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## LAW ALERT

### IMMEDIATE ACTIONS FOR DEVELOPERS AFTER *CRA v. MATOSANTOS*

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As you know, on December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos*. The court upheld the constitutionality of AB1x 26, the bill dissolving redevelopment agencies, and declared unconstitutional AB1x 27, the bill that would have allowed redevelopment agencies to continue to exist through an alternative redevelopment program.

Pursuant to the California Supreme Court's opinion upholding AB1x 26, redevelopment agencies will be dissolved effective February 1, 2012 and all housing functions of the redevelopment agency will be transferred to either (a) the city, county or city and county that authorized the creation of the redevelopment agency; (b) the local housing authority; or (c) the California Department of Housing and Community Development.

If you have an existing, binding obligation with a redevelopment agency, we urge you to take the following actions as soon as possible:

1. Get in touch with the redevelopment agency to ensure your obligation has been included on the agency's Enforceable Obligation Payment Schedule ("EOPS") and ask the agency (if it does not have plans to do so already) to amend the EOPS to include all payments through at least June 30, 2012 (and preferably all payments through the life of your enforceable obligation). If your enforceable obligation does not appear on the EOPS, or if the EOPS does not include payments through at least June 30, 2012, there is a risk that

payments owed under the enforceable obligation may not be paid.

2. You should also ask the redevelopment agency which entity will assume the redevelopment agency's housing functions after February 1st once the redevelopment agency is officially dissolved. The entity that assumes the redevelopment agency's housing functions will be charged with the oversight and administration of your existing enforceable obligation. If you have any questions or concerns about which entity will be taking over the housing functions, now would be the time to discuss them with your contacts at the redevelopment agency and the potential successor entity.

We understand this is a challenging time and ABx1 26 has left many with questions regarding its implementation. Goldfarb & Lipman will host a question and answer session to address questions regarding AB1x 26 in the near future. In the interim, if you have any questions regarding how AB1x 26 may affect your organization, or any specific obligation or transaction with a redevelopment agency, please contact any attorney at Goldfarb & Lipman.

Please also find attached to this Law Alert [an updated detailed analysis of the California Redevelopment Association v. Matosantos and AB1 x26](#).

For more information, please call Polly Marshall, M David Kroot, Isabel Brown, Erica Williams Orcharton, Luis Rodriguez, Vince Brown or any other Goldfarb & Lipman attorney at 510-836-6336.