

## REDEVELOPMENT FUNDS SHIFTED TO STATE

BY JAMES V. FABIAN, PRINCIPAL

Last week the Governor, at last, signed the 2008/09 State budget. The budget included a one year take away from redevelopment agencies of \$350 million or 7.7% of redevelopment agencies' 2008/09 revenue. The payment must be made to the State prior to May 10, 2009, with no extensions possible and is subordinate to any existing bonded indebtedness. Redevelopment Agencies can use any available funds to make the payment. Agencies can borrow up to 50% of their current year contribution to its Low and Moderate Income Housing Fund ("LMHIF"), as long as the borrowing will not impair any current contracts and a finding is made there are no other funds available to make the payment. The borrowed amount must be repaid within 10 years. An agency cannot use any funds in the LMHIF on July 1, 2008.

The estimated amount for each Redevelopment Agency's ERAF shift is posted on the CRA website, [www.calredevelop.org](http://www.calredevelop.org), under "Impact of \$350 million Take away." ♦

*\* The information in this newsletter is intended to be general in nature. The facts and circumstances of each agency are different. Seek specific advice before implementing any recommendation. For reprint permission contact Tom Johnsen at (949) 660-7311.*