CP&DR

VOL. 26, NO.04 — FEBRUARY 15, 2011 CALIFORNIA PLANNING & DEVELOPMENT REPORT

# Fight Over Redevelopment Could Hamstring Climate Change Efforts

BY JOSH STEPHENS

**If California's redevelopment agencies** vanish on July 1, as Gov. Jerry Brown has proposed, it's clear the task of mending the state's blighted neighborhoods will likely grow more complicated. Less obvious is the fact that California's effort to clean up the Earth's atmosphere may grow more difficult as well.

Senate Bill 375, passed in 2008, encourages cities and regions to promote new development in high-density urban areas with access to transit as a way of reducing the state's overall greenhouse gas emissions. It just so happens that many redevelopment project areas are in high-density urban areas with access to transit. By facilitating both commercial and residential development, redevelopment attempts to attract people to those blighted neighborhoods. According to many planners and public officials, those people are just the sort who will leave their cars behind, if given access to transit and walkable amenities.

"It may have been mentioned, but at the time we were discussing 375, I don't think anybody was anticipating that there would be a proposal to eliminate redevelopment in California," said San Diego County Supervisor Ron Roberts, who sits on the Air Resources Board. "We were more focused on the loss of transit dollars and how that might affect compliance with SB 375."

The governor's office has presented forceful arguments – and no shortage of empirical data – to suggest that redevelopment may not have a significant economic impact on a statewide level, and therefore are considered expendable by Brown. However, at the local level the consensus about the need for redevelopment to reach SB 375's goals is deafening, and nearly unanimous. Moreover, there is a perceived mandate to implement SB 375 based on the statewide vote in November, in which Proposition 22 prevailed, presumably shielding redevelopment funds from state takes, and Proposition 23 was defeated, protecting the state's climate change law AB 32.

"There really isn't any other source of funding to [realize] the principles of AB 32 and SB 375, which the voters just reaffirmed overwhelmingly in November," said Cecilia Estolano, former CEO of the Los Angeles Community Redevelopment Agency and now chief strategist for state and local issues at advocacy group Green for All.

– CONTINUED ON PAGE 8

# The Case for Subsidizing the Mermaid Bar

insight

WILLIAM FULTON

**George Skelton,** the venerable Los Angeles Times political columnist, recently came out in favor of Gov. Jerry Brown's plan to eliminate redevelopment. [ ] Skelton's Exhibit #1 is the Dive Bar, a hangout on derelict K Street in downtown Sacramento that is now one of the city's hottest night spots – complete with a mermaid tank – thanks partly to the redevelopment subsidies provided to the project's developer.

"Look, I've got nothing against mermaid bars," writes Skelton, who is widely admired (by me among others) for a thoughtful, common-sense viewpoint. "In fact, state government used to work best when legislators hung out in one near the Capitol. I just question whether state government – any government – should be helping to pay for a mermaid bar."

– CONTINUED ON PAGE 9

Inside

# inbrief

**THE WINE COUNTRY CITIES** of Napa, St. Helena, and American Canyon have been barred from intervening in the request of the landless Mishewal Wappo Tribe for federal recognition as a Native American Tribe. U.S. District County Judge James Ware ruled recently denied the three cities' motion to block the tribe's attempt to gain control over what ancestral territory that lies within the cities' respective counties of Napa, Sonoma, and Lake. The motion claims that tribal recognition and control of land could threaten the cities' water rights and land. Some claim that these concerns are buttressed by the fear that tribal recognition could pave the way for casinos, which would be allowed if the tribe gains sovereignty. Judge Ware said that the cities' attempt to intervene was premature because the would-be damages are too speculative; he noted that the cities can reassert their concerns if and when tribal boundaries are considered.

**THE CITY OF SACRAMENTO** is its own ciclovia, one of the newest trends in temporary, event-based urbanism. In October, Los Angeles' first street festival celebrating human-powered transit and pedestrian life drew 100,000 revelers, and there are plans for four more in 2011. Having seen similar events thrive in San Francisco and New York as well, Sacramento Councilmen Jay Schenirer and Steve Cohn are coordinating with local bike advocates in hopes of putting on a ciclovia in May, during national bike month.

**SENATOR DIANNE FEINSTEIN** (D-CA) has reintroduced legislation that would change federal designation of over a million acres of Mojave Desert. Hundreds of thousands of acres in the Inland Empire would fall under new national monuments, and 76 miles of streams would gain new protections. Broadly, the law would increase protection of delicate habitat, while simultaneously streamlining energy development on private land or already degraded public land. The bill seems to dovetail with efforts by the Departments of Energy and the Interior to intensify solar energy projects in the deserts of the American Southwest. Conservationists have raised concerns about the potential effects on endangered species – see our continuing coverage of the desert tortoise. Scientists and advocates have urged regulators and developers to concentrate energy projects on land whose habitat has already been degraded by development, thus minimizing the threat to wildlife.

**THE EAST BAY CITY OF MARTINEZ** has adopted a new comprehensive housing element. The City Council approved a measure that has many elements similar to the last plan, but whose principles have been narrowed to focus on three core missions: ensuring equal opportunity housing, preserving the existing housing stock, and maintaining an adequate supply of affordable housing. The Association of Bay Area Governments (ABAG) projected that Martinez (pop. 35,000) would need to add roughly 1,000 new housing units during this decade to accommodate regional growth. So far, the city has attempted to meet this demand by rezoning previously industrial areas as denser residential land use. However, the poor real estate market has slowed planned developments.

**A GROUP OF PROPERTY OWNERS** in downtown Santa Ana are protesting the assessment district tax that funds Downtown Inc., the organization charged with managing the area's improvement district. The petitioners have sent a request for the dissolution of the assessment district, who find that Downtown Inc.'s work only benefits the area's upscale businesses and nightlife, while burdening unrelated small—and often minority-owned—businesses with costs from which they don't benefit. Some of the landowners have even taken to boycotting their property taxes and charge the city council of having changed city procedures to make the tax easier to pass.

**HOPING TO SPUR DEVELOPMENT,** the Irvine City Council has lowered a series of developer fees. The move comes on the heals of petitions from developers who thought that the city's mitigation fees – to pay for mitigation to traffic impacts – were out of line with the currently low cost of construction. Representatives of the Building Industry Association of Southern California also complained about a 14-percent hike in fees to pay for community benefit projects, like libraries and parks. Council members were skeptical, however, that continued fee slashing would directly lead to the development of specific projects. They wanted those assurances from developers, but in the meantime decided to put off the increase.

**THE EAST BAY WATER UTILITY DISTRICT** has announced its intention to expand the footprint of the Pardee Reservoir by over 1,000 acres, inundating a scenic river and its riparian surroundings. The proposal is among a suite of tools – including conservation and recycling – that the utility intends to use in its 30-year water plan. However, conservation groups have sued to stop the plan from going forward, in light of a previous finding by the utility that the reservoir expansion would have significant local impacts. The agency doesn't deny this or reject the previous finding but has indicated that it has little choice but to expand the reservoir. New growth projections suggest that it will have to provide water for an additional 400,000 residents, an increase of roughly a third over what they provide now. Those lined up against the expansion plan include the Sierra Club and the cities of Jackson, in Amador County, and Berkeley. With the case about to go to trial, those groups are working on a plan B, in case the ruling doesn't go their way: getting Congress to protect the stretch of the Mokelumne River in question with a national designation.

