

# Republicans should join push to dissolve redevelopment agencies

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By JOHN E. KRAMER

Two of the greatest men I ever had the pleasure to shake hands with were President [Ronald Reagan](#) and [Pope John Paul II](#). Each of these men embodied the kind of adherence to principle and moral leadership that made them stand out from the crowd of mediocrity that so often dominates the political and religious realms.

What joined these men was their public and unapologetic promotion of individual freedom. They each recognized the need to constrain government power if men and women are to remain free and responsible members of society.

In the current legislative debate over the future of [California's](#) redevelopment agencies, [Republicans](#) have an opportunity to demonstrate their own leadership in pursuit of individual rights by dissolving a form of government that has for decades abused its powers.

[California](#) redevelopment agencies, which are run by the cities they reside in, have taken properties they didn't own only to hand that land over to those with more political power. They have driven city after city in California to the brink of bankruptcy, and they have done all this not for the betterment of mankind but, rather, for the enrichment of themselves and their cronies. It is time for California Republicans to recognize the moral and fiscal bankruptcy made manifest in redevelopment agencies across the state and vote them into oblivion.

The scope of the California redevelopment machine is enormous. There are more than 400 active redevelopment agencies in California (about 80 percent of municipalities have one) overseeing about 750 blight zones.

Originally, redevelopment agencies were designed to improve truly blighted properties -- land with broken-down buildings and the like -- by purchasing the land through the force of [eminent domain](#) and redeveloping it, changing it from an eyesore to an asset.

This is largely not what happens now. Now [eminent domain](#) is used to generate revenue for the city. A redevelopment agency will target a piece of land owned by a low-income individual or a nonprofit organization.

Why? Such individuals and organizations generate little revenue for the city. But what if it were to be considered "blighted" and then replaced with a big-box store? In the city's mind, what was once a piece of property that contributed little in taxes would now flood the city with sales-tax revenue.

A city also can benefit from property taxes. How? Let's say a piece of property generated \$1,000 a year in property taxes. That money goes to the county. But if a city labels a property blighted and a redevelopment agency takes over, any future property-tax money generated above that \$1,000 yearly goes to the city, not the county.

What's more, as long as the city can show that at least a piece of the original area designated as blighted continues to be so by the loosest of standards, the city can continue to call the area blighted and continue collecting the extra revenue.

The second part of the equation is debt. The primary way redevelopment agencies are funded is through debt. This debt is incurred through issuing bonds. The money raised is then used to purchase properties they designate as blighted.

## SKYROCKETING DEBT

By 2004, redevelopment agencies in California had a total debt of \$61 billion and historical trends show that agency debts double about every 10 years. The addiction to debt and property taxes has caused outright financial insanity in some communities.

And, terrified that their ability to issue bonds and continue living off debt will at last be taken away by the Legislature, they've gone on a binge.

According to one recent media report, in little more than the first two months of this year, just 30 local agencies issued nearly \$700 million in bonds. And how will these bonds be repaid? Through property taxes that will pay for debt rather than basic services, such as sanitation and public safety.

And so what does the public get for all this debt? It gets scammed. Studies repeatedly show that redevelopment projects are net economic losers once the true costs are tallied in terms of jobs and businesses destroyed that were once there and tax breaks and subsidies given to the big businesses that replace them.

### **NO BENEFIT**

They replace skilled labor found in small businesses with service labor found in big-box stores. Worse yet, they destroy the foundation of the American Dream when they bulldoze someone's home or an entrepreneur's small business.

Because of the existence of these agencies, California is one of the worst abusers of eminent domain in the nation. My organization -- the **Institute for Justice** -- has documented nearly 200 projects across the state that have threatened or used eminent domain to turn the land over to private enterprises.

Within each of those projects, dozens, hundreds, if not thousands of homes, businesses, churches and farms have been impacted. The goal of the redevelopment agencies is to designate vast areas of the state as "blighted" and to continually increase redevelopment debt.

Despite recent statewide reforms to better protect private property against eminent domain for private gain, redevelopment agencies across California simply ignore the law and have gone right on abusing their power, often working to declare perfectly fine properties "blighted" for the most trivial of offenses, such as chipped paint. These agencies have refused to be reformed. It is time the Legislature abolishes them.

Here is an opportunity for Republicans to stand for the principles of individual freedom. The question is, which Republicans will have the courage to break from the GOP pack, to take this courageous stand and to put an end to these evil empires?

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