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Contra Costa Times editorial: California's raid on redevelopment money hurts cities

MediaNews editorial

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THE HEAVY COST of the Schwarzenegger administration's misguided policy of raiding local redevelopment money is being felt in communities across the East Bay. Projects in Richmond, Pittsburg and San Pablo that are ready to move ahead will now be put on hold, bringing urban renewal progress to a halt and taking a toll on job development.

Cities hoped that Superior Court Judge Lloyd Connelly would have ruled against the redevelopment raid as he did a year ago. However, the bill forcing redevelopment agencies statewide to hand over $2.05 billion in local redevelopment funds to the state to help fill a budget hole was upheld on what we believe are questionable grounds.

Unlike previous redevelopment raid legislation, the latest bill mandated that the money would have to be used to help students within the redevelopment agency boundaries.

Connelly ruled that the change was sufficient to make the bill legal because the state would use the money to help support schools within redevelopment zones and as such served a public purpose.

Should this overly broad ruling, which is under appeal, be sustained, redevelopment agencies might never recover. Even if redevelopment agencies are once again allowed to retain property tax money a year or two from now, there is no assurance that the state won't be able to make additional raids when it faces future budget problems.

If redevelopment agencies cannot rely

on uninterrupted incremental property tax revenue over many years to finance public works, they will not be able to sell bonds to raise money for projects.

Also, there are many redevelopment districts that do not have schools or many students within their boundaries. How can redevelopment funds in such districts be fairly distributed to education?

We sympathize with California Redevelopment Association Executive Director John Shirey, who pointed out that, under Connelly's ruling, the Legislature would have unlimited discretion to redirect local redevelopment funds to any purpose it wishes.

In other words, that could be the end of redevelopment agencies statewide.

Gov. Arnold Schwarzenegger, who cannot seem to see more than a few months into the future, is pleased with the ruling, because it gives the state another $2 billion for the next budget.

Evidently, he does not understand how the ruling and his policy undermines his goal of creating jobs in California. Redevelopment stimulates billions of dollars in economic activity and supports thousands of jobs, mostly in construction, one of

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the hardest-hit employment sectors.

The redevelopment agency fund raid is a serious blow to many struggling East Bay cities and to the state's economic future. It is a bad policy that never should have been made and must be overturned.

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