

January 18, 2011

*State Legislator
Address
City, State, Zip*

ELIMINATING OR CURTAILING REDEVELOPMENT WILL DRASTICALLY REDUCE REVENUES AND DAMAGE THE ECONOMY OF SAN LEANDRO

Dear _____ :

As local elected officials, we understand the difficulty of passing a budget in these times of limited resources. 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 redevelopment agencies is short-sighted public policy that will damage our economy. The proposal to eliminate redevelopment:

- Violates the will of the voters by taking local funds that were protected by Prop 22;
- Will dramatically reduce San Leandro's revenue;
- Will curtail the most effective source of economic development stimulus;
- 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 directly contradicts the expressed will of the voters.

In November 2010, voters overwhelmingly approved Proposition 22, amending the Constitution to forbid the state from redirecting local revenues. Proposition 22 prohibits the state from requiring a redevelopment agency to remit property tax to or for the benefit of the state or any other jurisdiction. Whether or not the current proposal violates the Constitution, it is a clear violation of the intent of the recent amendment and the will of the voters.

The proposal will have a catastrophic impact of the City of San Leandro.

Despite assertions that the Governor's proposal will return funding and control to local governments, the elimination of Redevelopment will result in a drastic reduction in property tax revenues for the City of San Leandro. San Leandro, which receives a mere 12% of property tax revenue, will be particularly hard hit by this redistribution. The proposal will cost San Leandro upwards of \$5 million per year, eliminating our ability to provide business assistance, economic development, and affordable housing services.

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. A few examples of economic development spurred by redevelopment in San Leandro include:

- **Creekside Plaza Office Complex.** Although primarily financed privately, this project would not have been feasible without the land assembly assistance and minimal gap financing contribution by the Redevelopment Agency. Creekside is San Leandro's only class-A office development, generates on-going property tax revenue and is home to over 1,000 quality jobs.
- **Downtown Garage Construction.** Redevelopment financing is facilitating construction of a Downtown parking garage, an essential step in supporting growth consistent with the City's award winning Transit Oriented Strategy. The garage will facilitate mixed-use, infill development in Downtown San Leandro, leading to creation of upwards of 200 new jobs and enhanced economic vitality downtown. The construction project will support over 50 jobs in the construction industry over 18 months.
- **Marina Automall.** The Redevelopment Agency spearheaded the development of the Marina Automall directly generating an estimated 500 jobs and substantial sales tax revenues for the City.

The Agency has also supported numerous infrastructure improvements to create climate conducive to business growth. Business assistance programs funded by Redevelopment provide targeted support to small and mid-sized businesses that form the core of our economy. All of these efforts are designed to support job creation and economic vitality for the City and region. Public support for economic development in San Leandro would be virtually non-existent without Redevelopment.

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 building infill projects and spurring local job creation. Redevelopment encourages infill development rather than greenfield development. Often, a small contribution of gap financing can make the difference in success of a project. Implementation of San Leandro's Transit Oriented Development Strategy which provides environmental clearance for up to 3,400 residential units, 120,000 square feet of retail and over 700,000 square feet of office space will be severely impacted by the elimination of Redevelopment.
- **Redevelopment is the second largest funder of affordable homes in California** after the federal government, constructing over 98,000 units since 1993. Twenty percent of property tax revenues generated from redevelopment activities must be spent on affordable housing. San Leandro's recently completed Estabrook Place, with 51 much-needed affordable senior dwelling units, would not have been possible without Redevelopment. The Alameda, a planned 100-unit affordable family project adjacent to our downtown BART station, will almost surely be canceled without assistance from the Redevelopment Agency. Redevelopment in San Leandro has made hundreds of affordable homes possible.

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 San Leandro has to drive economic growth, create jobs, build up tax revenues, and grow sustainably. In spite of much talk about enhanced local control, we fear that the State is once again seeking to balance its budget by redirecting local revenues.

On behalf of the City Council of the City of San Leandro, I urge you to reject this misguided proposal.

Sincerely,

Stephen H. Cassidy, Mayor