



City of Placerville
3101 Center Street
Placerville, California 95667
(530) 621-CITY, Fax: (530) 642-5538

January 25, 2011

Honorable Jerry Brown
Governor
State Capitol
Sacramento, CA

**RE: Eliminating or curtailing redevelopment will weaken the economy
and not provide budget relief for the State**

Dear Governor Brown:

As local elected officials, we understand the difficulty of passing a budget in these times of limited resources and worldwide economic meltdown. Those of us in local government have been forced to make difficult decisions to bring our own budgets into balance.

However, even in difficult times, the Governor's proposal to eliminate or curtail redevelopment is short-sighted public policy that will damage our economy and bring little budget relief to the State. The proposal to eliminate redevelopment:

- Will not provide expected budget relief to the State or local governments after bond issues and contractual obligations are repaid;
- Will destroy billions of dollars in local economic activity and hundreds of thousands of jobs;
- Will kill the state's leading program to provide affordable housing; and
- Will harm our efforts to grow responsibly by focusing on urban and infill development.

The proposal will not provide budget savings to the State or local governments.

Redevelopment agencies issue bonds to finance redevelopment activities, which must be repaid with interest. Under the federal and state constitutions, these and other contractual obligations must be met before revenues are made available to any other entities or purposes. Agencies currently hold over \$20 billion in bonded indebtedness.

The proposal will kill jobs and economic expansion at the worst possible time.

Eliminating redevelopment will have a direct and lasting negative impact on the California economy and job creation.

- Redevelopment activities support an average of 304,000 full- and part-time private sector 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, including increasing the state's construction sector output by about \$19 billion.
- Redevelopment construction activities generate \$2 billion in state and local taxes in a typical year.
- Specific to the City of Placerville, we have encountered a 30% drop in sales tax in the past 2-3 years. Placerville has spent the past year preparing a redevelopment plan to bring business back to our historic town. Redevelopment will enhance our revenues as well as revenues to the State.

The proposal is bad for the environment, bad for working families, bad for our state.

Eliminating redevelopment will take away the primary tool local governments have to comply with SB 375, to grow sustainably, and to provide affordable housing. Consider the following:

- **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.
- **Redevelopment is the second 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 on affordable housing.

This proposal runs completely contrary to the Governor's and Legislature's stated goals of realigning state services to provide more responsibility and funding locally. Redevelopment funds are already locally-generated property tax dollars (agencies do not receive State funding) directed toward community projects and programs directed by locally-elected officials with input from citizens. The proposal wipes out the only tool local governments have to drive economic growth, build up tax revenues, and grow sustainably.

We urge you to reject this misguided proposal.

Sincerely,

Dave Machado
Mayor