**COUNTY SUPERVISORS** have given permission for developer Dennis Bacopulos to create a 2,500-home mixed-use community called Friant Ranch. The housing project seeks to attract retiring baby boomers and seniors with high-end shops and amenities. The 3-1 vote both certified the EIR and amended the general plan to include Friant Ranch. The city of Fresno proper denounced the approval, as it runs counter to a regional goal of implementing smart growth planning principles. Concerned Fresno residents and health officials came out to protest the further air pollution that this new auto-dependant community would create. On top of that, a Fresno State geologist testified that the development would inevitably pollute the adjacent San Joaquin River. Full build-out is expected to take up to ten years.

**AFTER WEEKS OF SPECULATION,** promotional videos, and lobbying, developer Anschutz Entertainment Group has submitted a formal proposal for a downtown Los Angeles football stadium. The plan all along has been to tear down the older West Hall of the Los Angeles Convention Center – which is adja-

– CONTINUED ON PAGE 3

CP DR

William Fulton
Editor and Publisher Emeritus

Josh Stephens
Editor

Paul Shigley
Senior Editor

David Blum
Graphic Design

Morris Newman
Kenneth Jost
Contributing Editors

Abbott & Kinderman, LLP
Legal Digest

Robin Andersen
Circulation Manager

is published semi-monthly by

Solimar Research Group
Post Office Box 24618
Ventura, California 93002

Telephone: 805/701-CPDR (2737)
Facsimile: 805/643-7782

Subscription Price: $238 per year

ISSN No. 0891-382X

Visit our website:
WWW.CP-DR.COM

You may e-mail us at:
INFO@CP-DR.COM

– CONTINUED FROM PAGE 2

cent to AEG's Staples Center and L.A. Live campus – and replace it with a football stadium. The partnership between AEG and the City of L.A. will mirror the agreement set up for the initial Staples Center project, which involved nearly free rent on city land. AEG wants to build and operate new parking garages for 4,000 cars – some of which would replace surface lots – that would be owned by the city. AEG also wants rights to erect additional billboards and digital signage. AEG has assured the city that the project would require no public money. But the project depends in part on the issuance of $300 million in city bonds to be repaid with stadium revenues.

**THE EDGE,** the guitarist for rock band U2, has raised the ire of the California Coastal Commission with proposal to build a series of large houses along a Malibu hillside. The commission wants to reject the five-mansion plan along a pristine ocean ridge, citing concerns about visual blight and ecological disturbances. The guitarist bought the 156-acre property called Sweetwater Mesa five years ago. While environmentalists have criticized the proposal as inconsistent with U2's cultivated "green image," the crux of the issue is in a technical detail. The Edge wants each house to be considered separately during the environmental review, because he claims that separate owners now own each of the five properties. Members of the Coastal Commission say they have identified close personal links between each owner and a lack of documents that would establish separate ownership. Moreover, the commission doesn't want to pave the way for more large-scale development in the Santa Monica Mountains.

**TWO SPECIES OF FLORA AND FAUNA** in Riverside County have received new protections from the U.S. Fish and Wildlife Service. The purple-pedaled lily and the arroyo toad now have 2,947acres and 98,366 acres, respectively, of new critical habitat in the San Bernardino Mountains. The protections represent a large expansion over a 2005 designation under the Bush administration, which had carved out exceptions for economic activities. Expansion of the habitat comes after the Center for Biological Diversity sued the WFS on the claim that the agency ignored crucial scientific data when approving the original habitat designation. Attorneys with the Pacific Legal Foundation, representing local landowners, claim that the new designation will devastate the local economy.

**AS THE REINVIGORATION** of downtown Los Angeles presses forward, one of its bigger projects has been scaled back. Facing a Feb. 15 deadline for groundbreaking, Related Companies wants to quickly move forward with a more modest version of its planned $3 billion Grand Avenue Project . While delaying plans for luxury housing towers, a hotel, and retail, Related Cos. will move to build an apartment tower on a surface parking lot just south of the planned Broad Art Museum. And, what they do build is likely to be about 20 stories, or ten to fifteen stories shorter than what they had initially planned. Groundbreaking on phase one has been delayed since 2007. The only part currently under construction is a $50 million redesign of the Los Angeles Civic Center Park, which was funded by Related Cos. as part of the deal it signed with the County of L.A. in order to build on county-owned land.

**THE PORT OF SAN FRANCISCO** announced has accepted six requests for qualifications for the 25-acre Pier 70 Waterfront site, one of the last remaining bayfront parcels in the city not yet slated for development. Development teams led by the following parties submitted responses: Build Inc.; Forest City; Mission Bay Development Group; San Francisco Waterfront Partners; TMG Partners; Department of Veterans Affairs, San Francisco Medical Center. A 25-acre infill site on the central waterfront, the Pier 70 waterfront site offers opportunities for development of 2.5 million square feet of new construction and rehabilitation of 260,000 square feet of historic structures. The Port offered this real estate opportunity after three years of community planning, which resulted in the Pier 70 Preferred Master Plan. The Master Plan outlines all the elements of the plan including new development, historic preservation, and the creation of waterfront open space, while preserving a 17-acre ship repair operation, including the largest floating dry-dock on the west coast of the Americas. Port staff is evaluating the six Pier 70 RFQ responses and will seek direction from the Port Commission in March. The developer selected through this process will work with the Port to develop the waterfront site and secure approvals for the redevelopment of the entire 69-acre Pier 70 area. Pier 70 includes 40 historic buildings that have been recommended to be placed on the National Register of Historic Places. Future plans also include waterfront parks, offering access to the bay as part of the Blue Greenway open space system.

**THE LOS ANGELES COUNTY** Metropolitan Transportation Authority announced that it has successfully negotiated the purchase of Los Angeles Union Station from Catellus Operating Limited Partnership for $75 million. The direct purchase includes 38 acres of land and 5.9 million square-feet of entitlements that provide Metro the right to build on the property and draw lease revenues from both transit operators and businesses. Currently, the station is home to Amtrak, Metrolink, Metro Red and Purple Lines, Metro Gold Line, L.A. FlyAway and numerous Metro and municipal bus lines serving Los Angeles County and beyond. "As Southern California's largest public transportation hub, Los Angeles Union Station is absolutely critical to the current and future mobility of our region," said L.A. County Supervisor Don Knabe, chairman of the Metro Board of Directors, in a statement. "Our purchase of this historic station will enable us to make the needed investments to enable this facility to accommodate greater increases in transit ridership resulting from Measure R transit projects and anticipated future arrival of high speed rail." Due to the size of the property and accompanying entitlements, the purchase also presents new opportunities for joint development on the station's 38 acres. ■

# Proposed Bridge on Open Space Requires Voter Approval

## Santa Barbara erred in approving road for residential subdivision

BY WILLIAM ABBOTT

**An appellate court** has blocked a proposed Santa Barbara housing subdivision because the city did not receive of voter approval of an access road and bridge on city-owned open space land, as required by a 1982 initiative.

