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Redevelopment agencies shortchanged California schools \$40 million, controller's review finds

March 7, 2011 | 9:43 am

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Redevelopment agencies in California illegally shortchanged schools by at least \$40 million last year, forcing the state to make up the money, according to findings released Monday morning by State Controller John Chiang.

The review of redevelopment agencies comes as the Legislature is poised to vote on Gov. Jerry Brown's proposal to eliminate municipal redevelopment agencies as part of his budget plan. One city, Palm Desert, spent public money meant for improving slums and blight on a luxury golf course.

Times' Data Desk: [How is your redevelopment agency spending money?](#)

"The lack of accountability and transparency is a breeding ground for waste, abuse, and impropriety," Chiang said in a statement. "In whatever form local redevelopment takes in the future, the level of oversight and openness must be consistent with the amount of public dollars entrusted to their care."

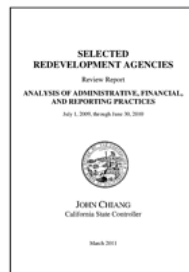
The report comes as many redevelopment advocates fear that the Legislature is leaning toward abolishing the agencies, which run on \$5 billion a year in property taxes. Brown wants to send the money to schools and counties instead, and take \$1.7 billion this year to balance the budget. Proponents of the redevelopment agencies, including the mayors of many of California cities, are [outraged](#), arguing that the program generates jobs and builds thousands of homes for poor and working people. Critics say the money could be better used for other services, and that it is often misspent.

Chiang dispatched auditors around the state in January, saying he wanted to provide "factual, empirical information about how these agencies perform and what they bring to the communities they serve." In the past, his office has declined to scrutinize redevelopment.

The review also found that the agencies' outside auditors often did a poor job and that the agencies had used affordable housing money in improper ways.

None of the 18 agencies met all filing requirements for financial reports, the review found. Some filed reports in pieces; some did not file at all. Two agencies -- in Pittsburg and Calexico -- also made questionable loans to their cities' general funds. Pittsburg lent \$16.6 million last fiscal year without interest. Most of the money was unspent, which allowed the city to earn interest on those funds.

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-- Jessica Garrison

Photo: California Controller John Chiang. Credit: Damian Dovarganes / Associated Press

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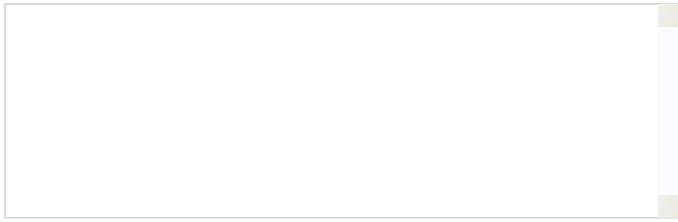
On: Millions of dead fish at King Harbor in Redondo Beach
Give them to gardeners and turn them into compost. ...
-- Gabe

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Maybe, just maybe, one should investigate what kind of huge international vessels are allowed to pass through the channel? You have one of the nicest ...
-- Ginger

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Comments (98)

Repeal Prop 13! No need for redevelopment agencies. No need for costly and redundant redistribution of local taxes to state and back to locals for education.

Posted by: seriousfun | March 07, 2011 at 09:56 AM

the redevelopment agencies need to go, times are different now, they are just doing all they can to justify their careers.

Posted by: bill | March 07, 2011 at 10:02 AM

This is true. For example, the redevelopment agency in Long Beach has known to wreck havoc. Displacing long term small business owners so that they can built new condos. Some of these sites that have been cleared out still have no condos, nor any business for that matter. The price? the lost of community based businesses.

Posted by: Rudy | March 07, 2011 at 10:03 AM

I hate to say it, Jerry Brown is right.

These agencies are just a back door around Prop. 13.

And to those who suggest that there wouldn't be any growth without government subsidies, I suggest they review the California economy BEFORE 1990.

Posted by: Not in LA | March 07, 2011 at 10:07 AM

Manny are not familiar with bankruptcy. In 1995 I lived with a group of retired Teamsters all former members of the racetrack parking lot crew. Before claiming bankruptcy they borrowed everything they could-spent everything they could. Any cash was kept in the house. Bank account at less then '0' Max credit cards and more came in mail. Same day loans against \$2,500 monthly pension's check- used white Plymouth Valiant down payment on credit card. Jake spent weekends with younger women in Reno and San Fran. Then all debts were cleared before a bankruptcy judge. Even got to keep car. Same policy is being followed by bankrupt city of San Diego (new stadium, new library, new park, new fire station, new convention

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center, homeless consultant and staff gets \$464,750 a year to provide "technical assistance")

Except, all debts will not be erased by bankruptcy judges' ruling but covered by taxpayers as judge rules that city sales tax will be increased without a public vote to cover debt.

Posted by: clockerbob | March 07, 2011 at 10:12 AM

Repeal RDA funds, get rid of this pork barrel program.

In Santa Barbara they used this money to tear up good streets and put down maintenance intensive brick sidewalks. Guess who pays for the additional maintenance?

Posted by: surfdogh2o | March 07, 2011 at 10:16 AM

Chiang seems to be a no B.S guy with a spin, and a pair. Very rare these days in the political world of liars and thieves..

Posted by: Eri | March 07, 2011 at 10:22 AM

This story didn't even register on the radar here in San Diego, because they LOVE their development monies too and are loathe to give it up. They are trying to defend it on the grounds that SD won't be able to open their long-planned homeless shelter. I guess this shows that "hostage-taking" occurs outside of war zones! As if they couldn't have built a shelter LONG before this. Good for the LA Times for reporting on what a waste redevelopment has been, and good for Jerry for wanting to try using it in better ways.

