INFORMATIONAL MEMORANDUM

TO:     Agency Commissioners
FROM:   Fred Blackwell, Executive Director
SUBJECT: Media Clippings from 01.11.11 to 01.27.11

Enclosed is a collection of newspaper and media clippings that refer to the Redevelopment Agency or an Agency-related project or program.

(Originated by Gia Casteel-Brown, Executive Assistant)

Fred Blackwell
Executive Director

BAYVIEW HUNTERS POINT / HUNTERS POINT SHIPYARD / VISITACION VALLEY:


Attachment 3: SFGate.com: “SF Bayview dumping crackdown targets 25 hot spots,” January 24, 2011

MISSION BAY / TRANSBAY / YERBA BUENA:

Attachment 4: SFBG SAN FRANCISCO BAY GUARDIAN ONLINE: “Don’t nobody still give a damn?” January 26, 2011


MID MARKET SURVEY AREA:

Attachment 6: SFGate.com: “Mid-Market projects face uncertainty,” January 16, 2011

Attachment 7: SFGate.com: “Spending a day and night on Mid-Market,” January 16, 2011
REDEVELOPMENT:


Attachment 9: SFGate.com: “Redevelopment plans threatened by CA budget cuts,” January 11, 2011


Attachment 11: SFGate.com: “Jerry Brown’s budget earns business leaders’ raves,” January 12, 2011

Attachment 12: SFGate.com: “California should block more redevelopment bonds, analyst says,” January 12, 2011


Attachment 16: SFGate.com: “Redevelopment cut imperils S.F. affordable housing,” January 14, 2011

Attachment 17: SFGate.com: “Redevelopment projects face funding cutoff,” January 14, 2011


Attachment 20: SFGate.com: “S.F. supervisors prepare for redistricting battle,” January 17, 2011

Attachment 22: SFGate.com: “Recent California newspaper editorials,” January 19, 2011


Attachment 24: SFGate.com: “Cities rush to spend redevelopment money,” January 19, 2011

Attachment 25: SFGate.com: “Cities leaders skeptical of Brown’s budget proposal,” January 19, 2011

Attachment 26: SFGate.com: “Jerry Brown calls redevelopment agencies futile,” January 20, 2011

Attachment 27: Politics BLOG FROM THE San Francisco Chronicle: “Cities move to wall off redevelopment funds before program is killed,” January 20, 2011


Attachment 30: SFGate.com: “City leaders vow to defend redevelopment agencies,” January 22, 2011

Attachment 31: SFGate.com: “The weekly poll,” January 22, 2011

Attachment 32: SFGate.com: “Redevelopment agencies crucial to state’s economy,” January 23, 2011

Attachment 33: SFGate.com: “Jerry Brown takes on Redevelopment,” January 23, 2011

Attachment 34: The Mercury News MercuryNews.com: “Mercury News editorial: Redevelopment is all cities have to attract jobs,” January 24, 2011

Attachment 35: The Examiner/sfexaminer.com: “Controller to audit California redevelopment agencies,” January 24, 2011


Attachment 37: Politics BLOG FROM THE San Francisco Chronicle: “Chiang to review development agencies,” January 24, 2011
Attachment 38: **THE BLOG REPORT WITH ZENNIE62**: “Jerry Brown’s Plan to end redevelopment in California wrong-headed,” January 25, 2011

Attachment 39: **SFGate.com**: “End of redevelopment agencies would hit unevenly,” January 25, 2011


Attachment 41: **SFGate.com**: “California Mayors seek options to Brown’s redevelopment seizure,” January 26, 2011

Attachment 42: **SFGate.com**: “Brown defends deep cuts in California budget,” January 26, 2011

Attachment 43: **SFGate.com**: “Budget plan could doom California’s sick, critics say,” January 27, 2011

Attachment 44: **SFGate.com**: “SF redevelopment project may be expedited,” January 27, 2011
Time for groundbreaking draws near for Hunters Point shipyard

Comments (0)

Potential: Lennar Corp. said it hopes to begin breaking ground on the first of 88 homes planned for the Hunters Point redevelopment project. Some residents say in light of previous promises, they aren’t holding their breath. (Examiner file photo)

Seven years after The City’s Redevelopment Agency approved the first phase of the Hunters Point shipyard’s planned transformation, building might finally begin.

The regional president of Lennar Corp., the Miami-based developer of the site, said the company hopes to soon start building the first 88 homes in one of The City’s largest redevelopment projects.

The 88 condominiums and townhouse flats will sit atop one of two dusty hills overlooking a hazardous Navy base that could eventually be a waterfront boasting new homes, parks and retail space.

These units are only a small portion of the project’s first phase — a 75-acre hill that is expected to be the site of up to 1,600 homes, 9,000 square feet of retail and 25 acres of parkland.

But Phase 1 is only about 10 percent of the entire project area. Phase 2 is set to cover 702 acres at the former shipyard and Candlestick Point, and involve the construction of 10,244 homes, 885,000 square feet of retail space and 255,000 square feet of arts facilities. And its future remains very much up in the air.

On July 14, the Board of Supervisors voted 8-3 to pass an environmental impact report for the project’s second portion. That phase depends on the Navy properly cleaning the shipyard before the land is transferred to Lennar.

Within 60 days of the board’s vote, Lennar was supposed to spend $7 million on “community benefits,” including job training and rent assistance to buyers, Bonner said. But the company blames a cleanup-related lawsuit for preventing it from fulfilling that requirement.

The nonprofit groups Greenaction and People Organized to Win Employment Rights (POWER) filed suit in September accusing Lennar and The City of violating state law by assuming that the Navy will properly clean the site.

“You can’t just assume some future process will be done,” POWER spokeswoman Jaron Browne said. “Under California law, you have to address how you’re going to mitigate for the potential health impact.”

The chairwoman of the India Basin Neighborhood Association said she is anxious for the project to move forward. But she’s not going to hold her breath.
Kristine Enea said developers have been saying that construction could start soon for six years now. Indeed, in 2008, a Lennar spokesman said he expected all the Phase 1 homes would be finished by 2010.

Source URL: http://www.sfexaminer.com/local/development/2011/01/time-groundbreaking-draws-near-hunters-point-shipyard
Budget ax swings at Hunters Point

Redevelopment cuts could topple project

Premium content from San Francisco Business Times - by Eric Young

Date: Friday, January 14, 2011, 3:00am PST

San Francisco’s Hunters Point redevelopment project — a multibillion-dollar plan seen as an engine of economic growth — could be killed if redevelopment agencies are eliminated as part of a money-saving move for the state.

From a Fremont BART extension to Emeryville’s Arts and Cultural Center to San Francisco’s public housing rebuilds, development and infrastructure projects throughout the Bay Area could face funding shortfalls and greater hurdles if redevelopment agencies disappear. The agencies handle millions of dollars annually that are used to back bonds for affordable housing or other needed infrastructure.

Gov. Jerry Brown this week proposed eliminating redevelopment agencies across the state to free up about $8 billion in property tax revenue yearly that would help balance California’s notoriously out-of-kilter budget. State officials have looked to raid redevelopment funds before but haven’t proposed axing the funding mechanism outright.

Brown said his proposal would affect future redevelopment projects, not existing bonds or deals. That is cold comfort to redevelopment officials. They said that major projects are often funded in phases, so while they might be able to continue with current work, future plans could die on the vine.

Dire straits for big projects

Consider San Francisco’s Hunters Point Shipyard project, which includes 10,500 homes, 3.6 million square feet of commercial space and an artists’ colony in its second phase.

“If we don’t issue debt in the future, that deal is essentially dead,” said Fred Blackwell, the head of San Francisco’s Redevelopment Agency, which has a budget of about $93 million it plans to spend this year for projects.

Plans for other big ticket projects in San Francisco could be derailed, including the Transbay Terminal, future development at Mission Bay and the city’s Hope SF project which aims to build 6,000 affordable housing units close to shops, community centers and parks.

The popularity of redevelopment agencies spread after California voters in 1978 passed Proposition 13, which caps property taxes. With a redevelopment agency, a city can retain more property taxes for valued projects, said Iris Yang, a lawyer at Best Best and Krieger LLP who specializes in redevelopment law.

In Fremont, which plans to spend $34.5 million this year on redevelopment projects, a new BART station in the city’s Irvington District could be thrown into jeopardy. The city also wants to beautify streets and clean up sites that were polluted by past uses, said Elisa Tierney, Fremont’s Housing and Redevelopment Agency Director.

If redevelopment agency funding goes away, Tierney said, “Those (projects) would fall to the city and I don’t think the city has the funding for it.”

Choking off job stimulus

Developers said terminating redevelopment agencies would choke off a vital source of construction work.

“The money from redevelopment is focused on the weakest section of the California economy,” said John Stewart, a developer who expects to start soon on a $100 million housing project at Hunters Point funded in part with redevelopment dollars.

upcoming statehouse debates over the budget. But redevelopment officials said they are not minimizing the risk to their future.

"My gut," Blackwell said, "tells me this is something to be taken very seriously" due to the state’s $25 billion budget shortfall and Brown’s stated commitment to consider nontraditional budget cuts.

If redevelopment goes away, it is not clear what — if anything — would take its place. One possible tool is Mello-Roos bonds, which are backed by an additional tax that property owners agree to place on themselves.

But that won’t work to fund things like affordable housing or to clean up places that have been polluted from past uses, said Gabriel Metcalf, executive director of the San Francisco Planning and Urban Research Association.

"The only way some of these places will be brought into productive economic use is with redevelopment tools," Metcalf said.

To replace some redevelopment funding, Brown said he wants to allow cities to raise taxes with the approval of 55 percent of voters, rather than two-thirds currently.

Steven Meyers, an attorney at Oakland’s Meyers Nave Riback Silver & Wilson PC who works with redevelopment agencies, said lowering the tax threshold likely would not prove popular with voters or replace all the money that agencies get now.

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Read his blog postings at Bay Area BizTalk.
Every other day now, it seems, Bayview resident Angelo King drives by piles of abandoned construction and miscellaneous debris in his neighborhood.

Truckloads of them.

And he's sick of it.

"It looks like somebody just rolled up there and kicked crap off their truck," King said. "People are breaking the law, trying to save a buck at the expense of our neighborhood. It makes it look trashy and drives me absolutely crazy."

As one of the last major industrial areas in the city, southeast San Francisco is the frequent victim of large-scale illegal dumping. After recently receiving a $350,000 state grant, however, the Department of Public Works - which cleans up using taxpayers' dollars - may finally be equipped to curb the problem.

The two-year grant, awarded by the California Department of Resources Recycling and Recovery, will allow the department to clean up and monitor 25 chronic illegal-dumping hot spots in the Bayview and work with community organizations to educate neighbors on how to report incidents.

**Roofing dumped**

The funds come on the heels of a huge increase in incidents since the summer, said Mohammed Nuru, the department's deputy director for operations.

Eleven dumpings occurred during the past two weekends alone. One of them, a toxic pile of roofing material taller than a human being, will cost $10,000 to clean up.

