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San Jose Redevelopment Agency Forced to Pay \$62 Million to Solve California's Budget Deficit and Pay State Obligations

SAN JOSE, CALIF. – The San Jose Redevelopment Agency yesterday was forced to turn over \$62,247,530 to the Santa Clara County Controller, a required payment resulting from the State's decision to raid \$2.05 billion in local redevelopment funds as part of the 2009-10 State Budget. Instead of going to fund local job creation, economic growth and urban revitalization projects, this money will now be siphoned off to help pay the State's obligations.

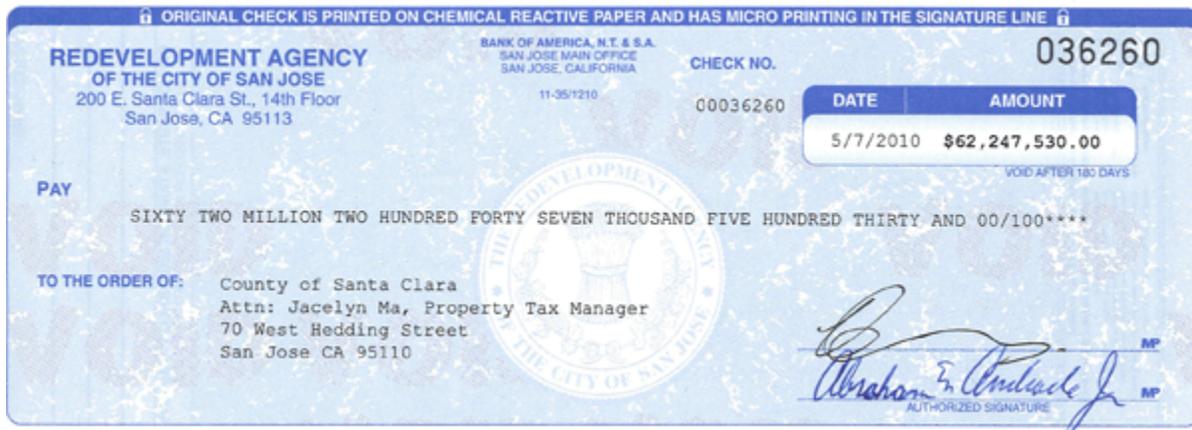
The payment was made in accordance with a ruling by Sacramento Superior Court Judge Lloyd Connelly last week, which instructed local redevelopment agencies to abide by the provisions of ABX4-26 passed last year as part of the state budget. The bill allows the State to take \$2.05 billion in redevelopment funding to use for State obligations. The California Redevelopment Association (CRA) is appealing the Superior Court ruling to the Court of Appeal.

"Taking this funding will stall job creation efforts in San Jose at the worst possible time," said Mayor Chuck Reed. "Once again, Sacramento's budget failures have serious consequences for the residents and businesses of San Jose and the entire State of California. Redevelopment funding provides critical tools to rebuild our economy, create jobs, and build affordable housing – exactly the kinds of investments we should be making in this recession. Instead, we've had to cancel and delay projects that would get our economy moving again and put people back to work."

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California Redevelopment Association Executive Director John Shirey vowed to fight the Superior Court ruling: “We strongly disagree with Judge Connelly’s ruling which effectively says the Legislature has unlimited discretion to redirect local redevelopment funds to any purpose it wishes. Under that logic any state program could be called redevelopment. The Legislature needs to deal with its budget problems by making hard decisions using its own limited resources -- not by taking away local government funds. We have a strong case and feel confident the lower court ruling will be overturned by the Court of Appeal,” said Shirey.

“We disagree with the ruling and will support the appeal. The taking of local redevelopment funds is illegal,” said Harry Mavrogenes, Executive Director of the San Jose Redevelopment Agency. “The money being turned over to fund State obligations was going to be used for local revitalization projects that would have improved our community, created jobs and stimulated our local economy.”



About the San Jose Redevelopment Agency

The Agency is dedicated to improving the quality of life for all who live and work in San Jose. Governed by the City Council, acting as the Redevelopment Agency Board, the Agency facilitates and oversees comprehensive programs for development to revitalize and strengthen quality of life and competitiveness for San Jose’s downtown, neighborhoods and industrial areas. For more information, visit www.sjredevelopment.org.

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