

# Redevelopment: the Good, Bad & Ugly



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# Good: Aspirations and Checks

## ➤ **Aspirations**

- Eradicate blight
- Promote economic development
- Build affordable housing

## ➤ **Checks on Potential for Overuse**

- Schools and other local governments watching!
- Taxpayers watching!

# Bad: Alignment With Post 1970s California Public Finance

## ➤ **After 1972**

- Start of school finance “bucket” simile
- Reduced school/parent interest in property tax

## ➤ **After 1978**

- Reduced cities’ other options for paying for economic development projects (property tax, sales tax, etc.)
- Eliminated county and special district authority to raise property tax rates in response to redevelopment

# Ugly: Four Things

- **Redevelopment Expansion**
- **Laws to End/Change Redevelopment**
- **Court Battles**
- **Dissolution Process**

# Ugly: Expansion

*What land did cities and counties place under redevelopment?*

- A. 24 Square Miles of Vacant Desert Land**
- B. All Private Land in a Wealthy Coastal City**
- C. Well-Maintained Homes in Area Zoned “Equestrian Residential”**
- D. Farmland Protected Under the Williamson Act**
- E. All of the Above**

# Ugly: Expansion (Continued)

*True or False? By 2011 . . .*

- **RDAs Received 12% of All Property Taxes**
  - Over 30% in County of San Bernardino
- **LAO Estimated Cost to Backfill K-14 Districts for RDA Exceeded \$2 Billion Annually**
  - Roughly amount state spent on UC or CSU
- **Proposition 22 (2010) Prohibited State From Shifting Funds From RDAs to Schools**

# Ugly: Laws to End/Change Redevelopment

- **Governor Proposed Ending Redevelopment**
- **Legislature Wanted to Keep Redevelopment**
  - AB X1 26 end redevelopment
  - AB X1 27 create Alternative Voluntary Redevelopment Program
- **\$1.7 Billion for Schools in 2011-12**
  - \$4 million for special districts

# Ugly: Court Battle

*RDA Advocates vs. State vs. County of Santa Clara*

- **RDA Advocates: Invalidate Both Laws**
- **State: Uphold Both Laws**
- **County of Santa Clara:**
  - Uphold dissolution
  - Invalidate alternative program

# Ugly: Dissolution Process

## ➤ **Uncertainty about which. . .**

- Projects continue
- City/county loans are paid
- Funds must be transferred

## ➤ **Hundreds of lawsuits**

- SB 207 addressed many issues
- Still unresolved: \$250 million transfer from 37 agencies

## ➤ **Funds from RDA dissolution**

- Lower than expected in 2011-12
- Almost \$6 billion from 2012-13 to 2013-14
- More than half of revenues distributed to schools

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