



California Redevelopment Association

Redevelopment. Building Better Communities

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GOVERNOR'S PROPOSAL ELIMINATING REDEVELOPMENT IS MORE BUDGET SMOKE AND MIRRORS THAT WILL BRING LITTLE FINANCIAL BENEFIT TO STATE BUT WILL CAUSE SIGNIFICANT HARM TO CALIFORNIA'S ECONOMY

SACRAMENTO, CA – Today, Governor Jerry Brown unveiled his proposal to address California's massive budget deficit by eliminating redevelopment agencies statewide. This proposal was announced just seconds after the Governor acknowledged that, "...redevelopment has done some important things."

According to California Redevelopment Association Executive Director, John Shirey, "This budget proposal to eliminate redevelopment is more budget smoke and mirrors that will bring little financial gain for the State, but will cause widespread and significant economic pain in communities throughout California. It is another gimmick that will likely result in extensive litigation."

Redevelopment is a vital local government tool in revitalizing blighted communities and bringing them back to economic vitality by creating jobs, funding affordable housing, building public infrastructure improvements, and creating commercial opportunities. Further, if redevelopment were eliminated, it will have a direct and lasting negative impact on the California economy.

The Governor's proposal presents a series of contradictions and inconsistencies. For example, the Governor made the following statement released this morning, "...We must now return California to fiscal responsibility and get our state on the road to economic recovery and job growth." However, his budget proposal contradicts this statement given the fact that redevelopment activities support over 304,000 full- and part-time private sector jobs on an annual basis.

"The State and local governments have very few tools to stimulate the economy, but redevelopment is the exception," continued Shirey. "Redevelopment is already a locally-governed service which generates hundreds of thousands of jobs and puts people to work at a time when unemployment is soaring over 12 percent. Redevelopment contributes tens of billions of dollars to our economy and is responsible for more than \$2 billion in state and local taxes each year. It makes no sense to kill this economic engine."

"Bottom line, the budget proposal to eliminate redevelopment will hurt California and cripple the local economy in cities and counties statewide. It is not a solution and will not work to solve the State's budget problems," concluded Shirey.

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FACTS ABOUT REDEVELOPMENT:

- **Redevelopment Supports Private Sector Jobs.** Redevelopment activities support 304,000 full- and part-time jobs in a typical year, including 170,600 construction jobs.
- **Redevelopment contributes over \$40 billion annually to California's economy in the generation of goods and services.** Redevelopment agency activities increase the state's construction sector output by about \$19 billion annually.
- **Tax Revenue Contributions.** Redevelopment construction activities generate more than \$2 billion in state and local taxes in a typical year.
- **Redevelopment funds infrastructure and builds commercial, industrial and residential developments statewide.** In 2007-08, 398 active redevelopment agencies implemented economic development-related projects in 756 project areas in local jurisdictions. During that year, \$8.28 billion were expended for project-related costs (paying bonds, building construction, property acquisition, and other activities).
- **Redevelopment is a Locally-Governed Program.** Redevelopment agencies are locally-based units of government and managed by elected officials and public agency staff in the city or county which they represent.
- **Infill-Centered Growth.** Communities use redevelopment for cleaning up brownfield sites, building infill projects, and spurring local job creation. Redevelopment encourages infill development rather than greenfield development. Redevelopment agencies have the experience and tools needed to help implement the regional Sustainable Communities Strategy plans required by AB 32/SB 375, and to alter the state's growth patterns.
- **Green and Sustainable Development.** Redevelopment agencies are actively pursuing green and sustainable building principles, including implementation of CALGREEN standards.
- **Catalyst for change.** Redevelopment investments provide the infrastructure improvements that leverage private investment and breathe new economic life into areas that would otherwise languish.
- **Redevelopment is the largest funder of affordable homes in California after the federal government.** Over 98,000 units of affordable housing have been constructed or rehabilitated since 1993. Twenty percent of property tax revenues generated from redevelopment activities must be spent for affordable housing.