In the 100 years since the initiative and referendum powers have become part of the local land use planning and development legal framework, voters have used these populist elements of democracy to shape growth. The case from the City of Santa Barbara illustrates a variation on the intersection of planning and voter control.

In 1982, Santa Barbara voters amended the city charter by restricting the ability of the city of transfer or encumber land "dedicated to public park or recreation purposes" without voter approval. This charter amendment allowed the City Council to grant by contract only concessions, permits or leases "compatible with and accessory to the purposes for which the property is devoted."

In 2005, the city approved a 25-lot development on a 50.5-acre site off Las Positas Road in an unincorporated area the city would annex. Access to the project, proposed by Peak-Las Positas Partners, would necessitate construction of a bridge across city-owned open space and Arroyo Burro Creek. The 2005 approval generated a successful California Environmental Quality Act (CEQA) legal challenge of the environmental impact report (EIR).

In 2008, the city approved a revised EIR, providing that access to 22 of the 25 residential units would be via the new bridge spanning Arroyo Burro Creek. The bridge and road would occupy 5.89 acres of a much larger city-owned open space parcel. At the time of the 2008 project approval, the City Council adopted findings establishing the city's basis for not submitting the matter to the voters. These findings pertained to compatibility of the bridge and the underlying park land, explaining that the bridge would be dedicated for public use, that there would be improved public access to area parks and beaches, and that the bridge and road use would be accessory and minor in relation to the underlying open space parcel.

> "... The result urged by Las Positas [Partners] would circumvent the wishes of the electorate by giving city-owned land to a private developer without a vote of the people."
>
> – JUSTICE PAUL COFFEE

Based upon the City Council's approved findings, the use of the open space land for the bridge was not submitted to the voters. The groups Citizens Planning Association and Santa Barbara Urban Creeks Council filed suit once again, alleging both CEQA and city charter violations. Santa Barbara County Superior Court Judge Thomas Anderle rejected the CEQA arguments, but he granted relief to the project opponents on the basis that voter approval was required.

A unanimous three-judge panel of the Second District Court of Appeal agreed with the trial court. Noting that the findings were simply conclusory statements prepared by staff, and that there had been no evidentiary hearing on those issues, the appellate court had little difficultly rejecting the findings of the City Council. The appellate court's view of the evidence was that the land had been dedicated for open space and/or creek restoration purposes and not for the purpose of developing a roadway. Accordingly, the construction of a road and bridge on that property was not compatible with and could not be viewed as "accessory." Bottom line: voter approval required.

"The clear purpose of this provision [the 1982 initiative] is to prevent parkland from being destroyed or given to private parties without voters' consent," Justice Paul Coffee wrote for the court. "Here, the result urged by Las Positas [Partners] would circumvent the wishes of the electorate by giving city-owned land to a private developer without a vote of the people."

The developer also argued was that the earlier litigation resolved all legal claims and, because the issue of voter approval had not been raised then, the issue could not be litigated in the second legal proceeding. The appellate court rejected this argument too. As the City Council had made no findings in 2005 regarding the compatibility of the road and bridge with the open space lands, the issue could not have been litigated in the first lawsuit, the court ruled. Accordingly, the issue was properly raised in the second lawsuit. ■

- The Case:
  *Citizens Planning Association v. City of Santa Barbara*, No. B216006, 2011 DJDAR 1340. Filed January 25, 2011.
- The Lawyers:
  For Citizens Planning Association: William P. Parkin, Wittwer, & Parkin, (831) 429-4055.
  For developer Peak-Las Positas Partners: Timothy Metzinger, Price, Postel & Parma, (805) 962-0011.

# Affordable Housing Ordinances Lose Favor Amid Recession

## *Folsom Turns Away From Inclusionary Zoning; Rohnert Park Drops Linkage Fee*

BY JOSH STEPHENS

**The recession** has hindered the production of affordable housing in California – even while it has heightened the demand for affordable housing. Yet cities in California are increasingly moving away from affordable housing requirements.

Two cities in inland Northern California have, within a week of each other, scrapped what were key components of their strategies to develop affordable housing. In Sonoma County, the Rohnert Park City Council voted to rescind its commercial linkage fee, which tied commercial development to a city fund for affordable housing. The fee was imposed, on a sliding scale, on all non-residential construction in the city. It reportedly generated only $25,000 over the past three years and yet was considered by the majority of the City Council to be an undue hindrance to commercial developers.

Near Sacramento, Folsom made an even more dramatic move, by scrapping its inclusionary zoning ordinance. The ordinance required large developments to dedicate 15% of their units to low- and moderate-income residents. Folsom officials say that, ironically, getting rid of the ordinance may actually result in the production of more affordable units.

Both cities present arguments that may, for as long as the recession lasts, carry weight among developers and residents alike.

"The trend has been toward relaxation of fees and cities being far more amenable to trying to take steps to try to stimulate development," said land use attorney Todd Williams, a partner at Morgan Miller Blair who advises both cities and developers on affordable housing issues.

Even for cities staunchly dedicated to providing affordable housing, inclusionary zoning has always been a controversial method of doing so.

> "When you are required to essentially give away 15 homes below cost, you're eating up all the (profit) and there's no reason to build the project."
>
> – JOHN BECKMAN, CALIFORNIA BUILDING INDUSTRY ASSOCIATION

"When you are required to essentially give away 15 homes below cost, you're eating up all the (profit) and there's no reason to build the project," said John Beckman, executive officer of the California Building Industry Association's Delta Chapter. "That just prolongs the current economic calamity."

Folsom adopted its ordinance somewhat under duress. It was among a suite of policies instituted in the wake of a 2001 lawsuit, brought by Legal Services of Northern California, claiming that the city had grossly shirked its legal responsibilities to provide affordable housing. Its housing element was found to be deficient and plaintiffs contended that the city simply had no interest in housing lower-income residents.

"The deficiencies that we saw were that the city did not have enough sites that were suitable for affordable housing for all income levels, primarily lower income households," said Mona Tawatao, regional counsel with Legal Services.

That suit ordered the implementation of the inclusionary zoning ordinance, calling for 10% of units to be allocated for very low-income residents and 5% for low income. According to the suit's plaintiff, those efforts have largely succeeded.

"Based on the city's own report we would say that the ordinance was very effective," said Tawatao. "264 units were generated as a result. Also because of the litigation and continued pressure that people who need affordable housing and developers put on Folsom subsequent to that there have been affordable housing developments that have come forward."