"Imagine this reaching our water and our streets and people coming into contact with it," Nuru said. "It just hurts."

Ten of 25 dumping reports in the past two months have been roofing material, Nuru said. The department is working with the district attorney's office, city attorney's office and Police Department on leads that could trace the material to several companies.

"There's a lot of unanswered questions but it's under investigation," said San Francisco police Officer Matthew Balzarini, adding that little evidence has been drawn from businesses' video-camera footage.
During the 2009-10 fiscal year, 2,207 of 16,939 reports of illegal dumping occurred in the city’s southeastern region. The total cleanup costs were $4 million, according to the department. Midway through this fiscal year, 9,067 dumpings have been reported citywide, 1,202 in the southeast. It hasn’t been this bad since 2000, Nuru said.

Proper disposal involves taking debris to the San Francisco Dump and paying $140.76 per ton. Illegal dumpers will typically leave 7 to 10 tons at a time, city officials said.

The city budgeted $800,000 for illegal dumping cleanup and enforcement, but the department needs more than $1 million to adequately deal with the 25 hot spots. The state funds fill the financial need.

The grant will also "change the neighborhood culture" around illegal dumping, said Supervisor Malia Cohen, who represents the area. "It is going to signal that the way (dumpers) have done business in the past ... is no longer acceptable," she said.

**Door-to-door outreach**

In November, the department started a campaign to address sidewalk dumping in the Bayview's residential areas.

Half a dozen low-income, at-risk youth with the United Fathers Coalition went door-to-door educating neighbors on proper garbage disposal and how to report dumping incidents. The coalition looks forward to engaging in the grant's community outreach component, said executive director Rev. Charles Grays.

"I think we let the bird out of the cage - people had complaints," he said. "They had a way to respond and there was communication going around the neighborhood."

Spreading the word on illegal dumping and its repercussions could reverse what King, chair of the Bayview Hunters Point Project Area Committee on redevelopment, says has become "a weird sort of accepted behavior" among some residents.

"People got it in their minds that it's OK, and now they're regularly throwing stuff out on the corner," he said. "It just isn't cool."

**How to help**

The S.F. Department of Public Works encourages people to call 311 when they spot an illegal dumping pile, and 911 when they see it in the act.

E-mail Jessica Kwong at jkwong@sfchronicle.com.

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/24/BAPT1HBPF.TDL

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Don't nobody still give a damn?

By sarah
Created 01/26/2011 - 5:34pm
For the second day in a row, Aboriginal Blackmen United (ABU), a community organization that represents unemployed construction workers from Bayview Hunters Point, embarrassed University of California officials by blocking the front gate of UC's $1.7 billion Mission Bay hospital project.

ABU members claim UCSF is refusing to hire workers from local neighborhoods and they say they are prepared to go to jail if their demands aren't met.

"At 6:30 this morning, we were full of energy," ABU President James Richards said on the first day of the protest. And ABU members recalled that they saw "nothing but skunks" when they arrived outside the construction site at 6 a.m.

"They'd locked up everything and guarded back fence, so we stopped everyone from coming in this front entrance, including management and cars," Richards said, as he stood outside UC's 16th Street and Fourth Street construction site, while ABU members chanted, "If we don't work, nobody works."

Richards said the police told employees to go around to the site's back entrance, as they made calls, trying to figure out what was going on.

"We've been out here every day for almost a year and nothing has changed except the paperwork," Richards continued. "We have qualified union workers standing outside the job site that are ready, willing, and able to work and if the community doesn't work, no one works."

put people to work, even though, as a state agency, they cannot mandate local hire requirements or give preference to any particular domicile.

"UC is very committed to maximizing local hire where we can," Cindy Lima, executive director of the Mission Bay Hospitals project, said. "It's unfortunate that there is a protest because it gives the sense that we haven't been working with the community, when in fact we have been working with the Mayor's Office, CityBuild and every stakeholder interested in this project, including ABU."

Richards said ABU decided to mount their protest this week for two main reasons: to challenge UC's claims that it has been hiring more local residents at the site, and to register anger over the distribution of a flier that encouraged local residents interested in working at the UC site and other construction projects in town to sign up with a group called the San Francisco Workforce Collaborative.

The flier, which fueled suspicions that UC is trying to divide the city's disadvantaged communities, named Dr. Arelious Walker as President of BayView Hope Community Development Corporation.

"We at the San Francisco Workforce Collaborative partnered with BayView Hope CDC are currently doing sign-ups in ALL trades to afford you the opportunity to work on these projects," the flier stated.

Richards was particularly outraged that Walker was calling his group "the San Francisco Workforce Collaborative," since this was the name UC used to describe its community outreach efforts last year.

"We guys were with Walker when he was fighting the Nation of Islam's attempt to stop development at the shipyard, so it hurts so bad to see this," he said, pointing to a copy of Walker's flier, which listed Jan. 25 and Jan. 27 as sign-up dates at Walker's Gilman Avenue building.

"All I know is that ABU is here for the long run and we're prepared to go to jail," Richards said. "Never again will we stand by and let people come into the southeast community and take our jobs. We're going to fight until the end."

"When Dwayne Jones was with the City, DPR [which is UC's construction contractor] was trying to notify him about requirements for job hire, and Jones was supposed to notify ABU for job placements, but now we find out that they have brought in another consultant," Richards said, noting that Jones has left the city and now works for Platinum Advisors. "And now all of a sudden, UC hires this company and is giving this list to DPR?" Richards continued, noting that UC has hired a consultant called Marinus Lamprecht to handle job submissions at its hospital site, but no one from ABU had been hired, despite the fact that Richards submitted five names to UC, months ago.

"We've been demonstrating at this site and marching down the street, and UC was telling us at that time, we're gonna put some of your folks to work," Richards said. "All I know is that ABU is working diligently to try and get our people hired. We want to be the first organization, not the only organization to have people work here. After demonstrating and protesting for over a year, we feel that the people who brought UC to the table and supported the city's new local hire legislation have the right to work first. But it always seems that the powers-that-be go outside our community to cause division amongst the community."

"We've been here since 6 a.m. today and this is the community," Richards continued. "No so-called community leaders have joined forces with us, including pastors and political leaders. And that's why we say, don't nobody give a damn about us, but us."

Reached by phone, UCSF's news director Amy Pyle clarified that in recent weeks UC has committed to voluntary hiring goals at the site. The goals start at 20 percent, and increase 5 percent each year until the completion of the project in 2014, Pyle said.

This means UCSF’s voluntary local hiring plan was put together shortly after the Board of Supervisors approved Sup. John Avalos’ mandatory local hire legislation for city-funded projects. Former Mayor Gavin Newsom refused to sign Avalos’ legislation, leaving Mayor Ed Lee to figure out how to implement Avalos’ legislation, which mandates 20 percent local hire this year, increasing 5 percent each year until mandatory 50 percent goals are reached. And UCSF officials stress that, as a state agency, UC can’t have quotas and isn’t subject to the city’s local hire mandates, since its hospital project is not city-funded. But they note that the university has set voluntary local hiring goals, held monthly meetings with stakeholders, and is currently working on carving out financial incentives to encourage contractors to achieve these voluntary goals.

“Our voluntary goals are not a result of their protest,” UCSF news director Pyle said. “We have been aware of the local hire concerns since before they were protesting. So, I don’t think people should expect there to be a quid pro quo.”

And Lima observed that UC has tried to maximize local hire on construction sites, since 1993. “It’s ranged from 7 to 24 percent, so the average has been about 12 percent,” she said, stressing that a lot has changed in recent years, regarding UCSF, local hire, and the overall economy.

“For a start, this project is six times larger than anything we’ve done,” Lima said. “There’s been a shift in capacity of community groups. The city has centralized its actions, concerning local hire efforts. And now it’s advancing its local hire goals, and then there’s the economy.”

Lima said that it’s because of this changed landscape that UCSF is ramping up its efforts to hire local residents.

“While we cannot mandate that our contractors hire locally, we are holding monthly meetings that are open to all community stakeholders,” she said. “We are doing extensive outreach to offer any stakeholders to submit names. We are keeping a list so as jobs become available. We are able to provide those names to unions for job call opportunities. And we have tried to carve out part of our payment to contractors to put it into an incentive program if they hit those goals.”

Lima said the final details of the incentive plan haven’t been worked out. “But they are substantial,” she said.

She insisted that ABU did not succeed in completely shutting down UC Mission Bay Hospitals’ construction site in the last two days, and she claimed that if the goals of UCSF’s voluntary local hire program are reached, UC will double its historical local hire average, eventually.

Lima pointed to UC Mission Bay’s website where minutes of a Jan. 13 meeting between UCSF and representatives for the local workforce are posted.

Those minutes show that UCSF has agreed to work with its Mission Bay construction contractor DPR “to ensure that qualified San Francisco residents have access to jobs, Lima said, and that names can be submitted to consultant Marinus Lamprecht, using submission forms available here [1].

UCSF also intends to prepare trade-by-trade name call opportunities and has promised to report on actual local hiring progress at monthly community workforce meetings to be held the second Thursday of each month, she said.

UCSF’s news director Amy Pyle clarified that under UC’s voluntary local hire program, "local residents mean people who live in San Francisco generally."

Meanwhile, Lima said UC has not entered into any contract with BayView Hope CDC and requested a copy of Walker's flier to see if his group "overstepped."

"For many years, UC did have a memorandum of understanding with the community and was working with a group called the San Francisco Workforce Collaborative," Lima clarified. "The name has lasted, but the organization has changed. It was very successful historically, and there's been an effort in the community to resurrect that group and make it stronger, but the landscape has changed, so we decided to open the doors to everybody."

According to Lima, any interested party can now submit names to UC's sign-up list.

"I carry that list around with me," Lima said, promising folks will be hired in the order their names are received, if they match available opportunities.

"The contractors talk to the subcontractors who give them their best monthly estimates," Lima said, noting that the subcontractors arrive with a core crew and then call the unions to fill their remaining needs.

Lima said part of the current uproar over local hire at UC Mission Bay's hospital site stems from the misperception that there are lots of jobs available now.

"Job opportunities should ramp up in May, but right now, they are installing 1,052 structural piles," she said. "So if there is an opportunity for a carpenter or a laborer to get decks built, we call the union."

Lima added that folks are welcome to review data that UC's compliance officer gathers. "It's in our and the community's best interest to put people to work," she said.

But so far UCSF's stance has continued to angered ABU members. They note that the university's local hiring rates hovered at less than 10 percent until a series of ABU-led community protests in late 2010 forced UCSF and its contractor DPR to request voluntary reporting of worker residency.

And while UCSF claims that local employment is on the rise at the site, ABU questions the reliability of the university's self-reported performance at the site. As a result, ABU members continued to protest at the site Jan. 26, even as efforts appeared to be underway to address their concerns.

"Dr. Walker called us, he was apologetic," ABU's Ashley Rhodes told the Guardian Jan. 26, referring to BayView Hope CDC's flier. "And the Mayor's Office just called, saying they wanted to talk with James [Richards, ABU's leader]. So, that's where he is right now. But tomorrow we may go to jail."