Posted by: me.yahoo.com/a/U2ryJ7sxi_iz8S427GCLANTfx.s0 | March 07, 2011 at 10:40 AM

Repealing prop 13 would bring a far fairer tax for property. The city needs to find taxes on windfall profits like sales of real estate .

Posted by: Homogenius man | March 07, 2011 at 10:46 AM

To: "seriousfun"
 Repeal of Prop.13 is a stupid proposal -- unless you want older people whose only "pension" is Social Security payments to be taxed out of their homes.
 Prop.13 has a flaw in that commercial properties get the same exemption as homes. Illogical.
 Prop.13 has been raising more money than you dreamed - with the ever increasing housing prices.

Posted by: Ronald | March 07, 2011 at 10:54 AM

Thats a hughe large of Money.
 I hope they know what they are doing.

Posted by: Bilimport | March 07, 2011 at 11:00 AM

"Shortchanged" = Stealing.

Posted by: Dave Smith | March 07, 2011 at 11:03 AM

Not sureprise...like San Jose CA, they want to use the money to build a stadium baseball stadium?

Posted by: hhabs | March 07, 2011 at 11:09 AM

Get rid of the redevelopment agencies. LA's redevelopment agency has 215 employees with an average salary of over \$110K per year. .. that's \$24M a year just in salaries, just for this agency... and there are over 400 agencies in the state.

This is a total waste of money.

JERRY - get rid of redevelopment agencies!!!!!!!1

Posted by: TrueFreedom | March 07, 2011 at 11:09 AM

Thank you Mr. Chiang!

Posted by: RabidinL.A. | March 07, 2011 at 11:16 AM

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Hahahaha - unions are all baw haw haw'ing about how taxpayers don't want to pay their "fair share" -- -- when it's their own government worker brothers stealing from them.

It's the 99% of government worker that give the rest a bad name.

Posted by: dangermouse | March 07, 2011 at 11:26 AM

So, Seriousfun, you're a proponent of doubling or tripling the property taxes on seniors and the retired? Well, okay... How about a compromise where the corporations don't get the break, but we let the seniors keep it. Does that work for you, or are you all for raking EVERYBODY over the coals?

Posted by: TwoCents | March 07, 2011 at 11:26 AM

victorville, were looking at you.....

Posted by: mike | March 07, 2011 at 11:27 AM

John Chiang is a pathetic bureaucrat who wants to redistribute income from strapped private sector taxpayers to wealthy government bureaucrats. He and others like him don't care about the failing state of the CA economy that is nearing insolvency in the face of expensive bureaucracy and high taxes. Like most democrats, he's also a shill for the public employee labor unions.

So, this is about redistributing money from local redevelopment agencies to the massive state bureaucracies. Take money from successful redevelopment programs to the failing education system.

I say: do away with both. Get rid of the federal and state education departments and let local communities handle their own school system with private and public cooperation. AND do away with these corrupt redevelopment agencies that tend to simply funnel tax dollars to favored corporate special interests.

GOVERNMENT IS BROKE! Any person foolish enough to call for "Repeal Prop 13" is very likely a government union slug working on the backs of the taxpayers. That is complete insanity, but government employees and their unions despise any law that makes it more difficult to take money from the private sector and give it to themselves. They are shameless in their greed.

California need real leadership. Arnold failed us and Jerry Brown will be even worse. We need a private sector revolution to abolish labor unions and collective bargaining in our state and local governments. Either do it legislatively or file bankruptcy and force it on them. This movement to rid the private sector taxpayers of the greed and incompetence of the union bureaucracy is sweeping the nation.

Posted by: Stop Hypocrisy | March 07, 2011 at 11:31 AM

"Prop.13 has been raising more money than you dreamed - with the ever increasing housing prices. "

repealing Prop 13 (not saying I am in favor of, I simply see both sides) would keep more downward pressure on housing prices, because people wouldn't come in and bid them up in "boom" times knowing they can't afford the taxes.

if old retirees can't afford to live in their home, sell their home. very few other states seem to have any problem with this.

Posted by: brianguy | March 07, 2011 at 11:36 AM

What does government need?

The same thing communities need.

Decent, hard working, intelligent, "cannot be bought" people like Chiang.

Chiang for President!

Posted by: susan | March 07, 2011 at 11:38 AM

Score one for the Brown Administration, or should I say score 40 million!

Why do I get the feeling that there is great deal more to be discovered in the way RDA monies are disbursed, allocated, and then siphoned, and that is one reason cities are in an uproar over the Brown-RDA matter, because if local gvt knows it has been getting away with this slight of hand with the money, for a long time, with possibly more revelations and the potential bottom line numbers of their liability and culpability could be budget busters for the bad players all round!

Posted by: stewart | March 07, 2011 at 11:41 AM

Now is not the time to spend much needed money on redevelopment. Now is the time to fund what is necessary for society to function. You can redevelop later when there is more money for it.

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Posted by: Searcher | March 07, 2011 at 11:41 AM

How about some criminal charges against these thieves?

Posted by: Anthronesia | March 07, 2011 at 11:43 AM

Jerry Brown is correct, and the Controller "Chiang" should have been auditing these redevelopment agencies all along.

As for the inappropriate spending: these agencies should be made to return these funds to the state, thereby reducing their general-fund; especially, where schools were short-changed.

Posted by: Ann-Belinda Honablezh | March 07, 2011 at 11:44 AM

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