Though this new policy may seem like a backslide, city officials insist that it is anything but. Miller noted that the economic climate simply cannot accommodate regulations that hinder development. He also said that, because of the down economy, the city issued only 23 building permits last year and a correspondingly miniscule number of affordable units in a city of over 72,000 residents.

Folsom's 2006 Regional Housing Needs Assessment called for the city to add roughly

– CONTINUED ON PAGE 6

# ›››› BIA Campaigns Against Inclusionary Zoning

– CONTINUED FROM PAGE 5

480 total units per year, including over 1,800 low-income units between 2006 and 2013. A recent study of Folsom's housing capacity found that the city has the capacity to meet these goals but that it must up-zone a small amount of land to accommodate all the needed low-income units.

But Miller insists that the city is not using the economy as a Trojan horse for efforts to dampen the production of affordable housing. To the contrary, they say, the elimination of inclusionary zoning will stoke development in the city and free up the city to develop affordable housing of its own – rather than rely on developers to come along and submit to the inclusionary zoning requirements.

"If you're doing inclusionary housing… .15% times 0 equals 0," said David Miller, community development director for the City of Folsom. "The program that we had was a disincentive to the production of housing because it put another impediment in place. We're all having problems getting new housing in the ground."

The city intends to proactively produce affordable housing units rather than rely on the private market. Miller said that the city is using its redevelopment set-aside as well as funds from a $1.5 million housing trust fund to invest a total of $9 million in two projects that will total 130 affordable units.

"I think that's a heck of a lot more robust program than you'd have if you were waiting for people to build market-rate," said Miller.

Folsom's critics, though, are not convinced yet.

"They've repealed this program and this system that the city said would generate 405 units to meet its state-allocated need but they have not come up with any program or any mechanism to replace it," said Tawatao. "Our position is that their repeal without replacement is a violation of state housing element law."

Tawatoa added that the possibility of legal action is "on the table."

A lawsuit would possibly be only slightly less palatable than the resistance Miller has faced in implementing inclusionary zoning. In fact, he said that by directing affordable housing to the city's urban core – decoupled from any market-rate developments – he can garner more public and political support.

"My (city) council said that we like what you're doing because now we can go downtown or near TOD and we don't get neighborhood opposition," said Miller. "And we don't get the negative market impact on sales prices of other units."

Though Rohnert Park's commercial linkage fee may seem somewhat arbitrary, the connection between job density—especially of low-paying jobs—and housing demand should not be ignored, some say. (Rohnert Park officials did not respond to repeated interview requests.)

"I actually think the economic situation dictates that the opposite happens: that there be not just inclusionary zoning but other mechanisms that ensure that people getting back on their feet have a place to live," said Tawatao. "It doesn't do any good to have unsheltered people or to have people living super-far distances away or to live in substandard housing."

Williams noted that both of these actions come on the heels of a contentious, and highly publicized fight over affordable housing in nearby Pleasanton (see *CP&DR* blog March 26, 2010). [ ] There, the city was found to have stifled the production of affordable housing, far short of its allocation determined in a 2001 Regional Housing Needs Allocation. A March 2010 court ruling ordered the city to zone more land for affordable housing.

For all the advocates who want to see more affordable housing, there remains a strong campaign to relax ordinances such as Folsom's and Rohnert Park's. The BIA, through its various chapters, has been waging an aggressive campaign to relax any laws that would hinder developers.

Beckman, of the BIA's Delta chapter, said that he has been negotiating with the City of Ripon for almost five years to encourage the city of relax its inclusionary zoning ordinance. And while Tawatao ponders legal action to encourage Folsom to shore up its plans, Beckman said that his organization may end up suing Ripon to do the opposite. ■

➤ Contacts:

Mona Tawatao, Attorney,
Legal Services of Northern California
**http://www.lsnc.net/**
(916) 551-2150

David Miller, Community Development Director,
City of Folsom
(916) 355-7222

John Beckman, Executive Officer,
Building Industry Association of the Delta
**www.biadelta.org**
(209) 235-7831

Todd Williams, Partner, Morgan Miller Blair
**http://www.mmblaw.com/**
(925) 979-3352

# March 8 Elections Include Few Local Land Measures

BY JOSH STEPHENS

**Voters will face** a handful of local ballots March 8, and the slate is mercifully light – and concentrated in Southern California. After a November election (see *CP&DR* Vol. 25, No. 21 Nov. 2010) [ ] packed with some of the most contentious local and statewide questions in recent memory, next month's smattering of project approvals and parking spats likely comes as welcome relief. The biggest local question surrounds the would-be city of Jurupa Valley, which will vote to become yet the newest city in the Inland Empire, a region that is maturing in fits and starts. Meanwhile, the City of Beverly Hills has reached its boiling point over one of the most contentious issues in land use: free parking.

➤ **Beverly Hills Measure 2P and Measure 3P**
- *Two Hours of Free Parking Initiative, Measure 2P*
- *Three Hours of Free Parking for Residents of Beverly Hills, Measure 3P*

Voters in Beverly Hills are facing dueling parking fee measures that would make Don Shoup's head spin. The measures focus on the city's "golden triangle" of ultra-high-end retail between Wilshire and Santa Monica boulevards. Measure 2P would institute two-hour free parking in five of 18 city-owned parking structures. Those structures already offer one-hour free parking, while six of the other city-own structures already offer two-hour free parking. The measure is backed largely by an owner of medical buildings in the area but has broad support from merchants. Members of the Beverly Hills City Council consider the measure an inappropriate subsidy for a few buildings, and the city sued in November to remove the measure from the ballot. While a final ruling may yet come, the California Court of Appeal issued a stay in January that keeps the measure on the ballot.

In fact, the city council placed Measure 3P on the ballot in response to Measure 2P. Measure 3P would institute three-hour daytime free parking at 12 city-owned lots – but only for Beverly Hills residents. In the evening, parking rates for everyone would drop by 50 percent from current levels. The City Council estimates that the city would still lose $400,000 annually versus the status quo, as opposed to a $1.3 million loss if Measure 2P prevails. A city spokesperson said that the city has yet to determine a method by which the garages would distinguish residents from non-residents.

➤ **Jurupa Valley (Riverside Co.) Measure A**
- *Jurupa Valley Incorporation Election*

The voters of Jurupa Valley, which encompasses 43 square miles and over 88,000 residents in Riverside county, will decide whether to unite a half-dozen communities into the county's newest city. Incorporation would unite the communities of Mira Loma, Rubidoux, and Glen Avon, among others, into the sixth-largest city in the county. Supporters of Measure A contend that, in addition to benefits of self-rule, incorporation will stave off inevitable attempts by neighboring cities to annex various communities. Supporters say that the Riverside County LAFCO has given the would-be city a clean bill of financial health. Opponents worry that the city will not have the funds to function without help from the county and/or imposing new taxes. The vote follows a highly contentious vote last year to incorporate the City of Eastvale; that vote was successful.