Rhodes noted that on Jan. 26, DPR hired one carpenter from ABU's list. "And a female receptionist is being interviewed, but we still have three out of five names we submitted last year to bring in," he said.

Outside UC's Mission Bay construction site, Michelle Carrington, a 58-year-old Hunters Point resident, continued her protest for a second day straight.

"I've been out of work for ten years," Carrington said, noting that she has over a decade of construction experience as a flagger and an operating engineer.

"I graduated from YCD in 1999," she said, referring to Young Community Developers. "Dwayne Jones trained me. He just left the Mayor's Office and now he is working to help us get jobs."

Marc Benioff, chief executive of business-software company Salesforce.com Inc., recently inked a $278 million commitment to San Francisco. Salesforce.com agreed to pay that amount for 14 acres of undeveloped land in the Mission Bay neighborhood, the costliest land purchase in the city in years, according to local real-estate experts. Salesforce.com will use the land to build a nearly two-million-square-foot campus, up from the roughly 700,000 square feet it currently occupies across four buildings in downtown San Francisco. Mr. Benioff, who founded Salesforce.com in 1999 after 13 years at Oracle Corp., also pledged $100 million last year to help build a new children's hospital in Mission Bay.

Mr. Benioff, 46 years old and a fourth-generation San Franciscan, recently discussed why Salesforce.com decided to stay in the city and the pros and cons of running a technology company there versus Silicon Valley.

WSJ: Why did you decide to remain headquartered in San Francisco?

Mr. Benioff: More than half of our employees actually live in San Francisco proper. The next [biggest group] are in the East Bay and the North Bay. Only a fraction of our employees are from the South Bay.

That's very different than other high-technology companies. The decision to be based in San Francisco has served us very well because San Francisco is an underserved market in terms of talent. It's got a tremendous amount of very highly educated, very technically savvy people, and we're able to draw on that and build the company very rapidly.

WSJ: Did you consider locations in Silicon Valley or the East Bay for your new corporate headquarters?

Mr. Benioff: We did. I got very close to making the decision to go to Oakland. There is a tremendous office building that we were looking at in Oakland right on the BART stop. But at the end of the day, our employees made it very clear to us they wanted to stay in San Francisco.
WSJ: You’ve said that you’ve spoken with city officials about beefing up the transportation options in Mission Bay. Have any of those conversations borne fruit?

Mr. Benioff: I don’t think that there’s anything that we have that we’re ready to announce at this point. We’re really just at the beginning of a very long project.

WSJ: Corporate history has many examples of expansion plans that were overly ambitious, that left companies with too much space on their hands. How do you know your plans aren’t too grand?

Mr. Benioff: Our growth on the top line speaks for itself. Our absolute growth on the bottom line also speaks for itself [as does] our core growth in our customer numbers, market share and employee count. For us to continue to grow—whether it’s the top line or the bottom line or the employees—we need to have a platform to be able to do that. The key platform is really the campus.

And also the opportunity is so unusual. How many times do you have an opportunity to buy [14] acres on the bay to build your campus, on a Muni line?

WSJ: What are the benefits of running a tech company here versus Silicon Valley?

Mr. Benioff: The No. 1 reason to run a tech company here is that you have a population that isn’t being tapped by the Silicon Valley companies and really can’t be. [A lack of public-transit options means] Silicon Valley companies haven’t been able to draw from San Francisco or many of the East Bay counties. We benefit from that.

I honestly think it’s so much better. I worked in Silicon Valley for 13 years. There are no restaurants, there is no shopping, there is no energy.

WSJ: What are the drawbacks to running a company in San Francisco?

Mr. Benioff: San Francisco is more expensive. Of course it’s cheaper to go to Oakland. It’s cheaper to go to Redwood City or San Mateo. But you just don’t get what you get in San Francisco.

WSJ: How has the San Francisco tech scene evolved since you started Salesforce.com?

Mr. Benioff: There always has been a good tech environment [with] lots of little companies getting born and dying [in the] South of Market [neighborhood]. But there is much more fever today in San Francisco. The hottest companies like Twitter and Zynga and many other small companies are all right here.

Now that we have basically acquired all of the remaining land in Mission Bay, it’s going to be an accelerator for technology [companies] to move south to Candlestick Point [and for] extending the Muni lines and transportation systems there. I think that that will be the next step. You’re going to see development now move from where we are towards the Candlestick Point area, which is a huge opportunity for companies.

Write to Cari Tuna at cari.tuna@wsj.com
There’s no question Mid-Market is undergoing changes, though many of them are yet to be seen. And some may remain just ideas on paper if Gov. Jerry Brown’s proposal to eliminate redevelopment agencies is approved.

A year ago, then-Mayor Gavin Newsom stood inside Showdogs, a gourmet hot dog restaurant at Sixth and Market, to announce he was dusting off a redevelopment plan for the area that was killed by the Board of Supervisors in 2005 because of disagreements over how much affordable housing should be included.

Newsom said that because Supervisor Chris Daly would soon be termed out, he’d be able to get the package passed. A year later, Daly’s out of office and running a Market Street bar, Newsom’s the lieutenant governor who left office a year early without advancing a solid Mid-Market redevelopment plan, and his new boss, Brown, may have killed the idea anyway.

For decades, California’s redevelopment program has let local governments develop decrepit neighborhoods by borrowing against property taxes that would one day be paid in those areas. But Brown, who unveiled his proposal last week, said it’s taken billions away from other programs like public schools and public safety measures. Redevelopment money for Mid-Market would probably have been used for street beautification, retrofitting buildings and other upgrades.

Regardless, other projects are moving forward. CityPlace, a mall featuring 250,000 square feet of retail space, has been approved on Market between Fifth and Sixth streets.

An upscale youth hostel is due to open in 2012 at Seventh and Market, and Trinity Place, with 60,000 square feet of retail space and residential towers including 1,900 housing units, is planned for Eighth and Market.

The Black Rock Arts Foundation of Burning Man fame, the Bay Area Video Coalition and the American Conservatory Theater are all eyeing spaces along Mid-Market, according to the mayor’s office, which has worked to draw more businesses to the area and create an arts district.

Even Twitter is looking at a huge space at Ninth and Market, and the mayor’s office may advance legislation to exempt businesses moving into the stretch of Market between Mason and 10th streets from the city’s payroll tax for five years.

Still, many vacant storefronts remain. The Central Market Community Benefit District - which encompasses the south side of Market between Fifth and Ninth streets and a couple of blocks on the north side of the street - counts 13 vacant street-level spaces.

This year, the district will encourage property owners to lease their buildings to businesses that don’t feature liquor, porn or check cashing.

"They don’t live in San Francisco, and they don’t have an investment in the community here," Daniel Hurtado, director of the district, said of the absentee property owners. "They’re waiting for this neighborhood to suddenly
thrive. But that's the challenge - if a property owner is just hanging on to a property, the neighborhood is not going to improve."

E-mail Heather Knight at hknight@sfchronicle.com.

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/16/MN1L1H418M.DTL

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San Francisco mayors have talked for decades about cleaning up Mid-Market Street. Elmer Boone actually does it.

The 59-year-old with a country singer's name and a mischievous twinkle in his eye spends his days pushing a cart with a garbage can, broom and heavy duty cleaning supplies. After 3 1/2 years, he says the street hasn't changed much.

"It's just the same things waiting for me every day," he says, his trash can brimming. "Needles, throw-up, feces, trash - all kinds of stuff. Some things I don't even want to talk about."

But the fact that Boone, who moved from Arkansas as a teen and lives in a Civic Center single-room occupancy hotel, is even there signals that the notorious street may slowly be improving.

Sixth and Market has gone from one of the worst corners in the area to one of the best, sporting Showdogs, a Pilates studio and shops in the Warfield building. It will soon be home to Pearl's Burgers. But Gov. Jerry Brown's plans to eliminate redevelopment agencies could cast a shadow on how effective San Francisco can be in rejuvenating what used to be a vibrant stretch filled with pedestrians and theater patrons, but one in decline since at least the early 1960s, when it was studded with penny arcades, risque movie houses and stands selling "girlie magazines."

The Chronicle recently spent a day and night exploring the beleaguered stretch and found some glimmers among the grime, though as the sun sets, so do some of the signs of hope.

Boone works for the Central Market Community Benefit District, formed in 2006 and funded by extra taxes on 200 property owners in the area. Also working for it are two walking information desks: Derrick Joyner and Nick Hitchko, both 33-year-old Sunset District residents who serve as community guides.

They tell homeless people where they can get a free meal, point lost pedestrians in the right direction and rescue frantic tourists who thought they were headed to Macy's.

"You can spot those 2 miles away," Hitchko says.

He will never forget helping a mother and daughter from Los Angeles who were in San Francisco looking at college campuses. Their car was towed in the Tenderloin, and they were hysterical. Their poodle, Princess, was inside. Hitchko flagged a cab for them and told them how to get their car back. They returned to tell him Princess was safe, if shaking.
Joyner and Hitchko have become neighborhood institutions, dubbed Fat Albert and Dumbo by Wesley, who didn't want to give his last name. The gaunt 44-year-old with missing teeth and dirty fingernails has lived on the street or in nearby SRO hotels for 20 years.

Asked what it's like to call Mid-Market home, Wesley strains to be heard among screeching sirens. "Living here is like doing life in prison," he says.

**Street characters**

Down the block from Wesley's hangout is a new drop-in art studio run by Hospitality House. At one long wooden table, Oscar Nieves, 42, carves a pink bar of soap into a heart. He says he was released from prison recently and is staying at a shelter. He's determined to turn his life around, and believes his soap creations will get him there. He talks about soap the way Bubba talked about shrimp in "Forrest Gump."

"I just love soap," he explains. "I think about a woman and how she wants her decorations - butterflies, teddy bears, a carriage with potpourri and hearts. Anything that you can think of, I can make out of soap. It's got to be something that attracts women."

Happy souls at an art studio are certainly the exception. Mostly, the street is lined with liquor stores, check-cashing spots and a few strip clubs with their lights flashing before noon.

But U.N. Plaza, long a hangout for homeless people, comes alive at lunchtime with a weekly arts market. Food trucks offer everything from fried macaroni with bacon to Vietnamese tacos. A flash mob appears, dancing to Michael Jackson tunes. And the clickity-clack of an old-fashioned typewriter can be heard all the while, as Pam Benjamin bangs out poems on the spot for $1.

Asked to craft a poem about Mid-Market, the 36-year-old poetry student at San Francisco State University concentrates intently before producing "Civic Bricks." It reads in part, "We're not all zombies, walking across bricks, ignoring pigeons."

But by late afternoon, the plaza is again empty - except for homeless people huddled under quilts on the grass.

Down the street, Eye Candy, a new boutique in the Warfield building has no customers. Jarred Garza, 27, opened it in the spring and so far, he's just breaking even.

He says there have been a few thefts and his customers are sometimes turned off by the handful of questionable characters nearby.

