

The California Supreme Court waited until the very end of 2011 to issue the year's most important land use decision. While the specific issues relate to arcane issues of public finance and state constitutional law, today's decision in [*California Redevelopment Association v. Matosantos*](#) is likely to have major consequences for local land use authority and development patterns statewide.

The issues in *Matosantos* were twofold: 1) whether the California Legislature could abolish local redevelopment agencies, as it did earlier this year as part of the 2011-12 state budget process; and 2) if the Legislature could allow individual redevelopment agencies to avoid elimination if they agreed to share their funds with schools and special districts, as provided in a related statute the Legislature enacted as part of the state's overall budget "fix."

A unanimous Supreme Court first ruled that the State of California, having authorized redevelopment agencies many years ago, has the power to disband them as well. But it declared unconstitutional the second, "lifeline" statute. In particular, a 6-1 majority of the Court concluded, the latter statute contravenes Proposition 22, a voter initiative enacted in 2010 that limits the State of California's ability to require payments from local governments—including redevelopment agencies—for the state's benefit. Compelling redevelopment agencies to share revenues with state-designated entities as a condition of their survival, said the justices, constitutes the very type of forced funding Proposition 22 was designed to proscribe.

What happens now? Local government mavens and defenders of redevelopment policy will no doubt bemoan the looming elimination of California redevelopment agencies. I'm slightly more sanguine about the future: California land use policy, practice and politics have proven remarkably resilient over the years. My hunch is that developers, planners, local government officials and other stakeholders will be creative enough to find other strategies to promote, finance and build worthwhile projects to restore and revitalize California's urban neighborhoods.

What is clear is that California's redevelopment agencies have suffered a resounding political defeat. The seeds of this political cataclysm were sown in 2005, when the U.S. Supreme Court issued its controversial decision in *Kelo v. City of New London*, upholding government's broad powers of eminent domain. The *Kelo* decision proved tremendously unpopular nationwide, and prompted wide-scale political, legislative and litigation efforts at eminent domain reform.

Over the subsequent six years, the California redevelopment community adopted an Alfred E. Neuman-like, "what-me-worry?" response to the redevelopment/property rights

controversy spawned by *Kelo*. They insisted that eminent domain abuse was not a serious problem, and that redevelopment agencies could basically do no wrong. (One notorious example to the contrary: several years ago, local redevelopment officials in Kern County, California, determined that a large portion of the pristine Mojave Desert within city limits was “blighted,” thus facilitating construction of a new corporate automotive facility and test track; it took local activists and California’s Attorney General to go to court to block that stratagem.) More recently, California redevelopment officials have stubbornly refused to accept responsibility to help address California’s chronic budget deficits, insisting on a business-as-usual political strategy that would leave them fiscally unscathed. That posture further undermined the California redevelopment agencies’ political standing.

The coup-de-grace, of course, was the *Matosantos* litigation, which California redevelopment officials launched against the State of California with great fanfare last fall. Today’s Supreme Court decision presents redevelopment agencies with the worst conceivable outcome: a ruling upholding the state’s decision to put them out of business, and simultaneously striking down the legislative lifeline that would have allowed them to survive, albeit with fewer financial resources.

Political pundits and land use experts will debate the legacy of California redevelopment agencies, a conversation that will be both robust and useful. But it seems indisputable that the redevelopment community’s actions over the past six years have set a new standard for political tone-deafness and ineptitude.