

California Redevelopment Association

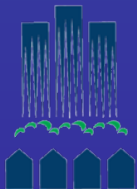
*Redevelopment. Building Better Communities*

# Budget Raid on Cities & Counties

## State's Heist of \$2.05 Billion in Funds

John F. Shirey

Executive Director



STATE BUDGET

# A DEAL – AT LAST

- Cuts, funding shifts would close \$26 billion deficit
- Lawmakers expected to vote on plan Thursday





Governor and  
Legislature View  
Redevelopment  
as ATM Machine  
to Balance State  
Budget





# Losses to Local Governments/ Redevelopment Agencies

- \$2.05 billion
- Projects put on hold or cancelled
- Can't issue bonds
- Can't undertake new projects & investments
- Uncertainty



# Losses to State's Economy

- Construction, after inclusion of private industry investment, will be cut by \$5.6 billion.
- 197,950 jobs will be lost in the state, most of which are construction jobs.
- State and local governments will lose \$1.3 billion in revenues.

# How Much Will Solano County Lose to State Redevelopment Raids?

\$35,677,598 Taken Out of Your Communities Over the Next Two Years!!!

<u>Agency</u>	<u>Total State Raids for 2009-10</u>	<u>Total State Raids 2010-11</u>
Fairfield	12,116,966	2,494,669
Dixon	767,665	158,049
Vacaville	9,492,146	1,954,265
Suisun City	5,717,733	1,177,180
Vallejo	1,210,230	249,165
Rio Vista	<u>281,561</u>	<u>57,968</u>
	<b>29,586,301</b>	<b>6,091,2970</b>



# State Leaders Don't See Redevelopment as Key to California's Economic Recovery



# Votes of Solano County Legislators on AB 26 4x

**\$2.05 Billion Taking of Redevelopment Funds  
July 24, 2009**

Assembly

Ayes

Noreen Evans

Noes

Mariko Yamada

Senate

Ayes

Pat Wiggins


Noes

Lois Wolk



# Key Differences Between AB 26 4x (2009) and AB 1389 (2008)

- \$2.05 billion vs. \$350 million



# Key Differences Between AB 26 4x (2009) and AB 1389 (2008)

- Funds must be distributed to K-12 school district located in redevelopment project area
- Funds must serve pupils living in project area  
or  
in housing supported by redevelopment funds

# Key Similarities Between AB 26 4x (2009) and AB 1389 (2008)

- If payments not made to SERAF, agencies suffer DEATH PENALTY



# Key Differences Between AB 26 4x (2009) and AB 1389 (2008)

- Death Penalty defined:
  - Agency may not adopt new redevelopment plan
  - May not amend an existing plan to add territory
  - May not issue bonds, encumber funds, or expend funds from any source (except to pay existing debts)
  - Must reduce administrative cost to 75% of previous fiscal year





# Remedy: Sue the State

- CRA, Madera, Moreno Valley challenged AB 1389 and won
- State appealed, but dropped appeal
- CRA will file a 2<sup>nd</sup> lawsuit



# Why is AB 26 4x Unconstitutional?

- Article XVI, Section 16 of Constitution states tax increment funds must be used to pay debts incurred by redevelopment agency to finance redevelopment projects.
- Impairment of contract



Redevelopment must be supported by a “Coalition” – larger and broader than just local governments

- **Regional organizing efforts are needed up and down the state to engage allies and stakeholders as advocates**
  - Local chambers of commerce
  - Public safety groups
  - Environmental organizations
  - Labor groups
  - Affordable housing advocates
  - Home builders
  - Ethnic organizations

- **CRA members and coalition partners need to educate and build advocates in the California State Legislature**
  - **Members of the Legislature need to see and understand the work performed by redevelopment agencies in terms of its impact on**
    - » **Jobs**
    - » **Economic stimulus**
    - » **Public safety**
    - » **Environment**
    - » **Local community benefits**

STATE BUDGET

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