"There's a cutter girl. There's a French woman who's schizophrenic. There's an old woman who screams all the time. Oh, and there's a crazy spitting lady," he says. "It's just a little colorful, eclectic. It has character. All those PC words."

Outside, one woman who could easily be part of that cohort walks in circles sobbing. "I'm so hungry! Help me buy some food - please!" She has bleeding sores on her face, and her pants are falling down. Down the block, a panhandler is accompanied by a dog with a sign in its teeth reading, "F-- you. Pay me."
As night falls, the atmosphere along Mid-Market grows bleaker. During the day, the most pressing problem may be the empty storefronts, but by night, empty souls populate the area.

Pedestrians slow to a trickle west of Fifth Street, as if running into an invisible levee at the gateway of Mid-Market.

There, Ronald Valigursky lies on the sidewalk wrapped in a stained blanket. He's got a shopping cart with empty cans, plastic bottles and some Pepperidge Farm Brussels cookies. Police officers John Leong and Fidel "Alex" Gonzalez tell him he has to get up.

As Valigursky, 46, staggers to his feet, a woman in a prim skirt, coat and headscarf happens by looking for the Social Security Administration office at 939 Market St. The building has sat empty for years to make way for the new City Place shopping center that officials hope will help transform the block.

"You guys got 50 cents on you, man?" Valigursky asks.

"Don't beg," scolds the woman, who declined to give her name. "Go to a shelter."

Valigursky pauses, asks Gonzalez for help getting into a shelter, then changes his mind.

"I want something to drink," he says and plods off.

Mid-Market is a boulevard of contradictions, and only more so at night. Shuttered storefronts and boarded-up buildings are just steps from one of the city's premier live music venues - the Warfield theater, which becomes a bustle of light and activity when the sun goes down. But halfway down the block, there's just a few people on the street, their pace determined.

Ben Bedonie says he's had enough of this street.

He hails the two foot patrol officers in front of a MetroPCS cellular phone store.

"Take me to detox," the 56-year-old says. "I've had enough, man. I've had enough drinking."

The Arizona transplant is holding a milk crate, and takes a seat against a boarded-up building, the wood painted over with a mural several months ago in one of the city's efforts to soften Mid-Market's edge.

"This is my nation, right here," Bedonie says, pointing to the name "Navajo" drawn on the mural. He starts to cry and pulls a can of cheap Stars and Stripes cola from his pocket.

"No more beers," he says. "No more nothing."

One of the officers radios for a van that will take Bedonie to a detox center.

"It helps them out for a couple of days," Gonzalez said. "Then he's usually back with his friends."

Certainly not all is grim. Three German tourists on their way back to their hotel stop to browse postcards on a rack in front of a mini mart. Mid-Market doesn't deter this group.

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"I think it's way nicer, than, for example, L.A," says Julia Graf, 25, of Berlin.

'Not like it used to be'

The women just happen to be standing a few feet from a pizza joint that police say is one of several remaining Mid-Market spots for low-level marijuana dealers - the "junior varsity."

"This street has gotten a lot better," Leong says. "It's not like it used to be."

There is still crime, though, particularly in the shadows just off Market Street.

Southern Station, which is responsible for the district that includes Mid-Market and the South of Market neighborhood, had the highest number of serious crimes reported last year out of all the city's 10 police districts, more than double the number in the Bayview, according to police figures. But the vast majority of serious crimes handled by Southern Station were theft and car burglaries.

Gonzalez points to a Civic Center Station BART entrance at Seventh and Market streets where a cluster of about eight men quickly disperse when police come into sight. The spot is notorious as a clearinghouse for stolen goods - including iPods, computers and prescription drugs.

"It all ends up here, for the most part," Gonzalez says. "See those guys there? Those are the lookouts."

Police run undercover operations there and make regular busts. They've seen a decline in similar activity around other BART entrances after crews replaced the solid walls at the entrances with railings that police can see through.

The one stone and concrete entrance still provides a haven. Leong and Gonzalez break into a brisk jog when a report of an armed robbery comes over the radio on Mission Street. They run past clusters of men sitting on the sidewalk of Sixth Street amid cigarette butts and small pools of phlegm. An emaciated women with a cigarette in her hand and missing teeth cackles: "I'm guilty, I'm guilty. Lock me up."

On Mission Street, just a block from where the German tourists had browsed postcards, a parking lot attendant fought off a robber. When the beat cops arrive, patrol officers have the suspect face down on the sidewalk outside the Ninth Circuit Court of Appeals. They say a gun was recovered. The window in the attendant's booth is smashed. Blood spatters the floor. The attendant's hand is bleeding, and Gonzalez acts as an interpreter before the victim is taken away in an ambulance.

"We're not pushing crime somewhere else," Leong says, noting the concentration of registered sex offenders, parolees and homeless services nearby. "Crime will never leave."

The series

This is part of an occasional series that looks at the challenges of redeveloping one of the most blighted stretches of street in San Francisco, the Mid-Market area.

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http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/16/MNEH1H3FMA.DTL&type=printable 1/24/2011
State, local relationships in flux as Gov. Brown looks to shift powers

The relationship between California’s state and local governments has been, to put it mildly, tortuous over the last several decades.

Prior to 1978, state and local governments, including schools, operated fairly independently. Counties operated some health and welfare programs for the state and schools got some state money, while cities had almost no interaction with Sacramento.

All of that changed when voters slashed local property taxes by passing Proposition 13 in 1978. Then-Gov. Jerry Brown and the Legislature quickly enacted what was termed the “bailout,” shoring up schools and local governments with billions of state dollars.

At the time, it was assumed that the bailout would be temporary, especially since the state was running deficits and dipping into its reserves.

However, it quickly evolved into a semi-permanent assumption of governmental costs, especially for schools. And as the old saying goes, the one who pays the piper calls the tune, so the state began dictating how its local aid would be spent.

The relationship turned downright nasty in the early 1990s, when the state, facing big budget deficits, forced cities and counties to shift billions of dollars in local property taxes to schools, thereby allowing the state to reduce its school spending.

Ever since, the state has periodically raided local treasuries and the locals have sponsored ballot measures to protect their revenue from Sacramento’s depredations.

Brown is governor again and is proposing to undo, at least partially, the 1978 bailout by shifting some programs to local control. But local officials, burned in the past, are leery. They want ironclad guarantees that the money to finance them will follow.

Brown appears bent on asking voters to approve higher taxes to close the state’s chronic deficit and wants to send part of the money directly to local governments.

There is, however, a rub. If the new revenue is to be permanent, they’d be a very hard sell to voters; but if they are temporary, the locals would not accept any permanent reassignment of duties.
Another rub is that Brown apparently also wants to abolish city redevelopment agencies, which skim about 12 percent of property taxes off the top, and force the state to spend about $2 billion extra on schools each year. Finally, there is the whole issue of land-use regulation, local governments' most cherished power.

This is a yeasty mixture of countervailing factors, indicating that the state-local relationship will not be settled anytime soon.

*Dan Walters' Sacramento Bee columns on state politics are syndicated by the Scripps Howard News Service.*

Gov. Jerry Brown's proposal to eliminate redevelopment agencies and enterprise zones baffled city and county officials who have relied on the two programs for decades to spur economic growth and development in depressed areas.

Critics said the move will exacerbate the state's flailing economy, push jobs out of California and take important tools away from local governments looking to eliminate blight and improve job prospects in underserved communities. They also expressed confusion about which projects will be impacted.

**New projects impacted**

Although Brown emphasized that his proposal will only affect new redevelopment projects, not "bonds or commitments that have been contractually entered into," redevelopment officials said Monday they are still sorting out exactly which projects would be impacted.

In Oakland, for example, city officials planned to use redevelopment funds for a new Athletics ballpark and transit village at the MacArthur BART Station. Their ability to do so is now in doubt. And San Francisco redevelopment director Fred Blackwell said a number of planned projects in that city, including some phases of the Hunters View revitalization, development of affordable housing on former freeway parcels, and redevelopment of the Hugo Hotel at Sixth and Howard streets, are now in jeopardy. Blackwell called the situation "dire."

"Right now we have more questions than we have answers," said Oakland City Councilwoman Jane Brunner. "We need to see how exactly this is going to work."

**$2.7 billion savings**

Eliminating the two programs will save the state's general fund nearly $2.7 billion over the next 18 months, money Brown plans to use to stave off deeper cuts to health care, trial courts and local services. In future years, the funding - which will increase as redevelopment projects are completed - will be given directly to schools, cities and counties as part of the new governor's plan to bring government services closer to the people. To replace redevelopment funds, the new governor also wants to allow cities and counties to raise some taxes with the approval of 55 percent of voters.

Mark Hill, a program budget manager with the state Department of Finance, said cities and counties will be able to move forward with projects in the future - they will just have to decide whether they want to use the former redevelopment funds for those purposes, or ask voters to approve taxes.

Still, Bay Area development leaders warned of dire consequences. They said eliminating redevelopment as an option for counties and cities will have a long-term impact on blight, jobs and housing. According to the

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1/24/2011
contribute tens of billions of dollars to the economy and generate $2 billion in taxes every year.

"It's cannibalizing local government," said San Pablo City Councilman Leonard McNeil. "This is a weak-kneed response to the budget crisis - absconding with the economic engine that fuels hundreds of cities across the state."

There are dozens of redevelopment projects under way or in the pipeline in the Bay Area. San Pablo is relying on city and county redevelopment funds to build a 19-acre site for retail, housing and a Doctors Medical Center clinic. In Richmond, the city is using redevelopment funds for downtown revitalization, a new BART parking garage and a slew of affordable housing projects, parks, retail areas and community centers.

Mid-market on hold

Most of those projects are probably far enough along to escape the ax. But Blackwell said future projects - such as the possible redevelopment of San Francisco's squalid Mid-Market area - will now be impossible to move forward.

California's redevelopment program has, since the 1950s, allowed local governments to develop blighted areas by borrowing against future property taxes in those zones. In San Francisco, it has enabled the city to build more than 25,000 units of housing and transform areas such as Yerba Buena Center in the South of Market neighborhood from a series of rundown buildings and vacant lots to a cultural center and vibrant public park.

Enterprise zones

In his budget proposal, Brown argued that the mechanism has taken billions in revenue away from schools, public safety and other local programs by earmarking property tax revenues that otherwise would have flowed to state and local coffers. He also contended that the private development that has occurred in redevelopment areas would often have taken place even without the program.

Enterprise zones, created in 1984, allow local governments to offer tax credits to businesses that invest in underserved and low-income areas that meet certain requirements. There are currently 42 of these zones in California, including a number in the Bay Area. In San Francisco, for example, an "enterprise zone" covering a huge swath of the city gives businesses $36,000 in tax breaks for every hard-to-hire worker employed.

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http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/11/MN2P1H6U2L.DTL&type=printable
Enterprize zones targeted by Brown, angering businesses

Redevelopment supporters aren't the only ones angry at Gov. Jerry Brown over his proposed cuts to programs aimed at stimulating economic development in depressed areas: He's also ticked off businesses and other supporters of "enterprise zones."

