amended to read:

25 33320.1. (a) “Project area” means, except as provided in  
26 Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly  
27 urbanized area of a community that is a blighted area, the  
28 redevelopment of which is necessary to effectuate the public  
29 purposes declared in this part, and that is selected by the planning  
30 commission pursuant to Section 33322.

31 (b) As used in this section, “predominantly urbanized” means  
32 that not less than 80 percent of the land in the project area is  
33 either of the following:

34 (1) Developed for urban uses.

35 (2) An integral part of one or more areas developed for urban  
36 uses that are surrounded or substantially surrounded by parcels  
37 that have been or are developed for urban uses. Parcels separated  
38 by only an improved right-of-way shall be deemed adjacent for  
39 the purpose of this subdivision. Parcels that are not blighted shall  
40 not be included in the project area for the purpose of obtaining

1 the allocation of taxes from the area pursuant to Section 33670  
2 without other substantial justification for their inclusion.

3 (c) For the purposes of this section, a parcel of property as  
4 shown on the official maps of the county assessor is developed  
5 ~~for urban uses if that parcel is developed for urban uses~~  
6 ~~consistent with present general plan and zoning standards.~~ *for*  
7 *urban uses if that parcel meets any of the following conditions:*

8 (1) *Is presently developed for urban uses consistent with*  
9 *present general plan and zoning standards.*

10 (2) *Is presently developed for urban uses as a legal,*  
11 *nonconforming use.*

12 (3) *Had been developed for urban uses consistent with the*  
13 *then applicable general plan and zoning standards.*

14 (d) The requirement that a project be predominantly urbanized  
15 shall apply only to a project area for which a final redevelopment  
16 plan is adopted on or after January 1, 1984, or to an area that is  
17 added to a project area by an amendment to a redevelopment  
18 plan, which amendment is adopted on or after January 1, 1984.

19 SEC. 4. Section 33378 of the Health and Safety Code is  
20 amended to read:

21 33378. (a) With respect to any ordinance that is subject to  
22 referendum pursuant to Sections 33365 and 33450, the language  
23 of the statement of the ballot measure shall set forth with clarity  
24 and in language understandable to the average person that a  
25 “Yes” vote is a vote in favor of adoption or amendment of the  
26 redevelopment plan and a “No” vote is a vote against the  
27 adoption or amendment of the redevelopment plan.

28 (b) Notwithstanding any other provision of law, including the  
29 charter of any city or city and county, referendum petitions  
30 circulated in all cities or counties shall bear valid signatures  
31 numbering not less than 10 percent of the total votes cast within  
32 the city or county for Governor at the last gubernatorial election  
33 and shall be submitted to the clerk of the legislative body within  
34 90 days of the adoption of an ordinance subject to referendum  
35 under this article.

36 (c) With respect to any ordinance that is subject to referendum  
37 pursuant to Sections 33365 and 33450 and either provides for  
38 tax-increment financing pursuant to Section 33670 or expands a  
39 project area that is subject to tax-increment financing, the  
40 referendum measure shall include, in the ballot pamphlet, an

1 analysis by the county auditor-controller and, at the option of the  
2 legislative body, a separate analysis by the agency, of the  
3 redevelopment plan or amendment that will include both of the  
4 following:

5 (1) An estimate of the potential impact on property taxes per  
6 each ten thousand dollars (\$10,000) of assessed valuation for  
7 taxpayers located in the city or county, as the case may be,  
8 outside the redevelopment project area during the life of the  
9 redevelopment project.

10 (2) An estimate of what would happen to the project area in  
11 the absence of the redevelopment project or in the absence of the  
12 proposed amendment to the plan.

