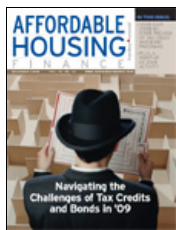


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Court Rules California RDAs Can Be Eliminated

In a move that could thwart affordable housing development across California, the state Supreme Court affirmed that the state can abolish more than 400 redevelopment agencies (RDAs).

The state acted legally when it moved to eliminate the local agencies that help promote and subsidize development in blighted areas, according to the decision. The court also ruled invalid a bill that would have reconstituted the agencies in a different form.

"Today was a huge blow for anyone in California that struggles to pay rent or lives in unsafe conditions," said Shamus Roller, executive director of Housing California, in a statement. "The Legislature must find a new way to address the housing needs of working families in California. We know this isn't what the Legislature intended, and families across California need them to fix it."

RDAs have been a key source of funding for affordable housing in California. Twenty percent or more of their funds go to build and preserve affordable homes. The loss of those funds will be devastating, say housing advocates.

"The 20 percent of tax-increment financing generated by redevelopment agencies is the single-most important source of local government financing for the creation and preservation of affordable housing throughout the state. This decision comes at the worst time when millions of Californians continue to lose their jobs to a struggling economy and their homes to foreclosure" said Peggy Lee, acting executive director of the Non-Profit Housing Association of Northern California.

In June, the state Legislature passed two bills in a move to seize redevelopment money and help reduce the state budget deficit. The first abolished the RDAs, and the second allowed the agencies to continue to operate if they made payments into funds that benefit schools and special districts.

The redevelopment agencies promptly sued.

The latest court decision backs the state's decision to eliminate the RDAs. Barring some changes, the court also appears to have shut the door on the option that would have allowed agencies to continue if they paid.

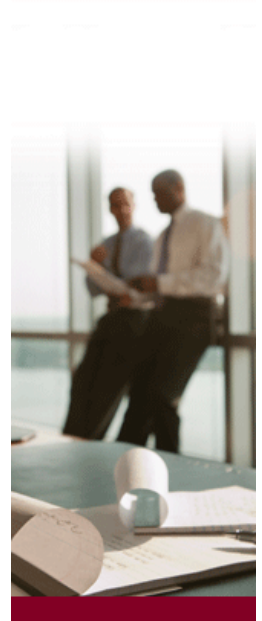
Affordable housing leaders and local officials reacted by expressing what is at jeopardy.

"Today's Supreme Court decision eliminates critical tools to rebuild our economy, create jobs, and revitalize neighborhoods – exactly the kinds of investments California cities

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jobs, and revitalize neighborhoods – exactly the kinds of investments California cities should be making in this recession,” said San Jose Mayor Chuck Reed.

He said the decision will stall job creation efforts in San José at the worst possible time.

“Redevelopment funding provides critical tools to rebuild our economy, create jobs, and build affordable housing – exactly the kinds of investments we should be making in this recession,” Reed said. “Instead, we’ve had to cancel and delay projects that would get our economy moving again and put people back to work.”

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