Supporters say the zones -- which allow local governments to offer tax credits to businesses that invest in underserved and low-income areas that meet certain requirements -- help create jobs and keep businesses in California. (There are currently 42 of these zones in California, including a number in the Bay Area.) Critics contend they provide tax breaks to businesses that would be there anyway. The elimination of these zones will save the state an estimated $924 million over the next 18 months.

"Enterprise zones, have good points, but ... overall, they don't add to the general economy of the state, they just move money around," Brown said Monday. "I know both of these things in Oakland were helpful, but I can tell you this: if the local government cleans up their regulatory underbrush, and really goes out and helps people to develop and overcome a lot of NIMBYism, then you can do economic development in a very solid way. I saw that in Jack London Square (in Oakland), where redevelopment didn't play a role, but certainly there was a lot of development."

Craig Johnson, head of the California Association of Enterprise Zones, had another take. He said the zones are immensely successful in getting low-income and other under-served citizens hired, and in attracting businesses to the Golden State. Johnson warned that businesses are already fleeing California, and said the elimination of these tax credits "will just accelerate what's been happening."

The move will be particularly devastating to businesses that have carried over tax credits from previous years but not yet used them, he contended.

I feel like they put out the unwelcome mat," he said. "This will absolutely cripple underserved communities, low income communities and communities of color from one end of the state to the other, because enterprise zones have that kind of reach. ... Businesses located in distressed communities will try to leave. We need businesses to stay, we need to give them incentives to hire people and stay in those areas."

Posted By: Marisa Lagos (Email, Twitter, Facebook) | January 11 2011 at 01:55 PM
Listed Under: California Budget

Comments (2)
Jerry Brown’s budget earns business leaders’ raves
Andrew S. Ross
Wednesday, January 12, 2011

They like it, they really like it.

That’s the early reaction to Gov. Jerry Brown’s budget from Bay Area business leaders, economists and a labor representative I spoke to on Tuesday. The governor gets an A+ for "honesty" and for generally grabbing the bull by the horns, even on taxes.

Concerns were expressed on the proposed elimination of state redevelopment and enterprise zone funding, and a requirement that corporations use a "single sales factor," based on their actual sales in California, to determine corporate tax owed, rather than allowing them to opt for a formula based on employment and property, as well as sales in the state.

Perhaps most important is how the Legislature and the electorate respond. As one business leader said, "Ultimately, the real wild card is whether Californians will be willing to go to the ballot box to tax themselves to stave off more cuts."

Herewith a sample of opinions, in their own words:

Stephen Levy, director, Center for Continuing Study of the California Economy

The budget is positive for the economy because it’s honest. It says in order to cut $25 billion (the current deficit), everyone’s got to kick in. It’s about allocating pain, and the 50-50 division between spending cuts and tax increases is a strong symbol of Californians sharing the pain.

If we can balance the budget honestly, it’s a signal to business and to investors that California once again can do, rather than the reputation it currently has, which is the state that can’t agree on anything.

Jim Wunderman, CEO, Bay Area Council

The governor is to be commended for a reality-based budget. The state can’t move forward without it. But this is very big and complex and has to be looked at carefully.

We could be supportive of the tax extensions, but they could impact job creation and investments in plants, for example. On the single sales factor, we preferred the more flexible optional approach, and will have to look at the implications of putting every company affected in the one cup of soup.

As to eliminating state money for redevelopment and enterprise zones, we know there are some boondoggles, and money not always used in ways intended, but they’ve also helped with major improvements in areas suffering from economic malnutrition.

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Christopher Thornberg, principal, Beacon Economics

I like it. He's attacking the problem properly. He's looking to make tax cuts semipermanent. I applaud him for that. He's also looking for a systematic way to prevent the problems in the future, including shifting more responsibilities to local governments, even though it will be tough on them in the short term.

And he's making the tough decisions at a time when the California economy is better able to handle them. We're estimating fourth-quarter growth of 3 percent to 3.5 percent. We're recovering, no question about it.

I hope to hell (Gov. Brown) can do this. What worries the hell out of me is that he's not the only one who will be making the decisions.

Steve Smith, director of communications, California Labor Federation

The governor has shown a willingness to put everything on the table, including tax provisions that work and those that don't. We haven't seen much economic benefit from enterprise zones, and the proposal to eliminate money for them we view as a positive sign.

Carl Guardino, CEO, Silicon Valley Leadership Group

There are incredibly painful cuts, but also sound economic provisions that will help California's business climate. They include extending the temporary tax increases and the single sales factor, although we're looking to have discussions on the latter about the details.

Two major items in a "white paper" we just sent to the governor, who had asked us for recommendations to grow manufacturing and technology jobs in California, is to develop a strategic economic plan for the state, complete with a Cabinet position, and to create an office charged with streamlining regulations in order to reduce burdens to businesses.

Steve Falk, CEO, San Francisco Chamber of Commerce

The state's financial situation is a classic business turnaround situation. First you have to stop the bleeding, and there is no doubt pain must come before the gain.

The impact on cuts in higher education, for example, will hurt the competitiveness of California. The elimination of redevelopment and enterprise zone incentives will no doubt slow development and job creation in the short term. The benefits of that tax increment financing are all over the city - Embarcadero Center, Transbay Transit Center, affordable housing, the Hunters Point and Treasure Island projects, Yerba Buena Gardens.

But getting California's budget balanced will help restore business confidence. That will lead to economic development and job growth - and that's a good outcome.

Blogging at sfgate.com/columns/bottomline. Facebook page: sfg.ly/doACKM. Tweeting: @andrewsross. E-mail: bottomline@sfchronicle.com.

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California Should Block More Redevelopment Bonds, Analyst Says

Wednesday, January 12, 2011

Jan. 12 (Bloomberg) -- California lawmakers should act quickly to prevent a rush to borrow by barring redevelopment agencies from selling any more debt while a move to scrap them is pending, the nonpartisan Legislative Analyst's Office said.

Governor Jerry Brown's proposed budget would abolish the 425 existing redevelopment authorities in the state, which are funded with property taxes, and end the subsidies they offer in blighted areas. It would use $2.2 billion in revenue freed up by the move to retire outstanding debt and devote the rest, almost $3 billion, to schools, health care and the courts.

Implementing the plan, if it's passed by lawmakers, may take months and that might spur the authorities to rush to sell bonds while they can, Mac Taylor, California's legislative analyst, said today in a report.

"During this time -- potentially several weeks or months -- it is possible that redevelopment agencies could take actions that increase their bonded indebtedness," Taylor said in the report. "If so, these new financial obligations could constrain the state's ability to redirect redevelopment revenues and to realize the state savings and local benefits anticipated in the administration's proposal."

The agencies had total debt of about $28.8 billion as of June 2008, according to the latest data from the state controller's office. That includes about $18.9 billion of tax-supported debt and $1.49 billion of revenue bonds outstanding.

Overstated Savings

Brown also may have underestimated debt service owed by redevelopment agencies by as much as $1 billion, Taylor said. John Shirey, executive director of the California Redevelopment Association, said the proposed budget will do little to help the state, since most of the money is dedicated to outstanding debt.

"This budget proposal to eliminate redevelopment is more budget smoke and mirrors that will bring little financial gain for the state, but will cause widespread and significant economic pain," Shirey said in an e-mailed statement. "It is another gimmick that will likely result in extensive litigation."

The spending plan from Brown, a 72-year-old Democrat, proposed $12.5 billion in cuts, including $1.7 billion from health care for the poor, $1.5 billion from welfare and $1.4 billion from the state's public universities and community colleges. He asked lawmakers for a statewide ballot measure in June to extend almost $9.3 billion of temporary tax increases from 2009. Erasing the redevelopment agencies was projected to save the state about $3 billion.

Credit for Trying

"We credit the governor's efforts to craft a budget plan that is heavily focused on multiyear and ongoing solutions," Taylor said in the report. "His proposal shows great promise to make substantial improvements in the state's budgetary health -- both in the short run and over the long term."

http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/01/12/bloomberg1376-LEXHCN0UQVI901-01R... 1/24/2011
With an economy bigger than Russia's, California has the biggest deficit of all U.S. states and the lowest credit rating. The state has coped with $100 billion of budget gaps in the past three years amid the global recession and its aftermath.

Brown's plan deals with an $8.2 billion gap for the remainder of the current fiscal year, which ends in June, and a $17.2 billion hole in the following year. It also puts $1 billion into a reserve account.

Next year's projected general-fund deficit comes after Governor Arnold Schwarzenegger, a Republican, and lawmakers led by Democrats leveled a $19 billion imbalance this year.

--Editors: Ted Bunker, Mark Schoifet
Gov. Brown offers gimmick-free budget, experts say
Wyatt Buchanan, Chronicle Sacramento Bureau
Wednesday, January 12, 2011

(01-12) 04:00 PST Sacramento - --

Gov. Jerry Brown promised Californians that his budget proposal would avoid gimmicks, and budget experts who reviewed the plan said Brown has mostly stuck to his word.

In tackling the projected $25.4 billion deficit, Brown has proposed $12.5 billion in cuts and an additional $12 billion in taxes and avoided relying on solutions that have little chance of materializing, the experts said. Such gimmicks used to balance the budget in the past have merely pushed the problem into future fiscal years.

Over the past three years, between 75 and 85 percent of deficit solutions never came to fruition, according to the Department of Finance. Brown's budget might break that trend.

"I think this budget is really much more realistically put together than budgets of recent years," said Jean Ross, executive director of the California Budget Project, a Sacramento think tank that advocates for low-income Californians.

Brown's budget, Ross said, "has a much lower reliance on one-time solutions than we've seen in recent years."

She said long-term solutions mean state programs and services - many for poor, sick and elderly residents - face the prospect of deep and permanent cuts.

**Some one-time fixes**

Brown did, however, include a few proposals that are one-time fixes, rely on borrowing and put payments off until later years.

For example, Brown proposed plugging $5.4 billion of the deficit by borrowing from other internal state funds, shifting property tax revenues from redevelopment agencies to counties, and taking money from voter-approved funds for services for the mentally ill and for young children.

**Not relying on bailouts**

But H.D. Palmer, spokesman for the state Department of Finance, noted that Brown avoided relying on nonsecured measures such as multibillion-dollar federal bailouts, which former Gov. Arnold Schwarzenegger included in his last budget even though the money never had been offered to the state.

Palmer said the deficit itself has about $8.2 billion in one-time expenses and so, "Since a portion of the shortfall is one-time in nature, it's appropriate to use solutions that are also one time."

Additionally, Brown plans to put off $2.1 billion in payments to K-12 public schools, a practice known as a "payment deferral." Such deferrals have been a common practice in past budgets and have yet to be paid in full. Adding that much more would bring such deferred payments owed to schools to a total of nearly $10 billion.
And Brown included in his budget the sale of 11 state office buildings, a Schwarzenegger-era deal that has been criticized by nonpartisan entities including the Legislative Analyst's Office. When Brown released his budget Monday, he told reporters he had not decided whether to go forward with the sale. Not doing so would add about $1.4 billion to the deficit.