13 *SEC. 5. Section 33444.4 is added to the Health and Safety*  
14 *Code, to read:*

15 *33444.4. An agency shall not enter into an agreement with*  
16 *any person that limits another person from engaging in a*  
17 *business activity within the community.*

18 ~~SEC. 5.~~

19 *SEC. 6. Section 33445 of the Health and Safety Code is*  
20 *amended to read:*

21 33445. (a) Notwithstanding Section 33440, an agency may,  
22 with the consent of the legislative body, pay all or a part of the  
23 value of the land for and the cost of the installation and  
24 construction of any building, facility, structure, or other  
25 improvement that is publicly owned either within or without the  
26 project area, if the legislative body determines all of the  
27 following:

28 (1) That the buildings, facilities, structures, or other  
29 improvements are of benefit to the project area or the immediate  
30 neighborhood in which the project is located, regardless of  
31 whether the improvement is within another project area, or in the  
32 case of a project area in which substantially all of the land is  
33 publicly owned that the improvement is of benefit to an adjacent  
34 project area of the agency.

35 (2) That no other reasonable means of financing the buildings,  
36 facilities, structures, or other improvements, are available to the  
37 community.

38 (3) That the payment of funds for the acquisition of land or the  
39 cost of buildings, facilities, structures, or other improvements  
40 will assist in the elimination of one or more blighting conditions

1 inside the project area or provide housing for low- or  
2 moderate-income persons, and is consistent with the  
3 implementation plan adopted pursuant to Section 33490.

4 (b) The determinations by the agency and the local legislative  
5 body pursuant to subdivision (a) shall be final and conclusive.  
6 For redevelopment plans, and amendments to those plans which  
7 add territory to a project, adopted after October 1, 1976,  
8 acquisition of property and installation or construction of each  
9 facility shall be provided for in the redevelopment plan. A  
10 redevelopment agency shall not pay for the normal maintenance  
11 or operations of buildings, facilities, structures, or other  
12 improvements that are publicly owned. Normal maintenance or  
13 operations do not include the construction, expansion, addition  
14 to, or reconstruction of, buildings, facilities, structures, or other  
15 improvements that are publicly owned otherwise undertaken  
16 pursuant to this section.

17 (c) When the value of the land or the cost of the installation  
18 and construction of the building, facility, structure, or other  
19 improvement, or both, has been, or will be, paid or provided for  
20 initially by the community or other public corporation, the  
21 agency may enter into a contract with the community or other  
22 public corporation under which it agrees to reimburse the  
23 community or other public corporation for all or part of the value  
24 of the land or all or part of the cost of the building, facility,  
25 structure, or other improvement, or both, by periodic payments  
26 over a period of years.

27 (d) The obligation of the agency under the contract shall  
28 constitute an indebtedness of the agency for the purpose of  
29 carrying out the redevelopment project for the project area,  
30 which indebtedness may be made payable out of taxes levied in  
31 the project area and allocated to the agency under subdivision (b)  
32 of Section 33670 or out of any other available funds.

33 (e) In a case where the land has been or will be acquired by, or  
34 the cost of the installation and construction of the building,  
35 facility, structure, or other improvement has been paid by, a  
36 parking authority, joint powers entity, or other public corporation  
37 to provide a building, facility, structure, or other improvement  
38 that has been or will be leased to the community, the contract  
39 may be made with, and the reimbursement may be made payable  
40 to, the community.

1 (f) With respect to the financing, acquisition, or construction  
2 of a transportation, collection, and distribution system and related  
3 peripheral parking facilities, in a county with a population of  
4 4,000,000 persons or more, the agency shall, in order to exercise  
5 the powers granted by this section, enter into an agreement with  
6 the rapid transit district that includes the county, or a portion  
7 thereof, in which agreement the rapid transit district shall be  
8 given all of the following responsibilities:

9 (1) To participate with the other parties to the agreement to  
10 design, determine the location and extent of the necessary  
11 rights-of-way for, and construct, the transportation, collection,  
12 and distribution systems and related peripheral parking structures  
13 and facilities.

14 (2) To operate and maintain the transportation, collection, and  
15 distribution systems and related peripheral parking structures and  
16 facilities in accordance with the rapid transit district's  
17 outstanding agreements and the agreement required by this  
18 paragraph.

19 (g) (1) Notwithstanding any other authority granted in this  
20 section, an agency shall not pay for, either directly or indirectly,  
21 with tax increment funds the construction, including land  
22 acquisition, related site clearance, and design costs, or  
23 rehabilitation of a building that is, or that will be used as, a city  
24 hall or county administration building.

