

THE ORANGE COUNTY BETA  
**REGISTER**

## Chris Norby: Schools better to fight blight

By CHRIS NORBY

2010-05-07 15:09:08



What is the best way to fight blight in our cities? Subsidize private development or fund public education? Spend public money on new shopping centers or new schools?

In ruling May 4 in the case of CRA vs. Genest, Sacramento Superior Court Judge Lloyd Connelly decided for the kids. He upheld the Legislature's authority over redevelopment agency money, an important step in achieving a balanced budget and returning those funds to their original purpose.

This ruling restores \$2.7 billion in education revenue – including \$166.9 million for Orange County schools – previously lost to redevelopment agencies.

Redevelopment is a government program created 60 years ago to end urban blight in California. It was never intended to be a permanent drain on the budget. Agencies are supposed to expire, or sunset, after 40 years but are routinely extended indefinitely, and their indebtedness now tops \$93 billion.

Redevelopment diverts an ever-growing share of property-tax dollars into subsidizing private development and bankrolling big-box retailers, auto malls, theaters and stadiums. Last year, redevelopment agencies diverted \$5.4 billion in local taxes within their zones – 12 percent of all property taxes. That amounted to \$2.7 billion taken from public schools and \$646 million from counties. There is no money to backfill these losses.

Redevelopment agencies are typically operated by California cities, who see it as a way to maximize local revenue by repackaging land and funding construction of projects that generate more taxes. But most redevelopment money winds up in the pockets of developers to stimulate private projects. None of it can be used for salaries or operations. Tax exemptions, rebates and land acquisition – often under threat of eminent domain – typically benefit developers and giant retailers.

L.A.'s Hollywood & Highland Center got a \$98 million public subsidy and since opening in 2001 has lost 50 percent of its original value. Costa Mesa's Triangle Square stands mostly empty after being built with redevelopment funds on land acquired through eminent domain. Cypress used eminent domain to take church property for a Costco. From San Diego to Sacramento, public funds have been used to bankroll sports franchises, and plans are on the books to hand out even more.

The state is littered with deserted shopping centers, half-empty malls, abandoned auto dealerships and shuttered movie theaters that were originally financed through public redevelopment subsidies. This fiscal free-for-all distorts land-use decisions and pits city against city in a bidding war for businesses – at public expense.

Far from being the economic engine that boosters claim, redevelopment has produced few benefits that private investors could have accomplished on their own. The Public Policy Institute's study "Subsidizing Redevelopment in California" compared 114 different redevelopment project areas statewide to similar areas without redevelopment. It concluded that redevelopment agencies were not responsible for any net economic growth and that they were being financed at the expense of local schools and public services.

The only legal reason to create a redevelopment agency or spend redevelopment money is to alleviate blight. Yet agencies have been created in some of our most affluent cities. Indian Wells, with a \$200,000 median household income, has three project areas.

Judge Connelly has a good grasp of state and local funding issues. He has served on the Sacramento City Council and the state Legislature. His ruling keeps these funds within the cities from which they came – to fund local schools. Funding education is a far more effective way to relieve blight than building more shopping centers.

This ruling reaffirms that redevelopment agencies are state agencies, and the legislature is ultimately responsible for their spending. It must be spent for the public good, not for private projects.

"If this decision stands permanently, it could be the beginning of the end for redevelopment" said John Shirey, head of the California Redevelopment Association. Let's hope he's right. After six decades, redevelopment has surely had time to cure blight. Now let that revenue flow back to the public services for which it was intended.

### **WRITE A LETTER TO THE EDITOR**

Letters to the Editor: E-mail to [letters@ocregister.com](mailto:letters@ocregister.com). Please provide your name and telephone number (telephone numbers will not be published). Letters of about 200 words will be given preference. Letters will be edited for length, grammar and clarity.

© Copyright 2010 Freedom Communications. All Rights Reserved.  
[Privacy Policy](#) | [User Agreement](#) | [Site Map](#)