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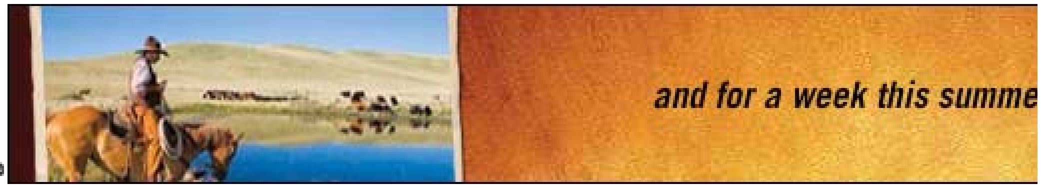

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From the Los Angeles Times

Scamming redevelopment

With little oversight, local redevelopment agencies seize private property and spend tax dollars to subsidize developers.
By Doug Kaplan
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IN CALIFORNIA last year, redevelopment agencies spent more than $5 billion. They consumed almost $3 billion in property taxes. They forced people from their homes and businesses. And what vital service did they provide? They built shopping centers.

The heart of redevelopment is a set of state laws — part of the Health and Safety Code — that enables cities and counties to create local redevelopment agencies. These laws were passed in the early 1950s when large cities like San Francisco and Los Angeles needed some legal and financial muscle to seize, demolish and rebuild dilapidated buildings in the worst of their urban slums.

Today, the state has more than 400 redevelopment agencies — from San Diego to Eureka and within some of the wealthiest suburbs in California. Only about one-fifth of redevelopment money now goes to build and rehabilitate housing. The bulk of the remainder is handed out as subsidies to private developers who promise to build shopping centers, restaurants, hotels and other tax-generating projects. With few exceptions, these are not located in urban slums but on prime commercial sites.

Each agency is run by directors who are appointed by city councils and county supervisors. These independent government bodies constitute what Orange County Supervisor Chris Norby calls "California's unknown government."

But these unelected governments have three extraordinary powers: the right to use eminent domain to seize private property for the benefit of private developers, the right to issue municipal bonds without voter approval and the right to divert property taxes from schools and other government bodies.

California redevelopment agencies have jurisdiction over more than $325 billion worth of property — about 10% of the entire assessed value of all the taxable property in the state. Projects range in scope from the huge Grand Avenue project in downtown Los Angeles to the construction of a single Burger King in rural Watsonville.

Redevelopment has evolved into a statewide program of reverse land reform. What else does one call a government agency that seizes property and consolidates it into large holdings that are later sold to developers? (Proposition 90, which appeared on the ballot last November, would have corrected this injustice; the poorly drafted proposition failed to pass.)

The prolonged misuse of these powers by municipalities desperate for sales tax revenue has perverted local government priorities all over California.

While I was a school board trustee for the Pajaro Valley Unified School District, a large, overcrowded district in Northern California, I experienced this firsthand. We fought three hard campaigns before we finally won public approval to sell bonds to build four new schools. Meanwhile, our local redevelopment agency was effortlessly issuing bonds to subsidize a Gottschalks department store, a Red Roof Inn and even a Burger King.

Redevelopment also exposes California's cities and counties to an unsettling amount of risk. Unlike schools, courthouses or city halls that usually endure, shopping centers often don't. Strip malls are enclosed to make regional malls, which, a few years later, are torn down to make "off-price" centers, which are later broken up to become "lifestyle centers," and on it goes. Shopping center developers struggle to stay in fashion and often lose a lot of money trying. But when taxpayer-subsidized projects fail, it's the public that is left holding the empty bag.

When I hear redevelopment advocates insist that developers would not build in the Golden State without such subsidies, I respond with a story from my local village of Capitola (population 10,500). A few years ago, the Macerich Co., one of the nation's largest shopping center developers, announced that it would not bring Macy's to the town unless it received a $2.4-million subsidy from the city's redevelopment agency. After prolonged negotiations, agency directors consented to give Macerich "only" $230,000, but subsequently reneged altogether after residents objected to paying any subsidy.

Guess what? Macy's came anyway — at no cost to the taxpayers.

Developers don't demand subsidies because they need them; they demand subsidies because they are there for the taking.

What if I'm wrong? Then redevelopment officials should still ask themselves — or better yet, they should ask the voters — how the public expects its tax dollars to be spent. Does it want more fabulous shopping centers and ever grander avenues? Or, for example, would it prefer better neighborhood schools?

Redevelopment is unwise, unjust and unnecessary and should be repealed before billions more dollars are wasted on public subsidies for private developers who — trust me — don't need the money.

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