

# THE ORANGE COUNTY REGISTER

## Steven Greenhut: Redevelopment agencies on the brink

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SACRAMENTO – Hours before the midnight Wednesday deadline for passing a state budget, legislative Democrats rammed through a ridiculous, gimmick-laden, majority-vote spending plan that failed to reform anything and failed to impress Gov. Jerry Brown, who wisely vetoed it less than a day later. The budget succeeded mainly in one area: ensuring the legislators would continue getting their paychecks, given that an initiative passed by voters last year, Proposition 25, would have permanently denied them their pay for every day after a missed budget deadline.

Brown might do another good thing that would give California property owners reason to celebrate: sign the budget trailer bills that would eliminate the state's noxious redevelopment agencies. There's been debate in the Capitol about whether his budget veto affects the redevelopment trailer bills, but the latest information from Assembly Republicans is that the trailer bills can be signed or vetoed separately.

An earlier effort this year to kill these local central-planning fiefdoms – which run up debt, divert existing tax dollars from traditional public services such as schools and public safety, abuse government's power to seize private property and dole out subsidies to politically savvy developers – failed when Republicans rallied to save the agencies, their free-market rhetoric notwithstanding. But Wednesday, the Legislature voted to end their reign of terror, with a handful of Republicans joining Democrats in doing the right thing.

The previous bid to kill redevelopment failed because the bill required a two-thirds majority vote, but Wednesday a version stripped of its appropriations provisions came before both houses of the Legislature for a simple majority vote. AB26x would "dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies."

A companion bill, AB27x, was a sop to weak-in-the-knees Democrats afraid to kill these agencies outright. It allows the agencies to rise like zombies, provided they pay a large portion of the revenue they collect to schools, fire protection agencies and other agencies from which they divert funds. That's problematic, but as news reports suggest, city officials don't think they have the cash to revive their agencies.

San Jose Mayor Chuck Reed complained in published reports that such a payback provision is "an impossible demand to meet." Given the abusive and wasteful actions of redevelopment in that city and elsewhere, California property owners should be relieved that Reed and other redevelopment advocates are upset.

"The Senate and the Assembly just voted to kill redevelopment, plain and simple," the California Redevelopment Association's John Shirey told the media. The governor has yet to sign (or even receive) the bills, and the agencies' fate could end up in court, but Shirey is not crying wolf.

The redevelopment industry suffered an enormous defeat, despite its phalanx of lobbyists. Prior to the vote, Republican U.S. Rep. Tom McClintock of Rocklin, and one of the state's conservative icons, released a short video urging Republicans to join with Democrats to kill the agencies.

Yet, even though any serious conservative should agree with McClintock and be eager to kill

redevelopment agencies, which epitomize crony capitalism and central planning, Republicans were the biggest obstacle to their elimination. They found various reasons to support them, ranging from the desire not to give Brown any sort of budget victory to the oft-stated claim that redevelopment at least keeps the money in the hands of cities rather than in Sacramento.

In reality, many Republican legislators are more interested in being pro-business than pro-freedom, and they have become addicted to the redevelopment cash and the political support from developers who benefit from the process.

On the Assembly floor Wednesday, Assemblyman Don Wagner, R-Irvine, rightly compared redevelopment tactics to the Mafia – thus sparking a schoolyard-like scuffle on the floor with an Italian-American assemblyman who demanded an apology on behalf of his fellow Italians. But Wagner then opposed the legislation because AB27x provided a way to revive RDAs.

I've never heard a Republican refuse to support a tax cut on the grounds that the Legislature could raise taxes in the future. When it comes to redevelopment, Wagner and other Republicans contorted logic to defend these agencies.

Obviously, Democrats didn't vote to shut down redevelopment agencies for the right reasons. They don't mind central planning and subsidies.

If they didn't like those things, they wouldn't be Democrats. They are looking for cash to close the budget hole. But who cares why they did it? Principled politicians find allies wherever they can find them, even if such alliances are fleeting.

There were some genuine heroes. Ted Gaines of Roseville was the only Senate Republican to vote to end the agencies, providing the swing vote. His wife, Beth Gaines, a newly elected assemblywoman, joined Chris Norby of Fullerton, Allan Mansoor of Costa Mesa, Jim Nielsen of Gerber and Dan Logue of Linda in voting to kill redevelopment.

I loved what Beth Gaines said in her floor speech: "Redevelopment agencies were first created to clean up blight and improve infrastructure, and while some have completed very successful projects in their communities, unfortunately today, many use these state-subsidies as slush funds to seize private property through eminent domain and supplement other general fund expenditures, with little accountability to taxpayers."

This redevelopment vote separated real Republicans – note how few there were – from the Republicans In Rhetoric Only.

Good for Gov. Brown for quickly rejecting the Democrats' scam budget, even though he is sticking to his playbook calling for tax extensions as the only solution to the state's deficit. Still, whatever emerges from this budget drama will have a short-term effect on the state. The budget won't be fixed until Californians elect politicians willing to exert some fiscal discipline.

But the death of redevelopment – and I believe Shirey that these votes really would have meant their death – would be a great advance for fiscal responsibility and property rights and could give Brown a serious legacy.

However this plays out, redevelopment is on the ropes. That is a reason to celebrate.

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