

# State's RDA takeaways earn new lawsuit

**COURTS:** Local groups say demands are just as unconstitutional as they were in 2008.

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The state may have abandoned its appeal of a Sacramento Superior Court ruling that found its 2008 taking of \$350 million from redevelopment agencies unconstitutional, but the battle for redevelopment funds is far from over.

In the next couple of weeks, the California Redevelopment Association intends to file with the Sacramento Superior Court a second lawsuit against the state — this time for the \$2.05 billion payment required by redevelopment agencies over the next two years.

For the Long Beach Redevelopment Agency, it means making a \$30 million payment for

the 2010 fiscal year and a \$6 million payment for FY 2011. (The Long Beach RDA had to modify its budget, making \$10 million in cuts and borrowing \$20 million in housing funds to make the upcoming payment.)

“While we’re happy that the state dropped their appeal, it’s still irresponsible for the state to have done the same thing a second time,” said John Shirey,

CRA executive director of CRA, a nonprofit that has about 360 RDAs as members.

In April, Sacramento Superior Court Judge Lloyd Connelly sided with the CRA and redevelopment agencies, saying that Gov. Arnold Schwarzenegger and state lawmakers violated the constitution when they required agencies to contribute more for education programs.

Connelly said in his ruling that the funds didn’t directly benefit redevelopment project areas. He noted that these monies are spent anywhere within a county and don’t necessarily relate to school programs that benefit redevelopment project areas.

The state filed papers to appeal the decision but dropped it last week.

“We think the legal issues

that had been at issue in the first trial court’s decision have been addressed,” said H.D. Palmer, deputy director of External Affairs for the California Department of Finance. “Based on that earlier decision and working with our lawyers, we believe that we have crafted this second transfer in a manner that should address those concerns.”

Encouraged by the favorable

first ruling, Shirey is confident that the CRA and redevelopment agencies will prevail in its second suit.

“To us, the arguments are the same,” Shirey said. “This isn’t a matter of changing statute. This is a matter of obeying the constitution and we still believe that this \$2.05 billion take is against the law.”

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