Fred Silva, a senior fiscal policy adviser for the California Forward think tank and a longtime fiscal adviser at the Capitol, said Brown's budget proposal represents a major change from the year-to-year thinking that has driven spending plans going back to Gov. Pete Wilson in the early 1990s.

But Republicans in California said deficits would be a persistent problem unless Brown tackles public employee pensions and reforms collective bargaining with unions in public schools.

"His proposal is completely inadequate because it does not affect the underlying factors that are cost drivers of state government," said Ron Nehring, chairman of the California Republican Party.

One budget tactic that could become an issue is the billions of dollars in unallocated, or nonspecific, cuts that Brown has proposed for higher education and the court system. Schwarzenegger proposed similarly large, unspecified cuts to prisons that never were fully made.

**Cuts in the courts**

California's new chief justice, Tani Cantil-Sakauye, met with leaders of the judiciary and the State Bar in San Francisco on Tuesday to discuss Brown's proposed $200 million unallocated cut in the courts' budget.

They will work to try to reduce this "alarming and grave challenge to the judicial branch," Cantil-Sakauye said in an interview after the meetings. Reducing the size of the cut would mean a loss of that money in overall budget savings.

She said all court programs would be on the table, but said the top priority would be preventing closures of courts like those imposed from September 2009 through June 2010, when all of California's courts shut down the third Wednesday of each month to bridge most of a $100 million gap in the judicial budget.

"Our goal today is to keep the courts open," Cantil-Sakauye said. "Especially in times of crisis, when services to people are cut, homes are lost and jobs are taken, the courts need to be open so citizens can come and plead their case. The judicial branch is the safety net."

*Chronicle staff writer Bob Egelko contributed to this report.>*

*This story has been corrected since it appeared in print editions.*

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City leaders skeptical of Brown's budget proposal

Gov. Jerry Brown tried Wednesday to sell his budget proposal to skeptical local government officials, many of whom are concerned about his plan to eliminate the redevelopment agencies they rely on for construction projects.

Brown addressed about 250 officials in Sacramento during a meeting of the California League of Cities, repeating his message about the need for shared sacrifice as the state faces an ongoing fiscal crisis.

The group has criticized Brown's plan to help close California's $25 billion deficit over the next 18 months by transferring about $1.7 billion in redevelopment money to the state's general fund. The Democratic governor said the tax revenue is needed for other programs such as schools and courts.

He said he understands the leaders' desire to protect redevelopment agencies, which direct property tax revenue into new developments, but noted there are few options to balance the budget.

He lamented having to make deep cuts to social welfare programs and universities.

"None of it's good, but tell me how else to draw the lines?" Brown said. "I think we have to, all of us, rise above our own particular perspective. Get out of the comfort zone and try and think as Californians first."

Brown is proposing about $12 billion in spending cuts and wants to ask voters in a June special election to extend temporary tax increases enacted two years ago on sales, income and vehicles for another five years, generating an estimated $11 billion. The Legislature has until March to call the election.

Brown invited local officials to bring their ideas to him.

The officials said they were open to discussions with the governor but vowed to fight the redevelopment proposal. The league's chief executive, Chris McKenzie, called it an extreme proposal that was not well thought-out.

"This program that he's proposed to completely eliminate is designed to rebuild brownfields, these environmentally contaminated areas, designed to eliminate blight, designed to create jobs. I mean, over 300,000 jobs a year are created by redevelopment — private-sector jobs," McKenzie said.

The state's 425 redevelopment agencies can acquire land through eminent domain, clean up or demolish dilapidated properties, and work with developers toward commercial and residential uses. Most of the funding comes from tax revenue generated after a project is completed.

Critics say redevelopment has become a cash cow for developers of big box stores, sports arenas and even amusement parks, while cities, counties and schools are losing out on billions of dollars in property taxes.

Brown said cities or counties can promote development in other ways.

Several redevelopment agencies have rushed to allocate millions of dollars in funding for projects since Brown unveiled his budget plan on Jan. 10. Brown told reporters later some of those projects may not be legal.

"Redevelopment takes property taxes for redevelopment away from schools, away from fire departments, away from police departments, away from the elderly, kids that need health care, and we just don't have the money right now," he told reporters.

Gov. Jerry Brown’s budget may hit legal roadblock
Wyatt Buchanan, Chronicle Sacramento Bureau
Thursday, January 13, 2011

(01-13) 04:00 PST Sacramento - ---

Cutting various state programs as proposed this week by Gov. Jerry Brown could prove more difficult than anticipated after the Legislative Analyst’s Office said Wednesday that it might take a two-thirds vote of the Legislature to approve the cuts.

The news comes less than three months after voters approved Proposition 25, which lowered the requirement to pass a budget to a simple majority.

Yet that measure might not be as useful as many backers once hoped, because the cuts, which affect programs ranging from welfare to higher education, have been proposed in a way that might require the two-thirds vote.

Both the Assembly and state Senate are two Democrats short of a two-thirds majority, with 52 Democrats in the Assembly and 24 in the Senate. And recent budgets have won narrow approval when some Democrats refused to support cuts.

At the least, the two-thirds requirement to approve the cuts could pose a problem for Brown’s desire to approve them in March.

Mac Taylor, the legislative analyst, said Brown’s plan is "a very good starting point" for lawmakers to begin deliberations on how to close a $25.4 billion deficit over the next 18 months, though he said the ambitious proposal faces a number of challenges and that parts of it have yet to be fully explained by the administration.

"There’s clearly a lot of work that still needs to be done,” Taylor said. Budget committees in the Senate and Assembly will begin considering Brown’s proposal in hearings at the Capitol today.

Special election

When he announced his plan Monday, Brown said he wanted the Legislature to pass bills to approve spending cuts prior to a special election on extending billions of dollars in taxes. Such an election could happen in June.

Passage of the final state budget would occur after such an election, the governor said.

It is that unusual plan that could run into trouble with how Prop. 25 was written. Spending cuts can be made only if the Legislature approves various changes to state laws. But Prop. 25 said such law changes could happen with a majority vote only after a complete budget plan is approved. If, as Brown has proposed, the budget is passed later, Prop. 25’s majority-vote provisions might not apply.

"We're not trying to say it can't be done, that's just our initial literal reading of it," he said.

H.D. Palmer, spokesman for the California Department of Finance, said the administration had planned to seek a two-thirds vote of approval on all pieces of the budget. Taylor's analysis does not change how the administration plans to proceed, he said.

"That's been our plan from the get-go," Palmer said.

Republicans in the Legislature said Democrats might find a legal maneuver to get the cuts passed with a simple majority. However, they said that could lead to court challenges.

"The more creative you get, the more problematic it becomes because you tend to leave yourself open for litigation," said Sen. Bob Huff of Diamond Bar (Los Angeles County), the vice chairman of the Senate budget committee.

Extending taxes

The legislative analyst had other critiques of the budget, saying it contains a number of risks when it comes to how much the cuts would actually save. It is also risky to expect voters to approve extending various tax increases that were imposed as part of the February 2009 budget deal.

Voters rejected a shorter extension of the tax increases in a May 2009 special election.

Court challenges likely

Cuts in health programs like Medi-Cal probably will bring court challenges, Taylor said, and the state is currently fighting a lawsuit challenging cuts in payments to providers. Brown proposed an additional cut for providers in his budget to save $719 million over 18 months.

Taylor also said the plan to eliminate redevelopment agencies and a restructuring of government services to shift some state responsibilities to counties would be a significant undertaking that could take longer than anticipated and have a smaller impact on the deficit than Brown has projected.

In a statement, Assembly Republican Leader Connie Conway of Tulare said her party shares some of the legislative analyst's concerns, adding that it opposes extending the tax increases from 2009.

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San Francisco has built thousands of affordable housing units thanks to redevelopment funds, which Gov. Jerry Brown wants to eliminate.

Brown's proposal to cut the $5.7 billion annual redevelopment program - generated from property taxes - and hand the money back to local governments puts the construction of much new affordable housing in jeopardy, city officials and housing advocates say.

At stake could be more than 1,400 affordable housing units at 11 redevelopment sites in the city, including Hunters Point Naval Shipyard, Alice Griffith housing complex and in the Visitacion Valley and South of Market neighborhoods.

Critics, including Brown, say that redevelopment agencies are often wasteful, nepotistic and have dragged their feet when it comes to building affordable housing, preferring instead to focus on flashier projects such as sports stadiums and malls.

While that might be true elsewhere, San Francisco officials said the city has always made affordable housing a priority.

"To abandon or punish the San Francisco Redevelopment Agency in a broad brushstroke that eliminates every redevelopment agency in the state is wrong," said Rick Swig, president of the Redevelopment Agency Commission.

Redevelopment agencies borrow money against the future value of the property to fund improvements to blighted neighborhoods in the hope that those improvements - which often include tearing down buildings - will attract private investors. State law mandates that agencies spend at least 20 percent of funds on affordable housing.

While many agencies struggle to do that, San Francisco routinely spends 50 percent of redevelopment money on affordable housing, said Fred Blackwell, executive director of the agency.

And half of all the money that goes into affordable housing in San Francisco comes from the Redevelopment Agency, said Doug Shoemaker, director of the Mayor's Office of Housing.

"If you take the worst-case scenario, just about everything we are working on could be in jeopardy," Blackwell said.

Without incentive from the government, officials said, it could be difficult to persuade developers to spend money building residential units in some blighted parts of the city, where affordable housing is needed most.
It is hard to justify, in this climate, building sports stadiums when it takes away from other things like police, said Tim Colen, head of the San Francisco Housing Action Coalition. "But affordable housing, that's huge."

But the state is facing a $25.4 billion deficit over the next 18 months and would be better served by cutting from redevelopment than social services, said Randy Shaw, who runs the Tenderloin Housing Clinic.

After all, most of the money cut from San Francisco's Redevelopment Agency will be redirected to the city's general fund, he said.

"People often act as if redevelopment has a printing press in their offices and why would we want to turn off the money machine?" he said. "It is not that. It is a siphon of property taxes statewide."

So while the Board of Supervisors could continue to make affordable housing a priority, it could also decide to use the money to support other city services that are facing cuts.

"There's a fiscal crisis," Shaw said. "We can't make believe that there is not a wolf at the door. Even if you accept that redevelopment is a good thing - better than what?"

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Redevelopment projects face funding cutoff
Marisa Lagos, Chronicle Staff Writer
Friday, January 14, 2011

From Eureka's waterfront to San Diego's Gaslamp Quarter, California's redevelopment program has been transforming polluted and blighted areas across the state into thriving destination spots and commercial districts for nearly 60 years.

Now, Gov. Jerry Brown wants to eliminate the $5.7 billion annual program, which is funded by property taxes, and hand that money to struggling cities, counties and school districts. His proposal would disband 390 independent redevelopment agencies across California that use public money to spur private development, ending a program many cities and counties have relied on to turn around troubled areas since the passage of Proposition 13 in 1978 curtailed their ability to raise taxes.

