

# Time to repeal redevelopment

Imagine Sacramento lawmakers telling their colleagues in local government, "Before you can borrow money to build a new school, you must hold an election but, if you want to build a new shopping center, you can borrow all the money you want, and you don't have to ask anybody."

Imagine a "California Reverse Land Reform Act," giving local officials the authority to take property from dozens of homeowners and small business people for the benefit of a single big-box retailer.

Imagine a program that has redirected billions of dollars in property taxes from public services to public subsidies for private hotels and shopping centers.

Imagine the all-too-real world of redevelopment.

Redevelopment (Health and Safety Code, Section 33000 et seq.) was conceived by California's post-war Legislature during the heyday of urban renewal as a major weapon in the "war against urban blight." Over the past 50 years, however, redevelopment has mutated into an altogether different weapon in an altogether different war. Today, California communities rarely use redevelopment to fight inner-city blight (most of these communities have no inner-city blight); instead, they use redevelopment to battle each other in a bitter, intercity competition for sales and transient occupancy taxes. They use redevelopment to take private property, sell bonds without voter approval and appropriate property taxes from other public agencies. Redevelopment monies are not being used to *redevelop* dilapidated buildings in blighted slums, but to *develop* revenue-generating hotels, stores and shopping centers on prime retail sites.

I am familiar with redevelopment, as both a real estate developer and a former school board trustee. As a developer, I know how easy it is to get public money to build a shopping center. As a former trustee, I know how hard it is to raise money to build a school. In our desperately overcrowded district, for example, we tried three times to pass a school bond, while our local redevelopment agency, without the bother of holding an election, sold bonds that it used to subsidize a Gottschalk's department store, a Red Roof Inn and even a Burger King. We could not raise money to

build schools, while our colleagues at the local redevelopment agency were selling bonds to build a fast-food restaurant.

Our community was not alone. Today, California's 384 redevelopment agencies consume about \$2.5 billion a year in property taxes, which is nearly 10 percent of all the property taxes collected in the state and, perhaps worse, they have borrowed more money than *all* of the state's 983 school districts combined.

This is not only expensive; it's wrong. Just ask the homeowners or church members whose property was taken by redevelopment agencies for the benefit of businesses that the *Wall Street Journal's* editorial writers sarcastically refer to as the "better class of taxpayers." Or ask the ever-growing number of resentful former local business owners who paid the taxes that financed the subsidies given to large competitors — competitors that drove

them, the local businesses, out of business.

Redevelopment advocates claim that economic development depends upon public subsidies, but they are wrong. Developers take subsidies because subsidies are there for the taking, not because they need them. Just ask community leaders in the small village of Capitola in Santa Cruz County. When the owner of the county's only enclosed mall approached them with an offer to bring Macy's to town — provided the city's redevelopment agency kick in a \$2.4 million subsidy — city officials just said "No." Guess what happened? Macy's came anyway — at no cost to the community.

After half a century, California's program to eradicate urban blight has morphed into a boondoggle for private developers who neither need nor deserve public money. Besides, even if subsidies were needed (which they are not), it's time to return to first principles: Taxpayer money should pay for safer roads and better schools, not more shopping centers. It's time to repeal redevelopment. 🏛️

---

*Doug Kaplan is a real estate developer and former school board member in Santa Cruz County. He's also an editorial page contributor to the San Francisco Chronicle, San Jose Mercury News and the Los Angeles Times. Comments may be sent to [comments@californiajournal.org](mailto:comments@californiajournal.org)*

Developers take  
subsidies  
because subsidies  
are there for the  
taking, not  
because they  
need them.

SOAPO  
XOOX  
by Doug  
Kaplan

