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DATE: February 25, 2015

TO: Members, Assembly Budget Subcommittee on State Administration #4

FROM: Dan Carrigg, League Legislative Director, (916) 658-8222

RE: Governor's Budget Proposal Affecting Redevelopment Dissolution (RN#15 08847)

On behalf of the League of California Cities we regret to inform you that the League has taken an **Oppose, Unless Amended** position on the language (RN# 15 08847) containing proposed changes to the redevelopment dissolution process. A detailed analysis of the provisions is attached.

Collectively, the changes seek to reverse court decisions, change laws retroactively, undo previous incentives, and limit transparency, accountability and opportunities for local agencies to protect their legal rights; these provisions far overshadow other minor offerings. This proposal is so harmful to the interests of cities that we urge you to reject the entire proposal if they are not removed.

Over the last three years, while the dissolution process has been very difficult, significant progress has been made. The Department of Finance (DOF) has issued findings of completion for 329 agencies; these agencies are now engaged in developing and completing their Long Range Property Management Plans, of which 177 have been approved. The state budget has also benefited significantly. The Administration projects that redevelopment dissolution will produce \$5.375 billion in Prop. 98 contributions from FY 2011-12 through FY 2015-16, and \$1 billion per year ongoing.

Naturally, some disputes remain. Per the dissolution statute, all disputes are under the jurisdiction of the Sacramento Superior Court. While applying the law to specific facts, the courts have often ruled in support of DOF's decisions; but, in other instances, local agencies have prevailed and DOF is appealing. In short, the judicial system is working through complex issues and these disputes will run their course in due time. Furthermore, DOF had a full hand in drafting the laws the Courts are interpreting. If local governments are expected to comply with and respect these laws, then state should as well and not seek to redraft and insert new retroactive provisions in an attempt to avoid Court rulings deemed unfavorable and stifle the ability of local agencies to protect their legal rights.

The recent trend by the Legislature is to try to help, not hurt local agencies with the dissolution process. Last year, legislators advanced several bills that included helpful clean-up to dissolution statutes, supported by local government, to the Governor's desk. While two surgical measures, AB 471 and AB 1963, authored by Assembly Speaker Toni Atkins, were signed, other significant proposals including SB 1129 (Steinberg), AB 2493 (Bloom) and AB 1450 (Garcia) were vetoed.

The loss of redevelopment has been devastating for many communities. Cities lost the major tool they had to address the needs of poorer and blighted neighborhoods. Gone are significant resources that were

used to build affordable housing, transit-oriented development, clean up brownfields and rebuild infrastructure.

We strongly urge you to reject the harmful aspects of this proposal on cities; enough harm has already been done. We do recognize, however, that there are some proposals (listed on page 3 of the attached document) that could be helpful to cities, and, of course, would be willing to work with all stakeholders on such items and others to explore opportunities for consensus-based clean-up.

Thank you for your attention to this important matter.

cc: Mr. Michael Cohen, Director, Department of Finance