25 (2) This subdivision shall not preclude an agency from making  
26 payments to construct, rehabilitate, or replace a city hall if an  
27 agency does any of the following:

28 (A) Allocates tax increment funds for this purpose during the  
29 1988–89 fiscal year and each fiscal year thereafter in order to  
30 comply with federal and state seismic safety and accessibility  
31 standards.

32 (B) Uses tax increment funds for the purpose of rehabilitating  
33 or replacing a city hall that was seriously damaged during an  
34 earthquake that was declared by the President of the United  
35 States to be a natural disaster.

36 (C) Uses the proceeds of bonds, notes, certificates of  
37 participation, or other indebtedness that was issued prior to  
38 January 1, 1994, for the purpose of constructing or rehabilitating  
39 a city hall, as evidenced by documents approved at the time of  
40 the issuance of the indebtedness.

1 ~~SEC. 6.~~

2 SEC. 7. Section 33485 of the Health and Safety Code is  
3 amended to read:

4 33485. The Legislature finds and declares that the provisions  
5 of this part, which require that taxes allocated pursuant to *Section*  
6 *16 of Article XVI of the California Constitution and Section*  
7 *33670* be applied to the project area in which those taxes are  
8 generated, are designed to assure (1) that project areas are  
9 terminated when the redevelopment of those areas has been  
10 completed and (2) that the increased revenues that result from  
11 redevelopment accrue to the benefit of affected taxing  
12 jurisdictions at the completion of redevelopment activities in a  
13 project area. Those mergers are desirable as a matter of public  
14 policy if they result in substantial benefit to the public and if they  
15 contribute to the revitalization of blighted areas through the  
16 increased economic vitality of those areas and through increased  
17 and improved housing opportunities in or near such areas. The  
18 Legislature further finds and declares that it is necessary to enact  
19 a statute that sets out uniform statewide standards for merger of  
20 project areas to assure that those mergers serve a vital public  
21 purpose.

22 ~~SEC. 7.~~

23 SEC. 8. Section 33486 of the Health and Safety Code is  
24 amended to read:

25 33486. (a) For the purpose of allocating taxes pursuant to  
26 Section 33670 and subject to the provisions of this article,  
27 redevelopment project areas under the jurisdiction of a  
28 redevelopment agency for which redevelopment plans have been  
29 adopted pursuant to Article 5 (commencing with Section 33360),  
30 may be merged, without regard to contiguity of the areas, by the  
31 amendment of each affected redevelopment plan as provided in  
32 Article 12 (commencing with Section 33450). Before adopting  
33 the ordinance amending each affected redevelopment plan, the  
34 legislative body shall find, based on substantial evidence, that  
35 both of the following conditions exist:

36 (1) Significant blight remains within one of the project areas.

37 (2) This blight cannot be eliminated without merging the  
38 project areas and the receipt of property taxes.

39 (b) (1) Except as provided in paragraph (2), taxes attributable  
40 to each project area merged pursuant to this section that are

1 allocated to the redevelopment agency pursuant to Section 33670  
2 may be allocated, as provided in paragraph (2) to the entire  
3 merged project area for the purpose of paying the principal of,  
4 and interest on, indebtedness incurred by the redevelopment  
5 agency to finance or refinance, in whole or in part, the merged  
6 redevelopment project.

7 (2) If the redevelopment agency has, prior to merger of  
8 redevelopment project areas, incurred any indebtedness on  
9 account of a constituent project area so merged, taxes attributable  
10 to that area that are allocated to the agency pursuant to Section  
11 33670 shall be first used to comply with the terms of any bond  
12 resolution or other agreement pledging the taxes from the  
13 constituent project area.

14 (c) After the merger of redevelopment projects pursuant to  
15 subdivision (a), the clerk of the legislative body shall transmit a  
16 copy of the ordinance amending the plans for projects to be  
17 merged to the governing body of each of the taxing agencies that  
18 receives property taxes from or levies property taxes upon any  
19 property in the project.

