

City officials rally for redevelopment; Brown wants to divert money to other uses

By Scott Mobley

Originally published 11:23 p.m., March 12, 2011

Updated 06:09 a.m., March 12, 2011

Local officials are taking part in a six-figure League of California Cities media campaign to whip up public support for redevelopment.

The campaign centers on a petition warning legislators against endorsing Gov. Jerry Brown's proposal to abolish redevelopment to help plug the state's \$26.6 billion deficit.

The petition reminds legislators that 61 percent of voters statewide approved Proposition 22 in November. The measure forbids the state from raiding local agencies to plug its budget deficit, no matter how deep the red ink.

Redding stands to lose \$8 million a year in property tax revenue if the Legislature approves Brown's proposal to redirect money from redevelopment to education and public safety.

Brown's proposal casts doubt over Redding's plans to convert the Dana Drive Costco store into a police station, help build a new Subaru dealership on East Cypress Avenue and one day construct a flyover to relieve the perpetual traffic jam at South Bonnyview Road and Highway 273.

Those concerns don't immediately resonate with the north state's two-member delegation to Sacramento. Both politicians have strongly criticized what they see as abuse of eminent domain and blight designations in some agencies.

Assemblyman Jim Nielsen, R-Gerber, is a founding member of the California Alliance to Protect Private Property Rights, an organization that opposes eminent domain.

As an Assembly member in 2005, state Sen. Doug LaMalfa, R-Richvale, intervened for a Redding store owner who thought the city had threatened him with eminent domain during redevelopment in the Parkview neighborhood. The city has said no such threats were ever made.

LaMalfa and Nielsen see Brown's proposal to abolish redevelopment as an opportunity to demand extensive reforms in the agencies if they are to survive.

LaMalfa doesn't think the Legislature will muster the votes to abolish redevelopment under the current plan.

"The governor is looking at everything, and everything needs to be scrutinized," LaMalfa said Friday. "But I don't see the votes to push the thing through as is. The plan is not fully thought out yet and there are some poison pills in there," such as a provision requiring local agencies to raise taxes to continue redevelopment.

Nielsen isn't so sure the Legislature won't approve the plan. The votes are hard to read at this point, spokesman David Reade said.

"He (Nielsen) might well support getting rid of them (redevelopment agencies)," Reade said. "His position all along in terms of the state budget problem is everything is on the table, and there needs to be a full-throated discussion about eliminating programs."

Privately funded campaign

The Sacramento-based League of California Cities isn't making any optimistic assumptions about legislative support for Brown's plan.

The League has hired Bicker, Castillo & Fairbanks, a Sacramento-based public relations firm, to run its pro-redevelopment campaign (MyVoteCountsCA.org).

Kathy Fairbanks, a principal with the firm, said the league is spending "in the hundreds of thousands of dollars" on the effort.

"We don't want to say exactly how much since we don't want to give the other side a road map to attack us," Fairbanks said.

The league will fully disclose spending on the campaign in its quarterly filings with the secretary of state's office, she said.

The League of California Cities is an education and lobbying organization dedicated to preserving and expanding local government control. It collects dues from member cities, including \$22,172 annually from Redding.

But the organization isn't funding the redevelopment campaign out of those dues or any other public dollars, Fairbanks said.

The money will be collected from league sales of booths in trade shows the organization stages and from ads in a magazine it publishes.

Spark for business

The league's pro-redevelopment campaign began locally at Redding City Hall on Thursday morning.

Mayor Missy McArthur and more than three dozen other officials, community leaders and building industry representatives denounced Brown's plan to permanently divert massive property tax streams from cities and counties to core services now paid for out of California's general fund.

"The state is trying to take away the tools we need to get back our prosperity," McArthur said during the campaign start Thursday.

Redevelopment is supposed to eliminate blight and create affordable housing under state law.

But redevelopment does not catalyze economic activity so much as divert it from elsewhere in the state, Brown's budget document contends. Property tax revenue funneled through redevelopment to subsidize commercial and affordable housing developers could instead go to education, police and fire protection, according to the document. Eliminating redevelopment would free up \$1.7 billion to help the state balance its budget next year.

Charles Anderson, regional public affairs manager for the League of California Cities, called Brown's argument misleading. About half the property tax revenue diverted to redevelopment goes back to schools, special districts and other local government through "pass through" agreements, Anderson said.

And the public subsidies through agencies encourage developers to upgrade blighted, underused and depressed urban spaces so property values recover. Buoyant property values in redeveloped areas ultimately benefit nearby schools, police and fire protection agencies through higher tax revenue, he said.