Redevelopment began in 1945 as a postwar blight-removal effort that relied mostly on federal grants. By the early 1950s, it had morphed into a financing structure that allows redevelopment agencies to borrow against future increases in property tax revenues. The agencies use most of that money to improve an area and attract private investment. Laws passed in recent decades also require redevelopment projects to include affordable housing. Redevelopment supports more than 300,000 jobs and contributes more than $40 billion each year to the state's economy, according to the California Redevelopment Association. The association and others, including cities, plan to fight Brown's proposal, in court if necessary.

In San Francisco, redevelopment has enabled the construction of the Moscone Convention Center, the development of a new biotech center and the creation of thousands of units of housing and a number of parks.

Affordable housing

"Very few people know this, but the Redevelopment Agency probably sponsors at least half of the affordable housing produced in the city and county of San Francisco," said the city's redevelopment chief, Fred Blackwell. "We've been responsible for creating more park space than the Recreation and Park Department in the recent past, and we are responsible for making places like Mission Bay."

Across the bay in Emeryville, redevelopment transformed the 1.2-square-mile town from contaminated former industrial lands to the home of Ikea, Pixar, Novartis and Peet's Coffee and Tea. The bulk of the more than $220 million in redevelopment funds used in Emeryville in recent years has gone toward toxic cleanup, which has allowed major projects to move forward. Among them: the Bay Street shopping district, Emery Station, the Public Market and the Novartis offices, as well as nearly 1,000 units of affordable and market-rate housing.

Emeryville City Manager Patrick O'Keefe said the program changed the city "from a moribund industrial zone into a vibrant commercial hub," and created more than 7,000 construction jobs.
In San Diego, redevelopment wiped clean a downtown, including the Gaslamp Quarter, that was "dominated by adult bookstores, bars and porn studios" 40 years ago, said Assemblyman Nathan Fletcher, R-San Diego. Just four years ago, he said, there was "rampant crime, homelessness and no real commerce" in some areas. Now, it's a thriving shopping, dining and entertainment district that draws both tourists and locals.

In Eureka, redevelopment funds are being used to turn a dilapidated waterfront into a vibrant destination and port.

But despite the many successes, there have long been critics who argue that public funds should not subsidize private development. Small agencies in particular have been plagued with problems, including conflicts of interest, poor investments and shoddy management.

**Stadium scrutiny**

Over the years, state audits and reports have found dozens of the independent agencies cheating local jurisdictions out of their share of property tax revenue or failing to meet their affordable housing mandates. In recent years, the practice of using redevelopment funds to prep parcels for professional sports stadiums has also raised eyebrows.

"I'd guess that about 10 percent of redevelopment projects were worth it," said Jon Coupal, president of the Howard Jarvis Taxpayers Association, a taxpayer advocacy group. "If it was used solely to address real blight, not fake blight, and it was made sure that the funds are used to improve housing, that would be more in line with the original purpose. Right now, it's kind of a favor for developers."

John Shirey, president of the California Redevelopment Association, acknowledged that some agencies have encountered problems, but said critics overstate them.

'**You put people to work**'

"People say this money is used to clean up land for fat-cat developers - well, that's not entirely true," he said. "You have rundown areas that need to be cleaned up ... (and) redevelopment supports thousands of jobs for people who carry lunch buckets and wear heavy shoes and make decent wages and benefits and feed their families. It's a twofer: You put people to work, and produce affordable housing."

In introducing his proposal, Brown acknowledged that redevelopment has "done some important things," but said it's better to give the tax revenue straight to cities, counties and schools, and allow them to decide how to spend it. Redevelopment will still occur, he predicted.

"I can tell you this: If the local government cleans up their regulatory underbrush, and really goes out and helps people to develop and overcome a lot of NIMBYism, then you can do economic development in a very solid way," he said.

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California Gov. Jerry Brown's biggest obstacle to closing the budget deficit as he proposes — a mix of spending cuts, additional taxes and a shift of some programs to local governments — may be the calendar.

He wants the Legislature to act on his mélange of intertwined proposals by the first days of March.

The compressed time frame is not merely a whim. Major provisions, particularly new taxes, would have to be approved by voters in a special election in June. To meet that timetable, they would have to clear the Legislature by March.

Additionally, the budget's proposed spending cuts begin losing their impact if not enacted quickly. And without the spending cuts in place, Brown believes voters would be unwilling to accept more taxes.

California's legislative process is not known for its speed. Brown wants action in about six weeks, but the Legislature is accustomed to taking at least six months — and lately eight or nine months — to work through a budget.

In theory, it should be easier now because Proposition 25, approved by voters in November, reduces the legislative vote for a budget from two-thirds, which gave Republicans a big say, to a simple majority, which means Democrats could do it by themselves. However, Brown's budget is, as Legislative Analyst Mac Taylor says, "very ambitious and very complex," and the way Brown is framing it puts Republicans back in the equation.

Initially, the governor wants the new taxes to reach the ballot as a constitutional amendment, which would require a two-thirds vote to clear the Legislature and thus need at least four Republican lawmakers to vote for it.

So far, however, Republicans are opposing the tax proposal. If they continue to balk, Brown may seek an alternative pathway that requires only a simple-majority vote, a prospect that has touched off an intense Capitol debate over whether it would be legally possible. If it occurs, a court battle would almost certainly ensue.

While he deals with Republicans on taxes, Brown is dealing with Democrats on deep cuts in social welfare, health care and higher education spending he wants enacted by March.
And to complicate the situation even more, he must gain the support of openly skeptical local government officials for his "realignment" of state-local responsibilities, which is tied to increasing taxes, and fend off angry city officials who oppose his proposed elimination of local redevelopment agencies.

All in six weeks.

*Dan Walters' Sacramento Bee columns on state politics are syndicated by the Scripps Howard News Service.*

Op Eds  Opinion  California budget  California Legislature  jerry brown  san francisco

Hooray: Brown targets corporate welfare

This really could be the beginning of the end for the state's redevelopment agencies, those noxious, corporate-welfare-doling entities that have wreaked havoc on property rights in California since the 1950s. The new governor's budget will eliminate California's 425 redevelopment agencies and divert the cash that now goes to developers and planners and use it to pay off debt, enhance the state budget and pay for traditional local services such as schools and police.

Already, we're hearing the cries of woe from those who believe that government central planning is the source of urban revitalization. For instance, the Sacramento Bee's recent coverage of Brown's plan reads like something from a California Redevelopment Association press release: "Old Sacramento was revived with the help of public redevelopment money, back in the 1960s. ... Now California's multibillion-dollar redevelopment industry is fighting for its life — with Brown as its would-be executioner."

The story could just as easily have started out with examples of California residents who had their properties taken from them by force so that developers could have the land on the cheap. The Legislative Analyst's Office released a report concluding: "Redevelopment projects divert property taxes from K-14 districts, increasing state education costs by billions of dollars annually. The state's cost associated with redevelopment has grown markedly over the past couple decades, yet we find no reliable evidence that this program improves overall economic development in California."

The CRA, the redevelopment interest group, has fought virtually every reform that would keep cities from using eminent domain for economic development. Redevelopment allows agencies to declare virtually anything blighted, thus giving them the power to assemble lots and hand them over to developers, who promise cities a tax windfall.

Just because certain nice areas received redevelopment money doesn't mean that redevelopment agencies saved those neighborhoods. The Brown administration gets that point. In its lengthy budget summary entry on RDAs, the administration argues that "private development that occurs in redevelopment project areas often would have occurred even if the RDAs were never established. There is little evidence that redevelopment projects attract business to the state."

A big question is what Brown's plan means after the recent passage of Proposition 22, which protects redevelopment agencies from state raids. Redevelopment advocates were gloating after that victory in November. But H.D. Palmer in the state Finance Department told me, "When you're looking at [Prop.] 22, it is protecting the tax increment, but it doesn't look at whether [redevelopment agencies] exist or not." Redevelopment officials thought they were clever by passing an initiative that protects redevelopment agencies from state raids, but that protection is gone once the state shuts down those agencies.
During his news conference, Brown noted that there are other ways to stimulate true redevelopment and pointed to the need to curb excessive local regulatory burdens and NIMBYism. Those are significant points, although I strongly oppose his idea to make it easier for localities to raise taxes. Still, the ending of redevelopment is a more freedom-friendly idea than what one might expect from many Republicans, who often champion redevelopment in the name of helping business.

Brown is on to a great idea likely to annoy many of redevelopment’s beneficiaries. If it succeeds, it will make many of his sure-to-come bad ideas easier to take.

Steven Greenhut is editor of www.calwatchdog.com; write to him at sgreenhut@ocregister.com.

San Francisco moderates gained clout at City Hall with the recent selection of Ed Lee as interim mayor and David Chiu as Board of Supervisors president. But now political strategists are looking long term, anticipating that the city may redraw boundaries for supervisors' districts.

The opportunity comes once a decade, and the outcome can strongly influence the city's electoral landscape for years to come.

"The redistricting process is synonymous with political muscle and can have a profound impact on partisan shifts of power," said Supervisor Ross Mirkarimi, a solid vote on the left with the board's progressives.

Currently, District Two (Pacific Heights, Sea Cliff and the Marina), District Four (the Sunset) and District Seven (the West of Twin Peaks neighborhoods) are moderate strongholds. District Five (the Haight and Western Addition), District Six (South of Market, the Tenderloin and North Mission) and District Nine (the Mission, Bernal Heights and the Portola) are the progressives' domain.

The districts now considered swing are District One (the Richmond), District Three (Chinatown, North Beach, Russian Hill), District Eight (the Castro, Noe Valley, Glen Park and Diamond Heights), District 10 (Bayview-Hunters Point, Visitacion Valley and Potrero Hill), and District 11 (the Excelsior and the Ocean View).

Redrawn boundaries could alter a district's political tag and shift the balance of power in the city, said San Francisco political consultant Jim Stearns.

For example, District One has been represented by a progressive, currently Eric Mar, since the rebirth of district elections in San Francisco 11 years ago. If the tony Sea Cliff neighborhood from neighboring District Two were added to District One, which would be a more natural fit geographically but not demographically, moderates could get the edge.

The same could be true if the North Mission, which is dominated by left-leaning renters, were carved from District Six and placed in District Nine, the city's most progressive electoral enclave. As more condo owners move into the developing South of Market, District Six, last represented by Chris Daly and now by Jane Kim, could tilt moderate.

The Portola, with a large population of more conservative Asian homeowners, could be moved from District Nine and placed in District 11, diluting the progressives' hold on District 11, represented by John Avalos.
The progressives, meanwhile, would love to get control of District Eight, which has been represented by a succession of moderates, currently Scott Wiener. The left could gain traction if Diamond Heights were shifted into District Seven.

Redrawing district lines is dependent on the decennial U.S. Census data. The 11 supervisorial districts are supposed to have roughly the same number of residents - about 72,500. A population shift of more than 1 percent from the statistical mean in the past decade in one or more districts could trigger redistricting.

Elections chief John Arntz, in reviewing the voter registration numbers, expects that will be the case, driven by the development boom in District Six.

