Resolution in Opposition to the Governor’s Proposal to Abolish Redevelopment Agencies in California

RECOMMENDATION:

Council adopt the Draft Resolution, in opposition to the Governor’s proposal to abolish redevelopment agencies in California.

DISCUSSION:

Newly elected Governor Brown has proposed many program cuts and tax increases in his plan to balance California’s budget, which is currently a $25.4 billion deficit. One of his proposals is to eliminate the 400-plus redevelopment agencies in California. Governor Brown contends that redevelopment agencies strip away tax money that otherwise could be used for schools and essential services. Actually, redevelopment is a tool for building and improving communities, spurring job growth and taxes, and is the most significant provider of infrastructure, urban development and affordable housing in the State.

The elimination of Atascadero’s Redevelopment Agency will:

- Destroy local economic development
- Destroy our ability to revitalize blighted areas and bring them back to economic vitality
- Disable the City’s ability to support new businesses in the community and invest in facilities and improvements that provide jobs to retailers, restaurateurs, and construction workers
- Limit our ability to fund affordable housing, build public infrastructure improvements and create commercial opportunities
Future efforts by the City to support projects will be impossible without the support of redevelopment funding. Some past projects that have been supported by redevelopment funding are:

- Colony Square – Galaxy Theater
- Sunken Gardens
- Lewis Avenue Bridge
- Downtown Streetscape
- Zoo improvements
- The Community Center
- Stimulus programs for restaurants and businesses

All California cities recognize that our State is facing a tough budget crisis; our cities are also facing tough budget times. We know that cuts need to be made and that cities need to take on additional responsibilities to aid the State at this time. We are willing to work together on a solution to this problem. Eliminating redevelopment agencies is not the answer.

The League of California Cities has asked all cities to join together and adopt a Resolution in opposition to the proposal to abolish redevelopment agencies in California.

**FISCAL IMPACT:**

None. The abolishment of our Redevelopment Agency would eliminate the Agency's General Fund, which is currently $1,978,120.

**ALTERNATIVES:**

Council may decide to not oppose the elimination of redevelopment agencies in California.

**ATTACHMENTS:**

Draft Resolution
DRAFT RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ATASCADERO, CALIFORNIA IN OPPOSITION TO THE GOVERNOR’S PROPOSAL TO ABOLISH REDEVELOPMENT AGENCIES IN CALIFORNIA

WHEREAS, as part of its 2011-12 budget proposal, the Governor has proposed permanently abolishing California’s more than 400 local redevelopment agencies; and,

WHEREAS, this proposal represents more of the same misguided and illegal State budget raids of local government funds that voters have repeatedly sought to end, most recently in November 2010 when an overwhelming 61% of voters elected to stop State raids of local government funds, including redevelopment funds; and,

WHEREAS, this proposal will bring very little financial benefit to the State. According to the State Controller’s Office, redevelopment agencies have more than $87 billion in bond and other contractual obligations that legally must be repaid before revenues are available to any other purpose. In fact, according to the State Department of Finance’s own budget documents, there will be zero State savings in out years from shutting down redevelopment; and,

WHEREAS, this proposal will destroy local economic development, including hundreds of thousands of jobs and billions of dollars in local economic activity throughout California; and,

WHEREAS, abolishment of redevelopment in Atascadero will destroy our ability to revitalize blighted areas in our community and bring them back to economic vitality by creating jobs, funding affordable housing, building public infrastructure improvements and creating commercial opportunities; and,

WHEREAS, abolishment of redevelopment in Atascadero would disable the City’s ability to support new businesses in the community and invest in facilities and improvements that provide hundreds of jobs to retailers, restaurateurs, and construction workers; and,

WHEREAS, projects supported by redevelopment funding in the past include Colony Square – Galaxy Theatre, Sunken Gardens, Lewis Avenue Bridge, Downtown Streetscape, Zoo improvements, a new Community Center, and financial incentives for new restaurants and businesses. Future efforts along these lines would be impossible without the support of redeveloping funding; and,

WHEREAS, throughout California, redevelopment activities support 304,000 jobs annually, including 170,600 construction jobs, contribute over $40 billion annually to California’s economy in the generation of goods and services, and generate more than $2 billion in state and local taxes in a typical year; and,
WHEREAS, eliminating redevelopment will take away one of the few tools local
governments have to comply with state requirements to plan for more compact urban
development supported by transit-oriented development, housing, jobs and infrastructure; and,

WHEREAS, eliminating redevelopment will destroy the development of affordable
housing in California. Redevelopment agencies are the second largest funder of affordable
housing, behind only the federal government, responsible for over 98,000 units of affordable
housing since 1993; and,

WHEREAS, shutting down redevelopment agencies is a violation of multiple State and
Federal constitutional provisions.

NOW, THEREFORE, BE IT RESOLVED that the City of Atascadero formally
opposes the Administration’s proposal to abolish redevelopment in California.

THEREFORE, BE IT FURTHER RESOLVED, that the City of Atascadero authorizes
its City Council and City staff to communicate its opposition to this proposal to the Governor,
the Legislature, business groups, and citizens.

On Motion by Council Member ____________________________ and seconded by Council
Member ____________________________, the foregoing Resolution was adopted on the following roll-call
vote:

AYES:

NOES:

ABSENT:

ADOPTED:

CITY OF ATASCADERO:

ATTEST: Tom O’Malley, Mayor

Marcia McClure Torgerson, C.M.C., City Clerk

APPROVED AS TO FORM:

Brian A. Pierik, City Attorney