

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **REDEVELOPMENT AGENCIES - CALIFORNIA**

### **Covarrubias v. Cohen**

**Court of Appeal, Third District, California - October 7, 2016 - 3 Cal.App.5th 1229 - 208 Cal.Rptr.3d 226 - 2016 Daily Journal D.A.R. 10, 119**

City residents petitioned for writ of mandate to compel Director of the Department of Finance, the state Controller, city, and county auditor-controller to continue payments of set-asides from “tax increment” to city’s subsidized housing fund.

The Superior Court denied petition. Residents appealed.

The Court of Appeal held that:

- City’s set-asides for future affordable housing payments were not “deferred” payments that remained enforceable after the dissolution of the redevelopment agency, and
- City’s set-asides for future affordable housing payments were not “obligations imposed by state law” that remained enforceable after the dissolution of the redevelopment agency.

City’s scheduled future payments to the low and moderate income housing fund of city’s redevelopment agency were not “deferred” payments and thus were not within the definition of an “enforceable obligation” after the dissolution of the redevelopment agency, even though the Legislature authorized redevelopment agencies to plan for the surcharged set-asides as well as the underlying obligations.

Under the statute providing that “all provisions of the Community Redevelopment Law that depend on the allocation of tax increment to redevelopment agencies” are inoperative, city’s set-asides for scheduled future payments to the low and moderate income housing fund of city’s redevelopment agency were inoperative, and thus they were not “obligations imposed by state law” under the statute providing that such obligations remained enforceable after the dissolution of the redevelopment agency.