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California Supreme Court Confirms That Legislature Can Wind Up Redevelopment Agencies

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The CRA v. Matosantos Opinion.

In an opinion filed December 29, 2011, the California Supreme Court, in *California Redevelopment Assn. v. Matosantos*, 53 Cal. 4th 231, 135 Cal. Rptr. 3d 683, 267 P.3d 580 (2011 upheld Assembly Bill 1X 26, which dissolves redevelopment agencies as of October 1, 2011. The opinion also invalidated Assembly Bill 1X 27, which provided for the continuation of redevelopment agencies if the local jurisdiction agreed to make substantial payments to fund education and other functions. The immediate impact of this ruling is that it dissolves redevelopment agencies, and transfers control of redevelopment agency assets to a successor agency, which is contemplated to be the city or county that created the redevelopment agency. Because of the litigation and an associated partial stay, the Supreme Court extended all deadlines imposed under AB1X 26 by four months. Thus, the dissolution date of October 1, 2011 specified in AB1X 26 was extended to February 1, 2012. Enforceable obligations existing before adoption of the legislation in June 2011 are unaffected, and should continue to be honored by the successor agency.

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