"Redevelopment provides the spark for businesses to come in to blighted areas when they would not otherwise," Anderson said. "I don't know how else to do that."

Potential for abuse

Yet not all redevelopment agencies are doing what they're supposed to be doing, LaMalfa said. He thinks Brown's proposal to abolish redevelopment has made agencies more vigilant about sticking to their primary mission of eliminating blight.

State Controller John Chiang reviewed 18 redevelopment agencies for the Legislature to provide information for the upcoming budget debate. Virtually any condition could be considered blight under current redevelopment law, Chiang's report concluded. A Southern California agency listed a four-and-a-half-star golf course as blighted, according to the report.

North state redevelopment agencies usually stick to the tasks of eliminating blight and creating jobs, LaMalfa said.

"They need to stay focused on economic activity instead of just spiffing things up and other feel-good projects," LaMalfa said. "They need to stay away from using eminent domain."

Redding's redevelopment has been extensive. The city began redevelopment in the 1960s with the downtown mall. That effort to revitalize the old urban core ultimately failed, as property values declined for years under the dark mall roof.

But the agency later sparked the Dana-Hilltop Drive big-box area, helped attract the Blue Shield call center, refurbish the Cascade Theatre and Hotel Redding, build Turtle Bay Exploration Park and the Big League Dreams sports park, clean up the Parkview and Martin Luther King Jr. neighborhoods. Redevelopment dollars finally dismantled the Market Street mall roof in 2009.

State law requires redevelopment agencies to set aside 20 cents of every property tax dollar they get for affordable housing.

The Redding agency has built or rehabilitated 702 apartments and 34 homes for lower-income households in the past decade, Vice Mayor Dick Dickerson said at the Thursday rally. It has offered paint vouchers, emergency repair funds and first-time-homebuyer assistance to an additional 362 lower-income households in the past 10 years.

Local track record

Developer Brent Weaver said Thursday that he could not have finished his Gateway Building downtown without a low-interest redevelopment agency loan after a private financing deal fell through.

Weaver's mixed-use building at Shasta and Market streets includes three apartments for lower-income households. In one of those apartments, one spouse works in the ground floor restaurant and the other walks two blocks to a job at the Need 2 Speed indoor go-kart track. They are happy to live so close to work, Weaver said.

The agency in 2008 courted controversy when it considered a deal to buy Lithia Motors' Cypress Avenue dealerships in exchange for the dealers' commitment to build an auto mall on Airport Road. A narrow agency majority rejected that deal under public pressure and the Airport Road auto mall idea died.

The agency is negotiating with Costco to buy the retailer's Dana Drive store for eventual retrofit to a police station in another move that has drawn criticism from some quarters.

Costco has struck a tentative deal with developer Don Levenson for land just east of the Oasis/Interstate 5 interchange, where the retailer plans a larger store with a gas station.

The City Council, which doubles as the agency board, acknowledged at a recent meeting that the retailer's move to Oasis isn't driven by the council's willingness to buy Costco's Dana Drive store and keep a big-box rival from buying that space.

But the agency majority feels it must complete the Costco purchase before June 30, when Brown could abolish redevelopment under his budget proposal.

Even as one arm of the state considers abolishing redevelopment, another arm is using a local agency to acquire land for a courthouse.

The state Administration of the Courts has been working with Redding since September to get five downtown parcels for a new Shasta County courthouse. The state relied on the agency's powers of "friendly" eminent domain as a tool.

The agency was unable to reach agreement on the value of three of those properties. So Redding on Tuesday will consider using up to \$1 million in redevelopment money to buy those parcels through full, formal court-ordered condemnation. The properties include the historic Andrew Dobrowsky House at the corner of Yuba and Oregon streets.

The \$200 million state-funded courthouse can't go forward downtown without all five properties, Redding and state officials have said.

Shasta Lake has used redevelopment dollars to realign Cascade Boulevard, demolish dilapidated buildings, establish safe routes to school and secure Scenic Route status for Highway 151 through town. The agency has created an estimated 160 jobs, said Shasta Lake Mayor Rod Lindsay.

Anderson Mayor Norma Cornick said the city has used redevelopment dollars to refurbish the blighted, drug-and-crime-plagued Anderson Oaks Apartments and transform them into senior housing.

Anderson also has used redevelopment money to help fix up the downtown, make North Street safer and build bike lanes on Highway 273, Cornick said.



© 2011 Scripps Newspaper Group · Online