➤ **San Clemente Measure A**
- *Vote on the Playa Del Norte Development at North Beach*

Approval of Measure A will uphold a 3-2 City Council vote approving a 42,000-square-foot commercial, retail, and restaurant development in San Clemente. Supporters claim that it fits with the city's character and will generate sales tax revenue. Opponents claim that it will eat up convenient beach parking and will require the city to pay for millions in infrastructure upgrades.

➤ **West Hollywood Measure WH-A**
- *Tax Billboard Act*

The Marlboro Man may be long gone from the Sunset Strip, but he has a lot of would-be friends. The Sunset Strip is prime territory for so-called supergraphic outdoor advertisements, and Measure A would amend the city's zoning code to allow them on both the Strip and nearby Beverly Boulevard. The measure includes provisions for a 7% tax on revenue from the lease of any such billboards, which would be permitted without discretionary review by the city.

The initiative's supporters claim that it will generate up to $4.2 million annually for the city. Those supporters happen to include Mike McNeilly, who is known as the "king" of supergraphics in the Los Angeles area. Opponents of the measure claim that it would invite rampant erection of ads throughout the designated areas, thus adding to visual blight. The City Council sued to keep the measure off the ballot, but a December court ruling found in favor of Measure A's supporters. ■

# >>>> Redevelopment Crucial For Dense Urban Development, Cities Say

– CONTINUED FROM PAGE 1

In some sense, SB 375 and redevelopment are kindred spirits. Though they are not formally paired, SB 375 is essentially the only state law with an influence over local planning decisions, and redevelopment is the only state-sponsored funding scheme for local development. The potential loss of redevelopment is therefore considered – almost overwhelmingly – a profound blow to localities that would implement SB 375.

In San Diego County, the San Diego Association of Governments will be the first of the state's "big four" metropolitan planning organizations to turn SB 375 into actionable local policy when it releases its Sustainable Communities Strategy. National City Mayor Ron Morrison said that so far the city—which he described as the oldest and, already, the densest city in the county—has adopted a new downtown plan specific plan that calls for 4,000 new housing units and intensification of the city's trolley station areas. The city's redevelopment agency is slated to contribute $14 million to affordable housing and other projects in that area.

Morrison said that if the governor's plan prevails, many transit-oriented projects—especially those that involve affordable housing—will not get built.

"Cities would be fiscally impaired to build housing in any way, particularly low-income housing," said Morrison, who is a former chair of the SANDAG board. "It would be totally counter to what the state is trying to tell us to do."

While planning departments and other city agencies have implicit roles to play in the implementation of SB 375, their powers may not suffice to achieve the herculean task of re-orienting California's cities.

"The benefit of having redevelopment still in place in some of these areas is that the agencies tend to have much more capacity to catalyze specific types of development than say the planning department, which kind of can lay out the plans and the zoning but then become almost totally reliant on the private sector to be able to bring those plans to life," said RTAC Member Stuart Cohen, executive director of the advocacy group TransForm.

When SB 375 was passed, redevelopment was considered an inherent feature of the California policy landscape. It was clearly a piece of the toolkit that cities and regions could use to steer their urban environments towards the vision of SB 375. Likewise, in setting regional greenhouse gas emissions targets, the Air Resources Board – which approved final targets in September – operated under the tacit assumption that redevelopment would play a roll in meeting those targets.

As recently as five months ago, the main concern of the ARB and SB 375 supporters was that of reduced transit funding. Transit agencies were then – as they are now – hemorrhaging money due to decreased state funding and lower ridership. That concern, while still very much alive, seems nearly quaint compared to the threat that the supporters of redevelopment now face.

The list of redevelopment-supported transit-oriented developments that support the vision of SB 375 goals is, literally, too long to mention. While not every TOD relies on redevelopment assistance – and while not every TOD succeeds in discouraging auto use – many that are successful do rely on such assistance.

"[Redevelopment] is the only mechanism in which funding and other important powers are available to be able to accomplish these things," said veteran infill developer Michael Dieden, principal at Creative Housing Associates. "Until there's a replacement mechanism it would mean that we would not be able to provide the affordable housing and workforce housing to transit-oriented and compact [developments]."

A pair of recent studies by the Public Policy Institute of California entitled "Driving Change" suggests that job growth around transit stations, rather than residential density, will lead to greater reductions in VMT. Even then, researchers found that redevelopment has played a role in increasing what the study calls "employment density."

> "[If the governor's plan prevails], cities would be fiscally impaired to build housing in any way, particularly low-income housing. It would be totally counter to what the state is trying to tell us to do."
>
> – RON MORRISON, NATIONAL CITY MAYOR

"The significant amount of job growth that happened near [the Hollywood & Highland Metro] station had significant involvement from the CRA in Los Angeles," said Jed Kolko, research fellow at the PPIC and co-author of "Driving Change." "I think redevelopment has the potential to encourage job growth around transit nodes."

SB 375 has often been criticized as an unfunded mandate from Sacramento. Yet the ability to use tax-increment financing to stoke development, build affordable housing, and improve infrastructure in dense urban areas is seen as one way that the state can contribute, indirectly, to many of the changes that are envisioned in SB 375.

"In order to redo your general plan, redo your design guidelines, redo your street standards, you've got to find funding sources," said Simon Pastucha, director of the Los Angeles Department of City Planning's Urban Design Studio. "There's no funding source out there from the state saying, 'we're mandating this, here's some funding to help go do it.'"

Pastucha said that CRA/LA has been instrumental in supporting projects such as new downtown street standards that are intended to promote walking and cycling.

Dan Carrig, legislative director at the League of California Cities, said that the loss of redevelopment would greatly complicate infrastructure projects that would support SB 375's goals. He noted that mechanisms such as bonding, Mello-Roos funding, and new taxes all require voter approval, with thresholds up to two-thirds.

"This would be to develop part of a town where most of the voters aren't currently living in," said Carrig.

While redevelopment has frequently been criticized for straying from its mission to fight blight – often by defining blight too liberally for some tastes – many say that SB 375 provides the ideal impetus for saving redevelopment. The existing connections between redevelopment and development patterns that reduce vehicle-miles traveled may be coincidental and even tenuous.

