

'Anti-blight' madness

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Norco's experience shows that redevelopment distorts public priorities, interferes in business competition and enables dubious public spending. Those flaws, along with a lack of accountability and transparency, demonstrate why the Legislature should junk this much-abused process.

Gov. Jerry Brown proposes to end redevelopment in California to help close a \$26.6 billion budget shortfall through next fiscal year. Redevelopment allows local governments to keep a larger share of property tax that would otherwise go to schools, counties and other public agencies. The money is supposed to go toward improving run-down areas.

To be fair, Norco's redevelopment activities are hardly unique among California cities. But Norco neatly illustrates the troubling policy effects of a process that has grown far beyond its original goal of urban renewal.

Last May, the city created a \$150,000 redevelopment program to draw family restaurants to town, by offering grants to pay for refurbishing buildings to serve as eateries. Yet Norco only balanced its \$15.3 million general fund budget this year by draining \$2.2 million from the city's reserve funds and eliminating police and fire positions, among other cutbacks. The city now projects a \$3 million shortfall next year.

So is helping new restaurants really a higher civic priority for tax money than public safety, parks or other city services? Redevelopment rules out even considering such policy questions -- which creates a bizarre obstacle to sensible local fiscal decisions.

And subsidies to some businesses, whether restaurants or big box retailers, meddle in market decisions. What about the competing establishments that do not receive the civic largesse? Why should government treat favored businesses better than competitors, or pick commercial winners and losers?

Redevelopment agencies also often use faulty judgment in spending money. Norco, for example, loaned two car dealers \$500,000 each in 2008, only to have one dealer go out of business and default on the loan. Palm Desert allocated \$16.7 million in redevelopment funds from 2009-10 through 2013-14 to improving a highly rated golf resort. Hercules spent \$38,400 in redevelopment money on lobbying. So much for the ostensible goal of eradicating urban blight.

Cities and counties can make such suspect expenditures because there is no real oversight of redevelopment, unless someone files a lawsuit. And redevelopment's complex transactions defy easy understanding, which hinders public scrutiny of spending choices.

More than \$5 billion annually in property taxes goes to redevelopment instead of other public agencies, at a time of widespread government deficits. That fact should prompt voters to ask the same question the governor's proposal raises: How can California justify an unaccountable process that spends tax money in questionable ways while higher-priority public services go wanting?