20 ~~SEC. 8.~~

21 *SEC. 9.* Section 33501 of the Health and Safety Code is  
22 amended to read:

23 33501. (a) An action may be brought pursuant to Chapter 9  
24 (commencing with Section 860) of Title 10 of Part 2 of the Code  
25 of Civil Procedure to determine the validity of bonds and the  
26 redevelopment plan to be financed or refinanced, in whole or in  
27 part, by the bonds, or to determine the validity of a  
28 redevelopment plan not financed by bonds, including without  
29 limiting the generality of the foregoing, the legality and validity  
30 of all proceedings theretofore taken for or in any way connected  
31 with the establishment of the agency, its authority to transact  
32 business and exercise its powers, the designation of the survey  
33 area, the selection of the project area, the formulation of the  
34 preliminary plan, the validity of the finding and determination  
35 that the project area is predominantly urbanized, and the validity  
36 of the adoption of the redevelopment plan, and also including the  
37 legality and validity of all proceedings theretofore taken and (as  
38 provided in the bond resolution) proposed to be taken for the  
39 authorization, issuance, sale, and delivery of the bonds, and for  
40 the payment of the principal thereof and interest thereon.

1 (b) Notwithstanding any other provision of law, an action  
2 brought pursuant to this section shall be commenced within 90  
3 days from the date of the decision of the legislative body or the  
4 agency.

5 (c) For the purposes of protecting the interests of the state, the  
6 Attorney General and the Department of Finance are interested  
7 persons pursuant to Section 863 of the Code of Civil Procedure  
8 in any action brought pursuant to this section.

9 (d) For purposes of contesting the inclusion in a project area of  
10 lands that are enforceably restricted, as that term is defined in  
11 Sections 422 and 422.5 of the Revenue and Taxation Code, or  
12 lands that are in agricultural use, as defined in subdivision (b) of  
13 Section 51201 of the Government Code, the Department of  
14 Conservation, the county agricultural commissioner, the county  
15 farm bureau, the California Farm Bureau Federation, and  
16 agricultural entities and general farm organizations that provide a  
17 written request for notice, are interested persons pursuant to  
18 Section 863 of the Code of Civil Procedure, in any action  
19 brought with respect to the validity of an ordinance adopting or  
20 amending a redevelopment plan pursuant to this section.

21 ~~SEC. 9.~~

22 *SEC. 10.* Section 33501.1 is added to the Health and Safety  
23 Code, to read:

24 33501.1. Notwithstanding Chapter 9 (commencing with  
25 Section 860) of Title 10 of the Code of Civil Procedure, the  
26 Attorney General, the Department of Conservation, and the  
27 Department of Finance may, pursuant to subdivision (b) of  
28 Section 387 of the Code of Civil Procedure, intervene as of right  
29 in any action brought pursuant to Section 33501.

30 ~~SEC. 10.~~

31 *SEC. 11.* Section 33501.2 is added to the Health and Safety  
32 Code, to read:

33 33501.2. (a) An action shall not be brought pursuant to  
34 Section 33501 unless the alleged grounds for noncompliance  
35 with this division were presented to the agency or the legislative  
36 body orally or in writing by any person before the close of the  
37 public hearing required by this division.

38 (b) A person shall not bring an action pursuant to Section  
39 33501 unless that person objected to the decision of the agency



1 or the legislative body before the close of the public hearing  
2 required by this division.

3 (c) This section does not preclude any organization formed  
4 after the approval of a project from bringing an action pursuant to  
5 Section 33501 if a member of that organization has complied  
6 with subdivision (b).

7 (d) This section does not apply to the Attorney General.

8 (e) This section does not apply to any alleged grounds for  
9 noncompliance with this division for which there was no public  
10 hearing or other opportunity for members of the public to raise  
11 those objections orally or in writing before the decision by the  
12 agency or the legislative body, or if the agency or the legislative  
13 body failed to give the notice required by law.

