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Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. 83163 C.M.S.

RESOLUTION DECLARING THE CITY OF OAKLAND'S OPPOSITION TO GOVERNOR JERRY BROWN'S PROPOSAL TO ELIMINATE LOCAL REDEVELOPMENT AGENCIES BY JULY 1, 2011 AS PART OF THE GOVERNOR'S BUDGET-BALANCING PROPOSAL, URGING THE GOVERNOR AND THE STATE LEGISLATURE TO REJECT THIS MISGUIDED PROPOSAL, AND DIRECTING THE CITY'S STATE LOBBYIST TO ADVOCATE AGAINST THIS PROPOSAL

WHEREAS, on January 10, 2011, Governor Jerry Brown issued his budget-balancing proposal for the State of California to address a budget shortfall of \$25.4 billion in the fiscal year ("FY") 2011-12 California State budget; and

WHEREAS, the Governor's budget-balancing proposal would eliminate redevelopment agencies by July 1, 2011; and

WHEREAS, eliminating or curtailing redevelopment will weaken the economy and will not provide budget relief for the state; and

WHEREAS, the City of Oakland understands the difficulty of passing a budget in these challenging times of limited resources and worldwide economic meltdown, particularly because the City Council and the City Administration have been forced to make difficult and painful decisions to balance the budget for the City of Oakland; and

WHEREAS, 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 of California after bond issues and contractual obligations are repaid; and

WHEREAS, the elimination of redevelopment will (1) destroy billions of dollars in local economic activity and hundreds of thousands of jobs, (2) kill the state's leading program to provide affordable housing, and (3) harm our efforts to grow responsibly by focusing on urban and infill development; and

WHEREAS, the Governor's proposal will not provide budget savings to the state or local governments because redevelopment agencies issue bonds to finance redevelopment activities, which bonds, in accordance with the provisions of the federal and state constitutions, must be repaid with interest and these and other contractual obligations must be met before revenues are made available to any other entities or purposes; and

WHEREAS, redevelopment agencies currently hold over \$20 billion in bonded indebtedness; and

WHEREAS, eliminating redevelopment will kill jobs and economic expansion at the worst possible time causing a direct and lasting negative impact on the California economy and job creation; and

WHEREAS, 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; and redevelopment construction activities generate \$2 billion in state and local taxes in a typical year; and

WHEREAS, the Governor's proposal is bad for the environment, bad for working families and bad for our state because the elimination of redevelopment will take away the primary tool local governments have to comply with Senate Bill 375, to grow sustainably, and to provide affordable housing; and

WHEREAS, communities use redevelopment for cleaning up Brownfield sites, building infill projects and spurring local job creation; redevelopment encourages infill development rather than Greenfield development; and redevelopment agencies have the experience that is necessary to help implement the regional Sustainable Communities Strategy plans required by Assembly Bill 32/Senate Bill 375; and

WHEREAS, twenty percent (20%) of property tax revenues generated from redevelopment activities must be spent on affordable housing and redevelopment is the second largest funder of affordable homes in California after the federal government, as evidenced by the more than 98,000 units of affordable housing that have been constructed or rehabilitated since 1993; and

WHEREAS, the Governor's proposal to eliminate redevelopment is wholly at odds with the Governor's and the Legislature's stated goals of realigning state services to provide more responsibility and funding at the local level since redevelopment funds are already locally-generated property tax dollars (these agencies do not receive state funding) directed toward community projects and programs that locally elected officials oversee with input from residents; and

WHEREAS, the Governor's proposal wipes out the only tool local governments have to drive economic growth, build up tax revenues and grow sustainably; and

WHEREAS, the Redevelopment Agency of the City of Oakland since its establishment in 1956 has been essential to the elimination of blight in Oakland's low income communities, the provision of jobs and business income to Oakland residents, the remediation of environmental contamination, the preservation and restoration of historical buildings, the reuse of former military bases, and the provision of thousands of housing units affordable to low and moderate income families; and

WHEREAS, using the tools of the California Community Redevelopment Law, the Redevelopment Agency of the City of Oakland has been instrumental in support of infill commercial development, affordable housing development, property rehabilitation, and the development of public facilities and infrastructure in Oakland's ten redevelopment project areas throughout the City; and

WHEREAS, most recently, in downtown Oakland, the Redevelopment Agency of the City of Oakland has been essential in moving toward the goal of bringing 10,000 new residents downtown by providing funding and facilitating land assembly, site clearance, and environmental remediation for the construction of thousands of new housing units; and

WHEREAS, in November 2010, the California voters passed Proposition 22, an amendment to the California Constitution which bans the taking of redevelopment funds by the State of California, expressing the California electorate's support of redevelopment agencies and the vital services and projects they support and implement; now therefore be it:

RESOLVED: that the City Council of the City of Oakland declares its opposition to the Governor's proposal to eliminate redevelopment agencies by July 1, 2011; and be it

FURTHER RESOLVED: that the City Council calls upon and urges the Governor and the State Legislature to reject this misguided proposal; and be it

FURTHER RESOLVED: that the City Council directs the City Administrator to assure that the City's State lobbyist advocates against the Governor's proposal to eliminate redevelopment agencies and funding therefor; and be it

FURTHER RESOLVED: that the City Council directs the City Clerk to send a copy of this Resolution to the members of the California State Legislature and, the Governor.

IN COUNCIL, OAKLAND, CALIFORNIA, JAN 18 2011

PASSED BY THE FOLLOWING VOTE:
BROOKS, ~~BRUNNER~~, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, AND
PRESIDENT REID -

AYES - 7
NOES - 0
ABSENT - 0
ABSTENTION - Brunner - 1

ATTEST:



LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California