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ITEM 12 COUNCIL 1/25/11

B. Walters

**STATEMENT of J.H. McQUISTON on
TRANSFER of CONTROL for CRA PROJECTS**

Honorable President and Members of the Council:

1. On January 22, the CRA's Chief Deputy addressed an overflow-gathering of the Los Angeles Alliance of Neighborhood Councils concerning the reason causing this transfer, and underwent questioning.

The Deputy said the reason was a response to a rumor that the Legislature intended to abolish CRAs. The CRA expects this transfer to keep tax-increments from reversion to the County for other purposes.

This reasoning is of course faulty, and the Deputy acknowledged such to me after the hearing. Articles 13C and D make it unconstitutional to use property taxes for any use not benefitting the property.

The Deputy also said such tax-increments were spent on "street improvements", which would not be continued if the CRA were abolished. CRA proposals for the City say in part:

"WHEREAS, CRA/LA has used reasonable efforts to identify other means to finance the Public Improvements but has not been able to identify other public or private funding sources available to pay for these Improvements;

"WHEREAS, Section 33421.1 and 33445 of the California Health and Safety Code authorizes a redevelopment agency, with the consent of the legislative body, to pay all or a part of the cost of installation and construction of any building, facility, structure, or other improvements that are publicly owned and located inside or contiguous to a redevelopment project area" CRA Project Amendments, 1/21/11 (emphasis added)

This reasoning is not only faulty, it is not in accordance with law. The Streets & Highways Code, as decided by the California Supreme Court, specifically-prohibits a government to improve streets without assessing the specific properties on which the improvements are made. Most streets, alleys, sidewalks, etc are "owned" by a property-owner not the City; the CRA must assess for any work it performs thereon.

The CRA cannot waive assessment; transfer to the City merely transfers the assessing-onus.

2. **Transfer of funds will not guarantee project continuance, proposed or ongoing. In "hardship" times the State will assert its authority to take resources at all levels of its government.**

If the City expends funds in defiance or without clearance, the City will be liable for payment to the government agent the State specifies. The City cannot afford such an extravagant gamble now.

3. **The State may cut its school-funding regardless of the City's budget. If the Governor intends to see CRA funds from tax-increment withholding transferred to the LAUSD, and the City refuses to remit the funds to the Schools, then the City will be tarred by its electors.**

The Council shouldn't want to be tarred. Projects can go-forth later, or by other means.

c: Interested parties

Respectfully submitted,

J. H. McQuiston