

City of Cerritos disputes the state's Redevelopment Agency Asset Transfer Review Report; will pursue litigation

The City of Cerritos strongly disagrees with the findings of the Cerritos Redevelopment Agency Asset Transfer Review Report issued by the State Controller's Office and will be pursuing litigation to protect the community's assets.

The report states that the Cerritos Redevelopment Agency transferred \$170,836,440 in assets to the City of Cerritos which the City must return to the Successor Agency of the Cerritos Redevelopment Agency (Successor Agency). The report also indicates that the Successor Agency must dispose of the assets in accordance with the requirements of California's redevelopment dissolution law.

Cerritos Mayor Bruce W. Barrows said: "The City paid the Redevelopment Agency consideration for the transfers and the transfers were legal and permissible under state law at the time they were made. The State Controller's Office went beyond its authority to demand that the assets that were transferred for consideration be returned to the Successor Agency for disposition. The state has arbitrarily decided the money doesn't belong to the City and has rolled back years of redevelopment."

The assets in dispute include the following properties: a freeway slope easement adjacent to the 91 Freeway, Reservoir Hill Park and water reservoir, the Cerritos Center for the

(more)

Cerritos disagrees with state's asset transfer review - 2

Performing Arts, the former Mullikin medical building on 183rd Street, the former Regional Occupational Program building on Studebaker Road, an easement adjacent to B&B Stables, a parking lot on Gridley Road, the Liberty Park Community Center Annex, Fire Station #30 on Pioneer Boulevard and the C-5 water well.

The state has also demanded a cash payment in the amount of \$21,282,887. This amount consists of interest and principal payments that were made by the Cerritos Redevelopment Agency to the City dating back to January 2011, prior to the dissolution of redevelopment. Mayor Barrows said: "The state was not supposed to claw back these funds because the payments made to the City were consistent with an interest and principal payment schedule that had been in place for more than 30 years."

Mayor Barrows said, "The City of Cerritos was developed in accordance with the law which has been in place since the 1950s. The state decided to eliminate redevelopment agencies, creating a catastrophe for cities throughout California. The 400 cities that had redevelopment agencies are now facing significant financial challenges. The elimination of redevelopment destroyed a highly effective tool that stimulated economic development and job creation and also caused the loss of funding to build affordable housing."

Redevelopment funds made possible the construction of the City of Cerritos' affordable senior housing projects - Emerald

(more)

Cerritos disagrees with state's asset transfer review - 3

Villas, Pioneer Villas, Vintage Cerritos and Fountain Walk - which provide 389 units of low and moderate housing. Before the dissolution of redevelopment, the City had planned to build the affordable housing development Cuesta Villas, a \$46 million construction project that would have generated hundreds of local jobs.

As of September 19, 2013 there were 153 lawsuits pending against the State of California's dissolution of redevelopment. The City of Cerritos is currently involved in three of the cases and plans to file a legal challenge to the state's latest demand for the transfer of assets.

The City of Cerritos is a no-low property tax city and receives only 7 percent of the potential property tax revenue a city would typically receive. Other cities receive a much higher allocation of property tax of 22 percent or more. About 30 cities which never levied a property tax before Proposition 13 are called no-property-tax cities and approximately 60 cities which levied only low property tax rates are known as low-property-tax cities. There are a total of 482 incorporated cities in California.

Mayor Barrows said: "To create sources of revenue to fund critical city services, redevelopment was essential for the development of the Cerritos Towne Center, Los Cerritos Center, Cerritos Auto Square and Cerritos Industrial Park. The financial

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success of these projects has benefited the entire southeast Los Angeles County region as there are thousands of people employed in the businesses located in these developments. These employees spend their salaries in cities throughout the region, making a significant contribution to local economies. The City will continue to do everything possible to protect the local community's assets and provide the outstanding quality of municipal services that Cerritos residents expect and deserve."

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