



AB 1270 – RDA: Lake Forest

Background

As part of the winding down of redevelopment agencies, AB 1484, Chapter 26, Statutes of 2012, made various statutory changes associated with the dissolution of redevelopment agencies (RDA) and addressed several substantive issues related to administrative processes, affordable housing activities, repayment of loans from communities, use of existing bond proceeds and the disposition or retention of former redevelopment agency assets.

Existing law requires dissolved agencies to make payments due for enforceable obligations and to perform duties required pursuant to any enforceable obligation, and additionally requires the county auditor controller to determine annually the amount of property taxes that would have been allocated to each RDA had the agency not been dissolved and to deposit that amount into a fund. County auditor controllers then allocate moneys for passthrough payment obligations, enforceable obligations of the dissolved RDA, and administrative costs.

Prior to the incorporation of the City of Lake Forest, the El Toro Redevelopment Project Area was under jurisdictional control of the County of Orange. When the City of Lake Forest established the Lake Forest RDA and control over the Project Area was subsequently transferred to Lake Forest, the City, County, and Agency entered into a Transfer Agreement. The purpose of the Transfer Agreement was to allow the transfer of tax increment from the Project Area to the Lake Forest RDA and ensure the protection of the County's pre-existing bond obligations.

AB 2647, Chapter 826, Statutes of 2014, added Section 34182.1 to the Health and Safety Code (HSC) to require that relevant property tax revenues related to the County's former El Toro Subarea be deposited into the County's Redevelopment Property Tax Trust Fund, to address County debt service, prior to any funds being disbursed to the City of Lake Forest.

Problem Being Addressed

With the County's successor agency retiring its debt in September of 2023, and no longer being eligible to receive redevelopment property tax dollars, this calls into question the City's ability to still receive said funds, as approved by the State Department of Finance.

Under HSC Section 34182.1, the County's successor agency would need to remain operational until 2033 when the city of Lake Forest retires is redevelopment-related debt.

Which code section is affected?

Health and Safety Code 34182.1

Summary

AB 1270 will allow the Lake Forest successor agency to receive redevelopment property tax revenues directly from the County Auditor-Controller; like other successor agencies.

Staff Contact

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Supporters

Orange County