

Bond Case Briefs

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REDEVELOPMENT AGENCY - CALIFORNIA

County of San Bernardino v. Cohen

Court of Appeal, Third District, California - November 30, 2015 - Cal.Rptr.3d - 2015 WL 7717217

County petitioned for a writ of mandate to challenge the Department of Finance's rejection of repayment of county's loan to county's former redevelopment agency. The Superior Court denied petition. County appealed.

The Court of Appeal held that:

- Department of Finance's rejection of repayment of county's loan to former redevelopment agency was not a reallocation of local tax revenues in violation of the state constitution, and
- Redevelopment agency's agreement to repay county for loan was unenforceable under Dissolution Law.

Department of Finance's rejection of repayment of county's loan to county's former redevelopment agency did not constitute a reallocation of local tax revenues in violation of the state constitution, since the money loaned to the former redevelopment agency did not retain its character as tax revenue, absent evidence that the loan agreement attached contingencies to the redevelopment agency's use of the proceeds.

Under the statute providing that "enforceable obligations" of former redevelopment agencies include loans of moneys borrowed by the redevelopment agency but exclude any agreements, contracts, or arrangements with the city or county that created the redevelopment agency, the overriding provision is the one limiting the definition of "enforceable obligation," and thus a contract to borrow money from the city or county that created the redevelopment agency is not an "enforceable obligation."

Under the statute providing that "enforceable obligations" of former redevelopment agencies exclude any agreements, contracts, or arrangements with the city or county that created the redevelopment agency, a redevelopment agency's agreement to repay a loan to the county that created the agency was unenforceable, even if the ratepayers were third party beneficiaries of the agreement, since the ratepayers would have benefited only incidentally from the performance of the agreement.