"The result of the redevelopment program is to bring about a more urban development pattern. In that sense it's really compatible with SB 375," said Roberts. "But there's not really a linkage between the two. It's sort of neutral with respect to the goals of 375." – CONTINUED ON PAGE 10

# >>>> Redevelopment Assistance Should Enliven Urban Cores

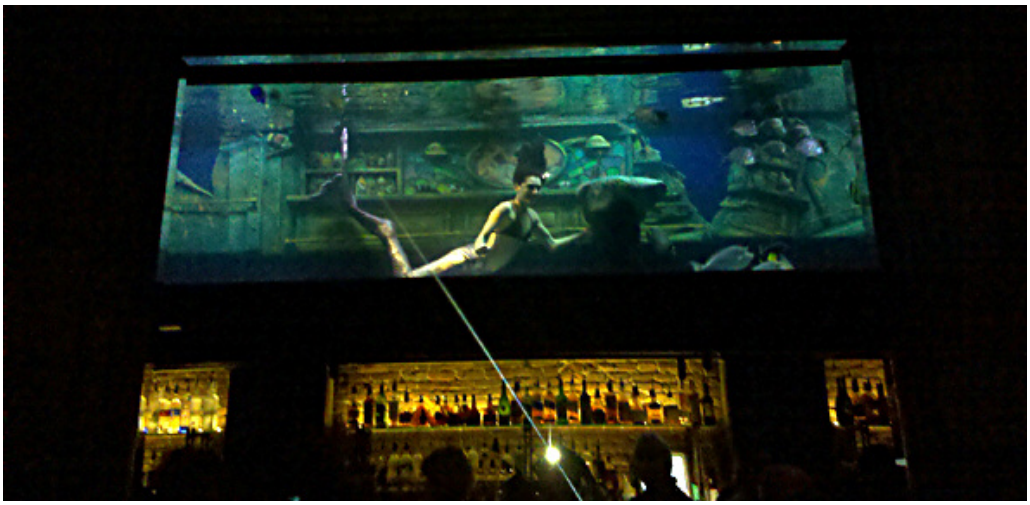
– CONTINUED FROM PAGE 1

Skelton's comments reminded me Zev Yaroslavky's rant in the '90s, back when he was on the Los Angeles City Council, that redevelopment funds should not be used to subsidize theaters and nightspots in downtown LA "just so yuppies can dance on Spring Street."

I've got more than a little sympathy for this viewpoint. Lord knows I've been critical of redevelopment over the years, especially the way cities have played the redevelopment game for their own narrow financial gain. And I remain something of critic today, despite my current status as a mayor and, hence, the chair of a city redevelopment commission.

But there is a legitimate public policy argument for subsidizing mermaid bars. It's kind of complicated and it has a lot of caveats, which I'll get to at the end. Despite the current rhetoric from the redevelopment establishment, this argument is not about creating jobs. After all, mermaids account for only a few of those 300,000 jobs supposedly at risk if redevelopment is eliminated, and in any event the job-creation argument is typically trotted out only when redevelopment is being threatened by the state.

Rather, this argument is about creating compact, compelling places in urban locations – a form of human settlement that is probably more fiscally and environmentally sustainable than sprawl – so that more people will live and work in such locations.



CP&DR STAFF

Redevelopment funds contributed to the development of a downtown Sacramento building where 'mermaids' now frolic above thirsty urbanites.

Redevelopment is a mechanism to stimulate and direct real estate development. The point of redevelopment is to direct both public and private investment into specific geographical areas – often older areas that have become rundown and are suffering from disinvestment. The original "urban renewal"-type reasons for this governmental intervention still stand: The more these older areas slide, the more they will cost the government in police protection, social services, and other costs associated with dysfunction.

Of course, there are plenty of places in California that need stimulated investment more than K Street (though it remains a stubbornly derelict street surrounded by renewed urban affluence) and there are plenty of ways to stimulate investment other than subsidizing a mermaid bar.

But the recent move toward encouraging compact urban development in California makes the argument for certain types of redevelopment subsidies even more compelling. Infill development is more expensive than greenfield development, so, all other things being equal, it'll be at a disadvantage. But laying down infrastructure in sprawling greenfield locations is inefficient and, in the long run, more expensive. Furthermore, encouraging people to live and work in compact urban neighborhoods has an enormous environmental benefit, especially in reducing the overall amount of driving and. Consequently, greenhouse gas emissions, overall gasoline usage, and other pollutants.

You might be thinking my argument is that a mermaid bar on K Street is far more cost-effective and environmentally beneficial than a mermaid bar in an auto-oriented strip mall in Roseville. This is partly right, but there's more to it than that. People make choices about where they live, work, and otherwise spend their time not based on proximity to mermaid bars alone but based on their overall sense of whether the community meets their needs – jobs, amenities, schools, recreation, shopping, and so forth. Any developer can tell you that in order to succeed in the marketplace they either have to provide all these things or else make sure they are close by. And what those amenities are will differ depending on the market you're aiming for. So if public policy efforts are going to be geared toward creating urban communities that are compact and efficient yet also complete communities that are competitive with sprawling alternatives, those policy efforts will include providing people with amenities they want. Like shopping centers. Or golf course. Or schools. Or mermaid bars. (To be fair, in the case of the Dive Bar, the redevelopment agency subsidized a developer, who built a project and found the mermaid bar as a tenant.)

The obvious question that arises is why the market can't provide mermaid bars on its own. After all, our cities are crawling with urban hipsters young and old these days (not the least of whom is Gov. Brown himself, who lives in a redevelopment-subsidized loft in Sacramento). Can't a mermaid bar survive on its own without redevelopment subsidies? Or, more to the point, wouldn't hipsters live in urban locations with our without redevelopment subsidies?

This is the eternal question about redevelopment and it is, in part, unanswerable. The only serious policy research – most notably a 1998 study by the Public Policy Institute of California called "Subsidizing Redevelopment" [ ] – ever done on the question of whether all that tax revenue generated in redevelopment areas would have occurred anyway answered that question with a solid maybe. So I don't have hard numbers to back me up. But my smeller tells me that, given the complexity of urban development, a lot of this stuff would never get built without redevelopment subsidies. Our cities would suffer as a result and we'd have more sprawl and less compact development. For my money, that's bad for everybody.

– CONTINUED ON PAGE 10

# >>>> Redevelopment Must Go On, Even Without TIF

– CONTINUED FROM PAGE 9

But I'm willing to admit that we in California have gotten so used to redevelopment as being our first, last, and only way to do this that we've forgotten that other ways might work just as well. After all, the goal here isn't to figure how to funnel property tax money to developers. The goal is to figure out how to make urban development projects pencil out. Redevelopment may be an effective way of doing that – and it may be the way we're used to – but it's not the only way.

In the end it wasn't the redevelopment subsidies that succeeded in persuading the yuppies – or, to update the term, hipsters – to dance on Spring Street in downtown L.A. It was a very simple policy change instituted by Mayor James Hahn in 2001, which waived all parking requirements for adaptive reuse projects downtown and in Hollywood. With the stroke of a pen, Hahn turned the conversion of old office buildings into lofts from a money-loser into a desirable real estate investment. Eliminating the parking requirement put money in developers' pockets – or, at least, their pro formas – just as surely as a redevelopment subsidy.

In other states where rules on tax-increment financing rules are strict, cities use other methods such as density transfers to create the cash required to make projects work. In Seattle, where the use of TIF is strictly limited under state law, the city routinely makes projects work by permitting transfer of development rights from one property to another, thus bestowing a profit opportunity that wouldn't otherwise exist. Seattle has done this downtown a few times and the city is about to undertake a similar effort to make a redevelopment plan work in South Lake Union, the underutilized neighborhood just north of downtown that is largely controlled by Microsoft billionaire Paul Allen.

