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Controller bashes redevelopment agencies

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The state Controller's Office just released its anticipated review of 18 select redevelopment agencies, and the report is a fairly scathing shot at the local agencies.

The report found reporting flaws, substandard audits, questionable payment practices and an inappropriate use of affordable housing funds. The report also found no clear methodology or data to measure job growth.

"For a government activity which consumes more than \$5.5 billion of public resources annually, we should be troubled that there are no objective performance measures demonstrating that taxpayer's are receiving optimal return for each invested dollar," Controller John Chiang is quoted as saying in a press release announcing the report. "Locally-controlled economic development is vital to California's long-term prosperity. However, the existing approach - born in the 1940's - is not how anyone concerned with performance, efficiency, and accountability would draw it up today."

The report follows Gov. Jerry Brown's proposal to eliminate redevelopment agencies in an effort to help balance the budget. There are about 400 such agencies in the state, and they are funded largely through tax increment financing. In this method of financing, the agencies essentially siphon off an area's annual growth in property tax revenue -- money that would otherwise go to schools, counties and other services -- and use the funds to help subsidize development in the area. In turn, the state reimburses local school districts for the lost revenue. It's that annual cost the governor is hoping to eliminate.

Redevelopment proponents have called the proposal short-sighted. They say the agencies have helped spur redevelopment in areas that never could have sustained such growth without tax increment financing.

To read the report visit: http://sco.ca.gov/Press-Releases/2011/03-2011_RDA_Review.pdf

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