



March 8, 2011

The Honorable Darrell Steinberg  
President Pro Tem, California State Senate  
State Capitol, Room 205  
Sacramento, CA 95814

The Honorable John Pérez  
Speaker, California State Assembly  
State Capitol, Room 219  
Sacramento, CA 95814

Dear Pro Tem Steinberg and Speaker Pérez:

We are writing to register – in the strongest possible terms – our deep concerns about the disastrous impacts on cities, counties and the entire state economy resulting from the elimination of all community redevelopment agencies. The legislation is terrible public policy destined to create far more litigation and economic dislocation, and far less revenue than the estimated by the Department of Finance. It is a poorly constructed idea that is disastrous for the state and its residents.

**The draft legislation puts our general funds and residents at risk.** Successor agencies must either assume all redevelopment liabilities and put their General Funds at risk or relinquish all control over billions of dollars in projects designed to aid their neediest residents and communities. Should cities not choose to become the Successor Agency because of unfunded liabilities and other risks created by this legislation, *any* other agency in the county, even an obscure special district, may take over and run those projects without *any* input from the original city or county. Had this legislation been in place three years ago, the city of Bell could have commandeered a neighboring jurisdiction’s redevelopment agency for its own motivations.

**The draft legislation reduces public accountability and opens the door to corruption.** Oversight boards would be created virtually overnight with unknown, non-elected appointees from a variety of entities (such as the county superintendent of education) and the area’s “largest non-enterprise special district, by property tax share.” At the same time, the legislation envisions *no* oversight board role for the single most prominent and accountable *elected* official, its mayor. A city council would be able to appoint only one of seven members

to the oversight board that would control its funds. The non-elected Los Angeles County Superintendent of Education, by contrast, would appoint a representative for the boards of up to 88 cities. Community college districts, one being the subject of a current withering expose' of its mishandling of billions of dollars in bond funds, would also have a seat at every table.

**The draft legislation imposes additional costs on cities and counties that have not been fully accounted for, realigning government resources and responsibilities with no acknowledgement of likely impacts.** This legislation effectively begins the realignment conversation in a piecemeal, tactical fashion with no strategic understanding of balance or sustainability. If the Governor wants to begin that conversation, this proposal should be considered as part of a broader and much more thoughtful process that encompasses all local and state resources and responsibilities. There is still time to have that conversation.

**The draft legislation forces a fire sale of agency assets that will damage California's already struggling real estate market.** It would flood real estate markets with an array of agency assets, a process the Governor found to be foolish when it came to the proposed sale of many state properties. It is unclear why what was considered a bad idea for the state has become a good idea for local governments, especially given its impact on the struggling real estate market. The uncertainty created by this legislation is already disrupting deals and inviting massive litigation. Private partners are already pulling out of major deals and talented employees with deep knowledge of projects are preparing to leave. Meanwhile, nonsensical restrictions would hobble the orderly disposition of assets, punish cities that already have devoted more than minimum amounts to affordable housing, and open up reviews of projects, further handcuffing successor agencies.

**The draft legislation punishes our neediest residents and communities while doing little to solve the state's budget problems this year or in the future.** California is already grappling with a reputation as a challenging place to do business. Removing our most powerful tool to stimulate job creation and the construction of badly needed housing is self-defeating without tools to encourage investment in economically-challenged neighborhoods; it is unclear how we could provide the necessary assistance to get private projects underway in these areas. The legislation abandons these neighborhoods with no thought to their future, or indeed of the state as a whole. Further, given this measure's treacherous legal standing, the state cannot confidently expect the projected \$1.7 billion in general fund relief that the Governor's budget envisions. In exchange for a drastic realignment of government operations, the state is betting it may receive a meager payoff.

We urge you to reject the Governor's proposal and consider alternative legislative approaches that can bring much-needed strategic reforms to redevelopment law, help close your serious budget challenges and retain the lone tool local governments have to find our way out of this fiscal crisis to a better place.

Pro Tem Steinberg and Speaker Pérez

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Very truly yours,



TOM TAIT  
Mayor – Anaheim



ASHLEY SWEARENGIN  
Mayor – Fresno



BOB FOSTER  
Mayor – Long Beach



ANTONIO R. VILLARAIGOSA  
Mayor – Los Angeles



JEAN QUAN  
Mayor – Oakland



KEVIN JOHNSON  
Mayor – Sacramento



JERRY SANDERS  
Mayor – San Diego



MIGUEL PULIDO  
Mayor – Santa Ana



CHUCK REED  
Mayor – San Jose

cc: The Honorable Jerry Brown, Governor of California  
Senator Bob Dutton, Senate Minority Leader  
Assembly Member Connie Conway, Assembly Minority Leader