

Law Matters

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Redevelopment Agency Redux

By Joseph B. Adams and My-Linh T. Le

Lawmakers, attorneys, property owners, commercial developers, and environmental watchdogs are all keeping a close eye on the progress of a bill that is currently under consideration in the California State Assembly. The bill, known as AB1080, would resurrect California's redevelopment agencies that were recently disbanded as part of Governor Jerry Brown's efforts to control the state budget.¹

A redevelopment agency is a government body dedicated to urban renewal. Typically it is a municipal-level city department focused on a particular district or corridor that has become neglected or blighted. In many cases the area in need of redevelopment is the city's original downtown that has been supplanted in importance by a regional shopping center. Redevelopment efforts often focus on reducing crime, destroying unsuitable buildings and dwellings, restoring historic features and structures, and creating new landscaping, housing and business opportunities mixed with expanded government services and transportation infrastructure. Funding for redevelopment agencies in California was achieved through local property taxes. In some cases, this resulted in less property taxes being used to fund schools, police, fire, and other local obligations like bond payments.

The Polanco Act² was established in 1990 to assist redevelopment agencies in the rehabilitation of Brownfield properties and details processes for redevelopment agencies to follow when cleaning up hazardous substance releases. It also provides immunity from liability for redevelopment agencies and subsequent property purchasers for sites cleaned up under a remediation plan approved by the Department of Toxic Substances Control. In the summer of 2011, the Legislature enacted two measures intended to stabilize school funding: 1) Assembly Bill IX 26 bars redevelopment agencies from engaging in new business and provides for their windup and dissolution; 2) Assembly Bill IX 27 offers an alternative which allows redevelopment agencies to continue to operate if the cities and counties that created them agree to make payments into funds benefiting the state's schools and special districts. Affected parties, such as the California Redevelopment Association and the League of California Cities, sought extraordinary writ relief from the California Supreme Court, arguing that each measure was unconstitutional. The Supreme Court's decision in California Redevelopment Assn. v. Matosantos, 53 Cal. 4th 231 (2011), upheld Assembly Bill IX 26, thereby abolishing redevelopment agencies. The Court then invalidated Assembly Bill IX 27 in its entirety. As reformed by the court, Assembly Bill IX 26 required all redevelopment agencies to dissolve effective February 1, 2012. Since that date, all redevelopment agencies have ceased to exist.

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However, efforts are still underway in the Legislature to restore the incentives and protections the Polanco Redevelopment Act has provided for more than 20 years, as there is need for clear statutory authority for redevelopment successor agencies to compel Brownfield clean up. As part of these efforts, AB1080 was introduced by Luis Alejo on February 22, 2013. Alejo and the other authors of the bill have come up with a new name for redevelopment agencies: "Community Revitalization Investment Authorities." As before, redevelopment agencies established anew under AB1080 would be authorized to provide funding to rehabilitate, repair, upgrade, or construct infrastructure; provide for low-and moderate-income housing remedy; and remedy or remove a release of hazardous substances pursuant to the Polanco Redevelopment Act.³

Alejo is the Assembly Member representing California's 30th district, which encompasses Salinas, Watsonville, and Hollister.³ Constituents of California's 30th district have a particular interest in bringing back redevelopment agencies as many of the towns in the district were hit hard by the recession and would benefit from urban revitalization. A long-time champion of redevelopment agencies, Alejo introduced a similar bill⁴ in June of 2011, just before the legislation disbanding California redevelopment agencies was enacted later that same month.⁵

AB1080 was last amended in the State Senate on August 20 of this year and is currently held under submission by the Senate Appropriations Committee. We will continue to watch the progress of the bill and report on any significant changes.

CITATIONS

1. <http://www.thecalifornian.com/article/20130418/BLOGS03/130418002/Alejo-bill-reestablish-redevelopment-agencies-passes-committee>.
2. <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=hsc&group=33001-34000&file=33459-33459.8>
3. http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1080.
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5. http://leginfo.ca.gov/pub/11-12/bill/asm/ab_0001-0050/abx1_26_bill_20110629_chaptered.html.