

Bond Case Briefs

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TAX INCREMENT FINANCING - CALIFORNIA

Macy v. City of Fontana

Court of Appeal, Fourth District, Division 1, California - February 23, 2016 - Cal.Rptr.3d - 2016 WL 702297

Resident and community organizations petitioned for writ of mandate challenging redevelopment agency's, housing authority's, and city's alleged failure to use 20 percent of city tax increment revenues in support of low- and moderate-income housing under the Community Redevelopment Law (CRL). The Superior Court sustained demurrer without leave to amend. Resident and organizations appealed.

The Court of Appeal held that:

- CRL did not subject city to its redevelopment agency's statutory duty to use tax increment revenues for affordable housing;
- Redevelopment agency dissolution law did not subject city to its redevelopment agency's statutory duty to use tax increment revenues for affordable housing; and
- City's agreement to receive tax increment revenues from redevelopment agency did not require city to use the revenues for affordable housing.

Nothing in the Community Redevelopment Law (CRL) itself makes a municipality responsible for the obligations of a redevelopment agency.

.The redevelopment agency dissolution law did not subject city to city redevelopment agency's statutory duty to use 20 percent of redevelopment agency's tax increment revenues in support of low- and moderate-income housing, even though city was the successor agency to the redevelopment agency.

The redevelopment agency dissolution follow-up audit legislation does not expressly or by implication expand the liability of municipalities to include redevelopment agency's statutory duty to use 20 percent of redevelopment agency's tax increment revenues in support of low- and moderate-income housing, even though it included an expanded definition of "cities" and "counties" for purposes of the audits

City's role as a party to an Owner Participation Agreement (OPA) requiring city redevelopment agency to pay part of its tax increment revenues to developer and part to the city did not subject city to redevelopment agency's statutory duty to use 20 percent of redevelopment agency's tax increment revenues in support of low- and moderate-income housing, even though the OPA expressly required that the city and the agency do nothing that would adversely impact developer's right to receive the pledged tax increment revenue, and even though the Community Redevelopment Law (CRL) was amended to more strictly limit the ways in which a redevelopment agency could meet its low- and moderate-income housing obligations after the agency and the city brought their successful validation action approving the city's participation in the OPA.

