

Bond Case Briefs

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COMMUNITY REDEVELOPMENT AGENCIES - CALIFORNIA

Legal Aid Society of San Mateo County v. Department of Finance

Court of Appeal, Third District, California - December 29, 2020 - Cal.Rptr.3d - 2020 WL 7706827 - 21 Cal. Daily Op. Serv. 115

City, as successor to its dissolved redevelopment agency (RDA), and county legal aid society filed petitions for writ of mandate and complaints for declaratory and injunctive relief against Department of Finance (DOF), relating to legal aid society's agreement with city and RDA, pursuant to which RDA had deposited tax increment funds into RDA's low and moderate income (LMI) housing fund maintained under Community Redevelopment Law (CRL), and alleging the applicability of exception, under Dissolution Law for community RDAs, to remittance of funds from tax increment financing to county auditor-controller, for distribution to local taxing agencies faced with fiscal emergency.

The Superior Court denied the petition and dismissed the complaint. City and legal aid society appealed.

The Court of Appeal held that Dissolution Law's exception for an encumbered housing asset was applicable.

Exception, under Dissolution Law for community redevelopment agencies (RDA), to remittance of tax increment financing funds to county auditor-controller for distribution to local taxing agencies faced with fiscal emergency, which exception was for an encumbered housing asset, applied to tax increment financing funds which city's RDA, under agreement between city, RDA, and county legal aid society, had deposited into RDA's low and moderate income (LMI) housing fund maintained under Community Redevelopment Law (CRL), in pursuit of public policy of providing affordable housing to legal aid society's clients; agreement was enforceable obligation of RDA and was also a housing asset under new, legislatively-created LMI housing asset fund, and city, as successor to dissolved RDA, was required, under due diligence review (DDR) for audit of a successor agency, to separately account for amounts in LMI housing fund that were legally restricted as to purpose, even if funds in LMI housing fund were not committed to a specific project.