14 ~~SEC. 11.~~

15 *SEC. 12.* Section 33501.3 is added to the Health and Safety  
16 Code, to read:

17 ~~33501.3. The party bringing any action specified in Section~~  
18 ~~33501 shall furnish a copy of the complaint, the answer, and any~~  
19 ~~amended or supplemental pleading to the Attorney General.~~  
20 ~~Relief, temporary or permanent, shall not be granted until proof~~  
21 ~~of service of this notice is filed with the court.~~

22 *33501.3. If an action specified in Section 33501 challenging*  
23 *the validity of any finding and determination that the project*  
24 *area is blighted is filed in any court, each party filing any*  
25 *pleading or brief with the court in that proceeding shall serve,*  
26 *within three days of the filing with the court, a copy of that*  
27 *pleading or brief on the Attorney General. Relief, temporary or*  
28 *permanent, shall not be granted to a party unless that party files*  
29 *proof with the court showing that it has complied with this*  
30 *section. A court may, by court order, allow a party to serve the*  
31 *Attorney General after the three day period, but only upon*  
32 *showing of good cause for not complying with the three day*  
33 *notice requirement, and that late service will not prejudice the*  
34 *Attorney General's ability to review, and possibly participate in,*  
35 *the action.*

36 ~~SEC. 12.~~

37 *SEC. 13.* Section 33501.7 is added to the Health and Safety  
38 Code, to read:

39 33501.7. Notwithstanding any other provision of law, an  
40 agency or legislative body shall not permit or require a property

1 owner or a real party in interest to indemnify the agency or the  
2 legislative body against actions brought pursuant to Section  
3 33501 as a condition of ~~adopting, amending, or implementing~~  
4 *adopting or amending* a redevelopment plan.

5 ~~SEC. 13.~~

6 *SEC. 14.* Section 33601.5 is added to the Health and Safety  
7 Code, to read:

8 33601.5. (a) Commencing with the 11th fiscal year in which  
9 an agency receives tax increments from a project area, the agency  
10 shall not establish any ~~loans, advances, or~~ indebtedness to be  
11 paid with the proceeds of property taxes received pursuant to  
12 Article 6 (commencing with Section 33670) to finance, in whole  
13 or in part, that redevelopment project unless the legislative body  
14 finds, based on substantial evidence, that both of the following  
15 conditions exist:

- 16 (1) Significant blight remains within the project area.
- 17 (2) This blight cannot be eliminated without the establishment  
18 of the ~~loan, advance, or~~ indebtedness.

19 (b) This section shall not prevent an agency from refinancing,  
20 refunding, or restructuring an existing indebtedness if that  
21 indebtedness is not increased and the time during which the  
22 indebtedness is to be repaid is not extended beyond the time limit  
23 to repay indebtedness required by Article 4 (commencing with  
24 Section 33330) of Chapter 4.

25 ~~SEC. 14.~~

26 *SEC. 15.* In enacting Section 9 of this act to add Section  
27 33501.1 to the Health and Safety Code, it is the intent of the  
28 Legislature to create for the Attorney General, the Department of  
29 Conservation, and the Department of Finance an exception to the  
30 ruling in *Green v. Community Redevelopment Agency* (1979) 96  
31 Cal.App.3d 491.

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 RULES & LEGISLATION  
 ^MTE MAR 30 2006

OFFICE OF THE CITY CLERK

APPROVED AS TO FORM AND LEGALITY

*[Signature]*  
Deputy City Attorney

2006 MAR 16 AM 9:28

# OAKLAND CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_ C.M.S.

## RESOLUTION TO OPPOSE THE PASSAGE OF SENATE BILL 1206: REDEVELOPMENT LAW REFORMS

**WHEREAS**, redevelopment is a powerful and necessary tool to address blighted conditions in redevelopment project areas in Oakland; and

**WHEREAS**, redevelopment supports affordable housing development, community and economic development activities in Oakland; and

**WHEREAS**, any changes to California Redevelopment Law could affect Oakland as well as other needy communities with similar needs; and

**WHEREAS**, the current version of Senate Bill 1206 authored by Senator Kehoe proposes major revisions to the statutory definition of blighted conditions to qualify for redevelopment that could impact Oakland's efforts, as well as limits the establishment of indebtedness to support redevelopment activities; now, therefore, be it

**RESOLVED**: That the City of Oakland opposes the current version of Senate Bill 1206; and be it

**FURTHER RESOLVED**: That the City Council directs the City Administrator to continue to work with the California Redevelopment Association to advocate amendments to Senate Bill 1206 that are more supportive of current redevelopment activities in Oakland.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2006

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California

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RULES, LEGISLATION

MAR 30 2006