Los Angeles has used this same trick a couple of times, most notably back in the 1980s, when the city gave developer Rob Maguire about 20 extra stories on his Library Tower building in exchange for a nine-figure investment in the renovation of the Los Angeles Central Library. And L.A.'s power brokers are gearing up for a dramatic expansion of this method – known locally as the Transfer of Floor-Area Ratio, or TFAR program – if redevelopment goes away.

So the bottom line is that there's a pretty compelling argument for subsidizing the mermaid bar no matter what George Skelton thinks. But there may not be a compelling argument that the only possible way to do this is through the tax-increment financing mechanism contained in the California Redevelopment Law.

As I wrote last month (*CP&DR* Insight, Vol. 26, No. 2), [] it's long past time to reinvent redevelopment. But as we work our way through California's profound fiscal crisis, we've got to stop confusing ends with means. Instead of going all out to protect how we do something – because everybody's used to it and all the agencies and consultants are invested in that particular method. Instead, we've got to focus on what we're trying to accomplish and look at all the different ways we can pursue that goal given "the new normal" that now rules our lives. In other words, small-r redevelopment must go on – with some kind of subsidy for private development projects, even those featuring mermaid bars. But that doesn't necessarily mean big-r Redevelopment is the only way to get the job done. ■

# >>>> SB 375 Offers Possible New Mission For Redevelopment

– CONTINUED FROM PAGE 8

TransForm's Cohen cautioned that redevelopment projects are "not inherently green," but that they can be green if agencies focus on that goal and direct development accordingly.

Supporters of SB 375 say that, whatever redevelopment's former shortcomings may be, the move towards compact, less auto-dependent urbanism points to exactly the new mission that redevelopment needs. Estolano said that if redevel- opment survives, the budget crisis may offer an opportunity to recast redevelopment's mission. It can, she said, move away from blight-fighting and towards an explicit embrace of SB 375.

"We are forward-thinking when it comes to addressing climate change and GHG emissions and addressing the real concerns about our urban form," said Estolano. "We need to marry those two: our desire to address our environmental issues with our desire to grow strong industries."

It would, they say, be the ideal use of TIF financing and the organizational capacity of redevelopment agencies.

"We see SB 375 as making sure that these areas that are near transit that are infill are not just developed but are developed in a way that makes sense on kind of a corridor scale, so that we're not just thinking what can work in this place from an economic perspective...along an entire transit corridor," said Cohen.

Politically, the fight to save redevelopment has created some unlikely fans for SB 375. While representatives of the League of California Cities have been critical, at times, of the burdens that SB 375 places on cities, the law is also serving as the basis of an argument to preserve redevelopment.

"SB 375 will be kind of a nice idea that everyone works hard at trying to implement," said Carrig. "The governor seems to be saying, and in fact he has said, that redevelopment doesn't really do much except move economic activity around. He's right. It will happen elsewhere…but it's not going to happen in those areas that are identified (by SB 375)."

That shuffling around of development and its purported benefits for the state lies at the heart of the governor's argument for eliminating redevelopment agencies.

"Ultimately one needs to consider all the benefits and costs of redevelopment – not just those involving SB 375 – in order to decide the future of redevelopment," said Kolko. ■

➤ Contacts:

Dan Carrigg, Legislative Director,
League of California Cities, (916) 658-8200

Stuart Cohen, Executive Director, TransForm
**www.transformca.org**, (510) 740-3150

Michael Dieden, Principal, Creative Housing Associates,
(310) 836-1342 (Creative Housing Associates)

Cecilia Estolano, Chief Strategist on State and Local
Issues, Green for All; (213) 612-4545

Jed Kolko, Research Fellow,
Public Policy Institute of California
**www.ppic.org**, (415) 291-4400

Ron Morrison, Mayor, National City, (619) 336-4241

Simon Pastuscha, Director of Urban Design Studio,
Los Angeles Dept. of City Planning, (213) 978-1475

Ron Roberts, Supervisor, San Diego County,
(619) 531-5544

## *CP&DR* Exclusive: Fictitious Draft EIR for Downtown L.A. Football Stadium

I HAVE PUBLISHED so many corrections in my journalism career that I now write the correction along with the story. To wit: The following story is all made up. There is no draft EIR for the downtown football stadium yet. Yet few readers are aware that I possess the flawless crystal sphere of Nostradamus, which gives me super powers to see accurately into the future. (Note to editor: Do I have to run corrections for inaccurate statements about myself? I mean, who would know?)

Gosh, it's really, really hard to guess what the negative impacts might occur, when building a football stadium with seating for 70,000 or so people rises in downtown Los Angeles. Let's see now.

TRAFFIC IMPACT: Slightly negative impact. Recommended mitigation: Add 10 lanes each to the Hollywood (101), Interstate 10, Interstate 5 and Harbor (110) freeways. The side benefit is that Caltrans will be distracted from its long-stated goal of ploughing up the city of South Pasadena to complete the 710 Freeway, to ensure that Pasadena matrons have more convenient access to the burly longshoremen in Long Beach. (What, you didn't know about that?) Suggested mitigation: Convert the Los Angeles Convention Center to a multi-level parking structure. Economically, this is a much better solution for the convention center than trade shows. The Dallas Cowboys charge $75 to park at their stadium. Do the math.

AIR QUALITY: Somewhat negative impact. What's another day of 20,000 or 30,000 cars descending on downtown Los Angeles? Aforementioned site already has a lot of cars. Who's to notice? Plus, football teams are frequently on the road, causing congestion and pollution in other cities. Suggested mitigation: Play the entire season out of town.

ARCHITECTURAL QUALITY: Teensy-weensy negative impact. I, for one, can think of nothing more pleasant than driving by an enormous building that resembles a very large salad bowl that is spinning rapidly on a turntable, with the lettuce beginning to fly out. The only drawback to this design is that we can still see the 53-story Marriott Hotel tower, standing all by itself on the southern end of downtown like a great big you-know-what. Suggested mitigation: Make the stadium at least 10 stories higher.

ECONOMIC IMPACT ON CITY OF LOS ANGELES: Negligible, if you don't count the $300 million in bonding authority that the developer is requesting from the city. The developer promises to service the debt. Insofar as we are doing away with redevelopment (at last report), the city will not need this money for any other purpose, such as housing, parks, etc. Plus: We have a fictitious consultant's report that will tell us all the benefits that the city will enjoy from this massive, ugly and inappropriate sports facility.

SUMMARY OF FICTITIOUS CONSULTANTS' REPORT: "We see very positive economic benefits accruing to the City from the construction and operation of said Stadium … If we tabulate all the increase in receipts going to parking valets, tee-shirt vendors, caterers providing food and drink to corporate fat cats entertaining their equally fat clients in exclusive sky boxes, plus the assorted sex worker or two, we arrive at a conservative estimate of $20-$30 billion of economic benefit for the City in the next two decades.

Yessir! No doubt about it … (P.S. Please take notice of the Invoice attached to this Report for $250,000, which is the cost of cooking up this nonsense for the City Council.)

