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## Dan Walters: Reform's repeal asks for abuse

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*Published 12:00 am PST Wednesday, February 20, 2008*

Redevelopment was supposed to be a method by which California's cities and counties could foster housing and commercial projects on urban land deigned to be "blighted," but it evolved into a far broader development tool, especially after voters approved Proposition 13, which severely restricted property tax revenues, in 1978.

Local officials began using redevelopment to acquire land, sometimes by eminent domain, and provide subsidies to developers of shopping centers, auto malls, big box retailers, hotels and other projects to generate local sales, hotel and property taxes.

"Blight" was often applied loosely – even to marshes and other natural lands – to justify creation of redevelopment zones. And the state became financially involved because its constitution requires the governor and the Legislature to compensate schools for property taxes that projects generate but local governments retain.

The deficit-ridden state budget is currently on the hook for about \$2 billion a year in payments to schools for property taxes lost to redevelopment projects – in effect, a direct subsidy to local governments and their private partners.

Periodically, the Legislature has attempted to curb redevelopment abuses by tightening up on blight designations, putting some time limits on redevelopment projects, and forcing local agencies to spend more money on affordable housing, one of the declared purposes of redevelopment.

One of those reforms, enacted in 1993, created first-ever time limits for redevelopment projects. Under current law, the oldest of the 759 now in existence will expire next January. The Senate Local Government Committee will stage hearings on those expirations this week. As it does, redevelopment advocates want to repeal some of the reforms.

Legislative language being circulated in the Capitol would allow older redevelopment projects to be extended and would loosen the standards for declaring blight. This, in effect, would reopen the door to the kind of wheeling and dealing that had generated demands for reform in the first place.

This may be very arcane, unsexy policy stuff, but the financial consequences for state and local governments and private landowners and developers seeking redevelopment subsidies are immense, easily reaching into the tens of billions of dollars.

The redevelopment proposals originated with the City of Industry. Were they to become law, a beneficiary could be Los Angeles developer Ed Roski, who hopes to build a National Football

League stadium in Industry, an enclave that has very few human residents and is almost totally devoted to commercial development. Roski, who was the prime mover behind Staples Arena in downtown Los Angeles, owns 600 acres in Industry that he wants to use for a stadium that would draw NFL football back to Los Angeles.

A statewide version of the legislation was brought to Sen. Alex Padilla, D-Los Angeles, but when opposition developed, he backed away. City of Industry lobbyists are now narrowing it to apply only to that city, perhaps to allow redevelopment to underwrite the stadium.

Redevelopment is a legitimate tool for dealing with urban blight and providing housing to working families, but it's easily abused, as the history of the past three decades indicates. Redevelopment agencies can seize land from unwilling sellers and provide it at little or no cost to private developers. And since they can retain taxes on the property, they can give those developers other subsidies, make the state indirectly and involuntarily pay for the subsidies, and ignore the housing they are supposed to provide.

Two rounds of legislative reforms, one in 1993 and another in 2006, cleaned up the redevelopment industry somewhat. Undoing those reforms would be an invitation for renewed abuse.

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