SUPREME COURT ANNOUNCES DECISION IN CRA V. MATOSANTOS

COURT UPHOLDS ABX1 26 BUT STRIKES DOWN ABX1 27 – WORST CASE SCENARIO FOR REDEVELOPMENT AND JOB CREATION IN CALIFORNIA. ACTION NEEDED IMMEDIATELY TO SECURE LEGISLATIVE "FIX" TO SAVE LOCAL REDEVELOPMENT AND JOBS.

Today, the Court announced its decision in *CRA v. Matosantos* – a devastating ruling that could forever change the face of California communities and hamper job creation and economic advancement. The Court upheld ABX1 26 (the redevelopment "elimination" bill), but struck down ABX1 27, the bill that would have allowed agencies to continue after making a payment to the state. Without immediate legislative action, the Court's ruling would mean redevelopment in California is abolished – destroying the source of hundreds of thousands of jobs and economic revival.

CRA and the League of Cities immediately called on the Legislature to convene to fix this worst case outcome. At the time of passing ABX1 26 and 27, it was clear the Legislature did not intend to abolish redevelopment. In fact, during the debate on the two bills Senate President Pro Tem Darrell Steinberg said "[T]his bill is the fair and right choice because it does not in fact eliminate redevelopment but it reduces its size."

CRA Board President Julio Fuentes said: "Without immediate legislative action to fix this disaster, this ruling is a tremendous blow to local job creation and economic advancement. The legislative record is abundantly clear that Legislators did not intend to abolish redevelopment. We will take lawmakers at their word and ask that they immediately reconvene to pass new legislation to revive redevelopment in California.

Jim Kennedy, CRA's interim Executive Director said: "CRA is ready and willing to engage in immediate dialogue with Legislators and the Governor on a meaningful 'fix' to this problem. We have ideas for ways to restore redevelopment while also providing the state budgetary relief in a manner that doesn't violate Prop 22. Time is of the essence, and the future of California's economy is at stake. We hope legislators will do the right thing, for the sake of our future."

IMMEDIATE ACTIONS ARE NEEDED

CRA calls on its members, their underlying local governments and all allies of redevelopment to engage now in contacting legislators to revive redevelopment. In doing so it is important that the redevelopment community work together, and speak with a clear and consistent message.

In early November, a letter was sent to the executive directors of the State's local redevelopment agencies updating them on CRA's plans for the future – no matter the Court's decision. The

CRA Board of Directors and staff have begun implementing an aggressive plan to restore redevelopment.

- Engaged a formidable team of legislative advocates, communication specialists, and strategists with the objective of improving political advocacy for redevelopment at the State Capitol.
- Continue to promote CRA's reform and repositioning proposals contained in SB 286 (Wright).
- Continue to work with agencies and housing interests to reform the use of the Low- and Moderate-Income Housing Fund (LMIHF), taking advantage of the opportunity the Governor's veto provides to achieve a more satisfactory outcome for redevelopment agencies.
- Continue to seek ways consistent with Proposition 22 in which redevelopment agencies can help address the state's fiscal problems.
- Improve and expand the means by which the CRA's membership can communicate with the CRA Board and provide input into advocacy and other areas.

We need all agencies and allies to immediately engage in the fight to revive redevelopment. Please be on the lookout for more information soon about this call to action.

SUMMARY OF CRA/LEAGUE LAWSUIT AND KEY MILESTONES; MORE INFO AVAILABLE ON CRA'S WEBSITE

California Redevelopment Agency v. Matosantos filed in the California Supreme Court by CRA, the League of California Cities, and the cities of San Jose and Union City, challenges the constitutionality of ABX1 26 and ABX1 27. These budget bills eliminate redevelopment agencies unless they agree to pay the state $1.7 billion in this fiscal year and $400 million to schools and special districts in subsequent budget years. The CRA/League legal team argued that these two budget bills directly violate Proposition 1A (2004), Proposition 22, and Article 16 Section 16 of the California Constitution. They outlined how the two bills are not severable both in fact and in intent.

The Court set an expedited briefing schedule in order to issue its decision prior to the January 15, 2012, the deadline for agencies to make their initial payment to the state under ABX1 27. The last reply briefs were due October 7, 2011 and the Court heard oral arguments on November 10, 2011. Today, the Court announced its decision. For more information about the lawsuit and legislation and a link to the oral arguments broadcasted on the CalChannel, go to CRA's website.

This Message is from the California Redevelopment Association
1400 K Street, Suite 240, Sacramento, CA 95814
(916) 448-8760; www.calredevelop.org
Please contact lhenegar@calredevelop.org if you have questions or comments.