Outrageous distortions? Perhaps. I'll make you a deal: All interested readers should bookmark this article and wait until the actual Draft EIR and Consultant's Report actually come out. I promise you that the predictions obtained from the flawless crystal sphere of Nostradamus will be alarmingly close to actuality.

– MORRIS NEWMAN | FEBRUARY 14, 2011

## Forget Redevelopment, Prop 13 Is The Real Issue

**PROPOSITION THIRTEEN.**

There, I said it. But I'm not the only one uttering those words during the ongoing discussion of the State of California's enormous budget gap. Just maybe, we can no longer ignore the elephant in the room.

The state's fiscal problems are as big as an elephant, and the reasons for them are legion. But, make no mistake, the largest contributor to those problems – by far – is the system created by and in reaction to Prop 13.

One of Gov. Brown's proposals for solving the budget deficit is the elimination of local redevelopment agencies. Doing this, according to the administration, would result in $2 billion in additional property tax revenue for schools – meaning the state would not have to "backfill" $2 billion to the districts. The governor's proposal has triggered intense debate about the value of redevelopment. It's a debate [ ] that is probably worthwhile, but not in the hothouse environment of the state budget debate. The real issue is not the effectiveness of redevelopment, it's the fact that cities and counties turn to redevelopment because it's one of the very few tools they have to boost revenues and invest in their communities' infrastructure, economic well-being and housing stock.

Approved in 1978, Proposition 13 set the property tax rate at 1% of assessed value, limited increases to 2% annually, and prohibited re-assessments except when property is sold. Before Prop 13, cities, counties, school districts and every other local government agency set their own property tax rates. After Prop 13, those same cities, counties, school districts and other agencies had to share the same pie – a pie that was suddenly two-thirds smaller. The State of California did what seemed like the responsible thing and bailed out the locals. Nowadays, 70% of the state's general fund is composed of payments to other government agencies, primarily school districts and counties. Proposition 98, passed in 1986, ensures that schools get a certain percentage of the state's general fund.

In other words, what we used to pay for directly with property tax is now funded by the state, which gets most of its money from income taxes. It's not a wash by any means.

For 30 years, as state budget deficits have come and gone, we ignored the system that voters imposed and the consequences from it. That silence seems to be ending.

– CONTINUED ON PAGE 12

– CONTINUED FROM PAGE 11

During recent testimony before the state Senate Governance and Finance Committee, state Treasurer Bill Lockyer noted that Proposition 13 triggered the debate about which levels of government are "stealing money" from other levels. That debate raged during last year's campaign over Proposition 22 (which seeks to protect local revenues) and over the governor's proposal regarding redevelopment. This is all because we don't pay for many local government services and public works directly.

Jean Ross, of the advocacy group California Budget Project, said during the same hearing that while most states pay for education at the local level, Propositions 13 and 98 transferred most of the responsibility for funding schools to the state. This is important because it reflects California's disconnected system, in which no average citizen can follow the money from tax payment to service provided.

Not only did Proposition 13 spur the change in how schools are funded, it caused redevelopment project areas to expand enormously, because redevelopment emerged as the only way cities and counties could capture increased property tax revenues, Marianne O'Malley, of the Legislative Analyst's Office (LAO), explained. The LAO says this redevelopment expansion is bad public policy, but it recognizes that Prop 13 is the cause.

I recently spoke with Elizabeth Patterson, the mayor of Benicia. Her 161-year-old city does not have a redevelopment agency, but she understands the appeal of having one. Redevelopment has been cities' response to the disproportionate way that property taxes are distributed in light of Prop 13, she said.

I know, I'm repeating myself. I'm doing so because I'm overjoyed that people are talking about Proposition 13. Few people are urging reforming it, but the first step toward recovery is admitting you have a problem.

The fiscal issues faced by the state and by local government are systemic. Those issues will remain no matter what happens with redevelopment, because redevelopment agencies are barely a fly on the elephant's butt.

– PAUL SHIGLEY | FEBRUARY 24, 2011

## Legislative Analyst Gets Testy With Calif. Redevelopment Assoc.

**I'M SURE THAT BY NOW** plenty of people would be willing to kill redevelopment just to put an end to the ping-pong match of debate that has surrounded the governor's budget proposal. While all very civil and often enlightening, it's a debate that has relied on a handful of studies against redevelopment (most prominently Michael Dardia's 1998 PPIC study, "Subsidizing Redevelopment in California" [ ]) and a single study in favor of redevelopment (the California Redevelopment Association's 2009 study, based on earlier work by the private firm Time Structures [ ]).

Beyond that, there's enough anecdotal evidence – pro and con – to give anyone whiplash.

Things got interesting last week, though, when Legislative Analyst Mac Taylor put the smackdown on the CRA's study. I'm not sure if the average redevelopment official has the phrase "oh, snap!" in his vocabulary, but it would do well here. Taylor's letter expressed a degree of indignation not normally seen in official discourse.

Taylor's letter [ ], which responds to an earlier CRA response [ ] to previous criticism (again, watch our for whiplash), alleges the following three flaws in the CRA's study:

• The CRA assured the LAO that its study encompassed projects that redevelopment agencies were substantially involved with, so as to distinguish the effects of redevelopment apart from general economic trends or other, private development activities in the studied project areas. Taylor, however, notes that the study focused on projects that redevelopment agencies were "involved with" and then points out that the researchers themselves did not define "involved with" nor did they "take any steps to review these data for consistency or accuracy." In other words, Taylor says that the CRA's study cannot distinguish between true redevelopment projects and projects that just happen to be in the neighborhood.

His point: If you don't ask people for exactly the information you want, you're almost guaranteed not to get it.

• The CRA study, which attributes the creation of over 300,000 jobs to redevelopment activities, seems to assume that developers and public entities would not invest in projects in the absence of redevelopment. Taylor notes that this is pure speculation on CRA's part.

In fact, this inability for anyone – LAO, CRA, or anyone else – to construct a counterfactual all but condemns the debate to the realm of emotion and anecdote. Given that we are dealing with thousands of individual decisions on the part of both agencies and developers, no one will ever know what would have happened in the absence of redevelopment. If nothing else, we'll get a heck of a data set if the governor's proposal succeeds. Social scientists, keep those spreadsheets ready.

• The CRA's claim of 300,000 jobs discounts the notion that tax money spent in other ways might have generated jobs. While Taylor does not claim that these funds would have the same job-creating impact that the CRA study claims, he does note that it's unlikely that they would have zero impact. Therefore, he implies that the 300,000 net jobs created is wildly inflated.

Taylor's letter ends on perhaps the snarkiest note: he presents a bibliography of 12 studies that, he claims, supports his assertions and the LAO's overall position of skepticism of redevelopment.

You can bet, however, that there are 400 or so cities in California that have plenty to say about those studies.

So whose serve is it now?

– JOSH STEPHENS | FEBRUARY 22, 2011