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UPDATED: Sifting Through the Ashes: The Demise of Redevelopment Agencies and the Scramble to Figure Out the Next Step

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Faced with a multi-billion dollar budget deficit, Governor Jerry Brown targeted the dissolution of redevelopment agencies ("RDAs") as a means to lower the deficit and redirect RDA assets to other areas of state and local government. In July 2011, the legislature passed Assembly Bill 1X 26 ("AB 1X 26"), which dissolved RDA's and directed successor agencies to sell the former RDA's non-housing assets for the benefit of the taxing authorities and/or be used to satisfy the outstanding obligations of the former RDA. In *California Redevelopment Association v. Matosantos*, the California Supreme Court upheld the constitutionality of AB 1X 26, finding that if the legislature can create RDAs, it also has the power to dissolve them.

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