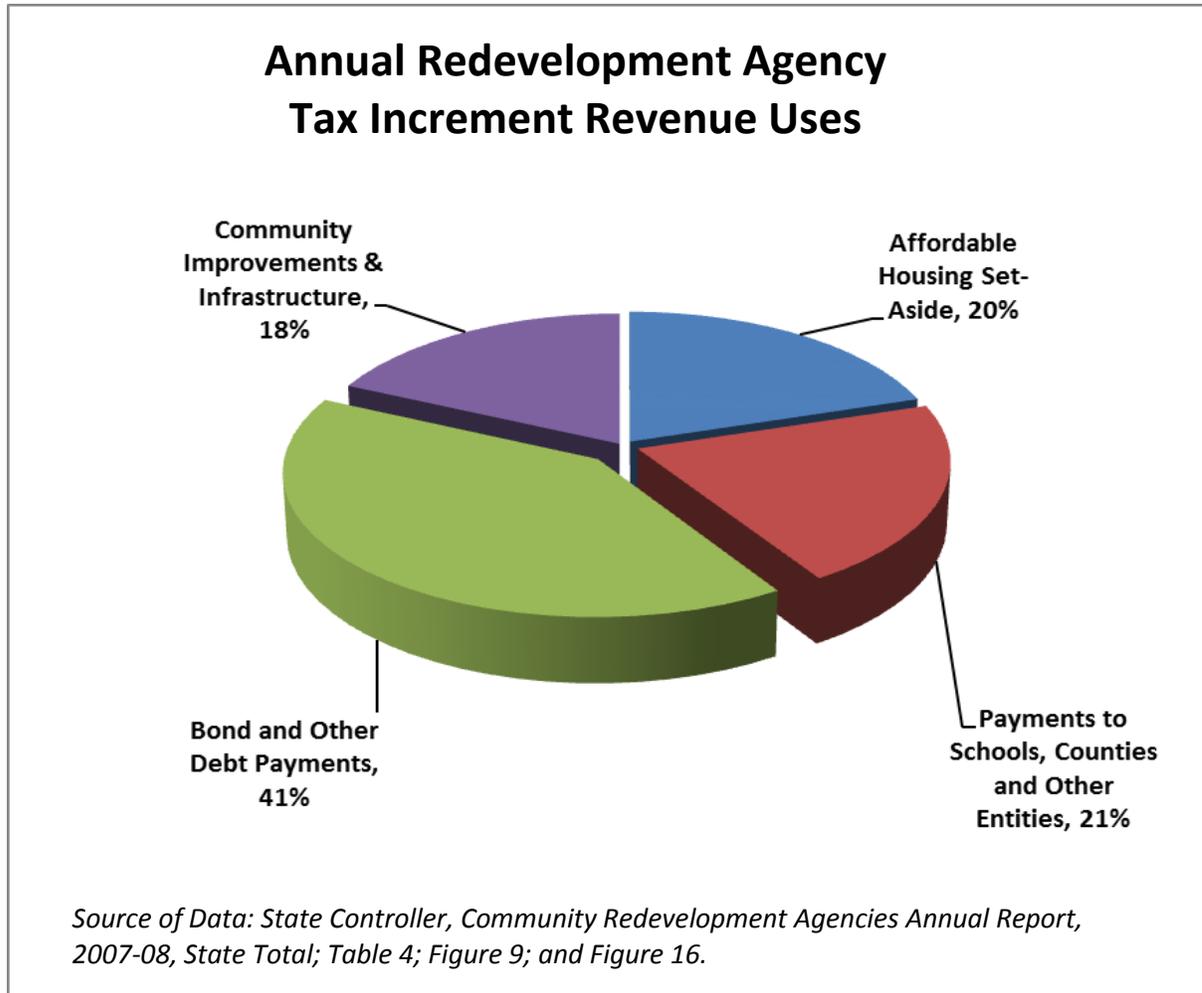
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The below chart illustrates the usage of redevelopment agency tax increment revenues on an annual basis:



ABOUT THE CALIFORNIA REDEVELOPMENT ASSOCIATION:

The California Redevelopment Association (CRA) was established as a not-for-profit organization in 1979. CRA represents redevelopment agencies and allied firms throughout the state of California in responding to legislative proposals and administrative regulations, providing member services, conducting training and professional development events, and providing public information regarding redevelopment law and activities. CRA is comprised of over 350 redevelopment agencies. In addition, CRA's associate members include more than 300 private sector companies such as financial institutions, redevelopment consultants, developers, and law firms that are involved in the redevelopment process. For more information, visit www.calredevelop.org.

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