The federal government is scheduled to release the new 2010 U.S. Census numbers April 1. Arntz will decide within 60 days if the boundaries need to be redrawn. If they do, an Elections Task Force of nine members must be up and running by August.

Three members will be selected by the mayor, three by the Board of Supervisors and three by the city's independent Elections Commission. The hope is to have a politically balanced group.

The lines must withstand legal scrutiny and be drawn so as not to divide or dilute the voting power of minorities and, when possible, to keep recognized neighborhoods intact.

The districts also are supposed to reflect "communities of interest" within the city, whether they be based on such standards as sexual orientation, racial, ethnic or socio-economic.

The goal is to have the new map drawn in time for the November 2012 election, when the six odd-numbered districts will be on the ballot.

"Would I like to see further political realignment? Sure," said Supervisor Sean Elsbernd, the leader of the board's moderate flank. "But do I think it's going to happen? No. There's potential, but more than likely we'll see the status quo."

Political battle

That doesn't mean political battle won't be waged. A decade ago, then-Mayor Willie Brown unsuccessfully tried to orchestrate a redistricting process to give more power to moderates allied with his pro-development agenda and punish his political opponents on the left, who held the board majority.

Local Democratic Party Chairman and progressive Aaron Peskin, a former supervisor, said he expects "a heavy push from special interests controlled by downtown" to once again try to use redistricting to gain political advantage. Rob Black, public policy director for the Chamber of Commerce, didn't dispute that notion but wouldn't reveal strategy.

District Nine Supervisor David Campos said Chiu's re-election to president of the Board of Supervisors with the help of the moderates, and the new committee assignments that favor moderates, signals a loss of power by the progressives. That change in balance makes him wonder who the board will select for the Elections Task Force.
There is within the progressive community a fear that the realignment at the board could have negative consequences on redistricting," he said. "I think the progressive community is in shock about what's happened at City Hall."

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http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/17/BAAU1H8P10.DTL
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Brown Burdens Mayors by Unloading California Deficit on Cities
Monday, January 17, 2011

Jan. 18 (Bloomberg) -- San Jose Mayor Chuck Reed can look out his City Hall window and see three Adobe Systems Inc. downtown towers, housing 2,000 workers, created in part with incentives California Governor Jerry Brown wants to eliminate.

The software maker built the towers with the help of $35 million in city redevelopment money, Reed said last week in a telephone interview. He and nine mayors of California’s other big cities plan to meet with Brown to try to convince him not to shut the authorities that provide low-cost funds for local development, part of the governor’s budget proposal.

Tax-advantaged development financing provides one of the "few tools we have to keep jobs in California," Reed said.

Brown’s "vast and historic" plan to realign state and local revenue has mayors seething and county executives wary about being saddled with the costs of fixing California’s broken budget. Some local leaders say the governor’s proposal will shift $5.9 billion in costs to counties while slashing $5.8 billion of social-services spending, increasing the burden on municipalities, to help close a $17.2 billion 2012 deficit.

Brown also would shut about 400 redevelopment agencies to gain control over the $5 billion in property taxes now allocated to the local authorities, according to a summary of his budget from the state Finance Department. The governor would use $1.7 billion of that to pay for courts and health care for the poor. The rest would pay debt service and other obligations.

Sacramento 'Vultures' Warned

"To those in Sacramento who circle like vultures, seeking signs of weakness, I say that we will stand united to defend local control and keep our tax dollars here, not pour them in the pit you’ve dug," San Diego Mayor Jerry Sanders said in a Jan. 12 speech, referring to the city’s development authority.

The state’s 398 active agencies supported 304,000 full- and part-time local jobs annually, mostly in construction, and built 98,000 affordable-housing units since 1993, according to the California Redevelopment Association.

In San Diego, the state’s second-largest city by population, the local authority’s downtown projects have spurred $12.8 billion in private investment, created 26,000 permanent jobs and generated $650 million for the city’s general fund, Sanders said. He called Brown’s proposal "a new plan to rob the future" in his annual State of the City speech.

"This proposal will hurt our underserved and distressed cities and communities," the League of California Cities said on its website. "It will cost California thousands of jobs," it said. The "radical" plan "makes no sense in a state with an unemployment rate of more than 12 percent," the group said.

$2 Billion Cost

http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/01/17/bloomberg1376-LEZH3Z0YHQ0X01-5DC4...1/24/2011
Los Angeles County said it may face $2 billion in additional costs under the governor's budget, in a report on the plan. The county of 10 million residents, the biggest in the U.S. by population, will spend $635.8 million to monitor 30,000 state parolees transferred to its supervision and to take control of 13,550 felons, according to the Jan. 12 report.

By curbing state welfare payments through tightened eligibility rules, the governor's budget may cut subsidies provided to more than 37,000 families in the county, according to the report. Many may wind up in a county-run program that provides $221 a month in cash assistance.

Brown's plan "is a great big cost-shift," said Ryan Alsop, the assistant chief executive officer of Los Angeles County. "You can understand why we're a little nervous."

Tax Extension

The governor plans to pay for the cost of the added prisoners and for monitoring parolees by getting voters to extend some temporary tax increases. He wants to prolong a one percentage-point higher sales tax, keeping it at a minimum 8.25 percent. Brown also wants to keep a 0.5 percentage point rise in vehicle license fees, to 1.5 percent, for five more years.

The higher rates are set to expire June 30, the end of the 2011 fiscal year, according to a summary of Brown's budget. The governor wants voters to pass the extensions in a June special election, he said in a Jan. 10 press briefing.

The proposals are intended to deal with some of the effects of Proposition 13, the 1978 ballot initiative that slashed property-tax rates and resulted in a 57 percent drop in revenue, said Steven Glazer, a Brown adviser. After it passed, the cost for government functions including schools shifted to the state.

Brown's realignment plan would return decision-making to cities, counties and school districts and let government "become more efficient and less expensive by reducing duplication of services and administrative costs," according to a Jan. 10 statement from the governor.

County Concerns

County executives are concerned that the state won't cover the full cost of moving prisoners to county jails or the burden that welfare cuts may impose, said Paul McIntosh, executive director of the California State Association of Counties. The breadth of the governor's plan "is astounding," he said.

The governor's plan to tighten welfare eligibility may double Humboldt County's general-assistance costs to $2 million a year, without reimbursement, said Amy Nilsen, the deputy county administrator. Residents are concerned that adding state inmates to county jails will mean early release for some.

A similar realignment in 1991 added to the county's health and social-service costs because the state didn't cover the full amount, Nilsen said by telephone. "Counties ended up with 83 cents on the dollar" of extra expense, Nilsen said. "There's a concern that would happen again."

Ending Job Incentives

http://www.sfgate.com/cgi-bin/article.cgi?f=/g/a/2011/01/17/bloomberg1376-LEZH3Z0YHQ0X01-5DC4...1/24/2011
In his fiscal 2012 plan, Brown also called for ending enterprise-zone tax incentives. One benefit gives businesses credit for creating jobs in targeted areas. The incentives, projected to reach $581 million next year, merely shift economic development from one region of California to another and don't provide a net benefit to the state, according budget documents.

San Diego's Sanders blasted Brown's proposal. "There is pressure building, in Sacramento and locally, to loot our redevelopment agencies rather than make honest budget decisions head-on," he said in his Jan. 12 speech.

"Before redevelopment began, downtown was a disgrace and a drain on our city," Sanders said. "Today it generates far more money for city programs than it needs in services, subsidizing every neighborhood from San Ysidro to Rancho Bernardo."

Cities can still sell bonds to finance development projects under Brown's plan, if voters approve them, said Glazer, his adviser. Brown's proposal includes lowering the threshold needed to 55 percent of the vote from the current two-thirds.

Bond Sale Delayed

Brown's plan may have given pause to potential investors in the Santa Ana Community Redevelopment Agency's planned $66.2 million bond issue. The mid-January offering, to pay for a parking garage and to refinance current debt, was put on hold because of weak demand, said Jim Cervantes, managing director of public finance at San Francisco-based underwriter Stone & Youngberg LLC.

"You can't say it was just the redevelopment issue," Cervantes said in a telephone interview. "The muni market is just not in a happy place. For redevelopment, you have to spend more time with the buyers to walk them through what the implications are."

San Jose's Reed said Brown's proposal may jeopardize a plan to build a downtown stadium for Major League Baseball's Oakland Athletics franchise, which would relocate to California's third most-populous city. "There's some question if we can make it work," he said.


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Recent California newspaper editorials
By The Associated Press
Wednesday, January 19, 2011

Jan. 17

Los Angeles Times: "Humanizing California's budget"

Gov. Jerry Brown warned that his stark budget proposal, if adopted as is, would hit all Californians hard but that it would reflect the state's values. In fact, it would be a better proposal, and would do a better job of reflecting the values that have served us well, if it spread the pain further and held fewer Californians harmless. Too many of the cuts fall on the neediest people who have been hurt most deeply by the economic downturn, and will cost the state more even after recovery. Now it's the Legislature's turn to take Brown's good start and fine-tune it into something more workable and humane.

It was perhaps politically shrewd of the governor to put so much of the burden on a class of people not personally known to many voters. In a popular but mistaken view, families that get public assistance from the state — job training from CalWORKS, state-funded child care so they can work and Medi-Cal assistance so they can take their children to doctors early instead of waiting at emergency rooms — are the source of much of California's economic pain. It may be that Brown believes cutting aid to this group is a necessary precondition to winning approval at the ballot box for his plan to extend temporary increases in sales and vehicle taxes and to reinstate an income tax surcharge and credit reduction.

To win those five-year tax extensions, Brown first has to get some Republican support to even have them placed on the ballot; then he has to persuade voters to adopt them. It won't be easy. But the taxes are one of the few parts of the plan that affect the average California family directly. In many other areas, middle-class citizens won't feel the pain. Spending on streets, highways and prisons is shielded. Drivers may still complain about traffic, and neighbors may still worry about crime, but the budget takes nothing from those programs. K-12 schools keep last year's funding. For the most part, middle-class families will only notice the direct impact of Brown's cuts if they have children headed for state universities.

The governor said he didn't want to discuss the additional $12 billion in cuts that would become necessary if the tax extensions are rejected, but he should reconsider — so voters know that transportation, prisons and schools are also at stake.

Meanwhile, lawmakers should do what they can to plug some gaping holes in the human services safety net — or all of us will become more directly acquainted with ill and elderly family members who must give up in-home care and be placed in more expensive and less successful nursing homes, or with neighbors who must give up their CalWORKS jobs or skip early medical treatment — and thus become a continuing burden to county and city budgets in years to come.

http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2011/01/19/state/n12300S54.DTL&type=printable
The Press-Enterprise: "Fire-cost sense"

California has no reason to let local development decisions burn through state firefighting accounts. So legislators should support a plan that would cut state fire costs while encouraging more responsible planning.

Gov. Jerry Brown proposes to shift responsibility for fire services to local departments in some areas now served by state firefighters — echoing a 2007 recommendation by the state's legislative analyst. The governor's proposal would move about $250 million annually in state costs to local governments.

In fact, local governments are responsible for much of the dramatic increase in state firefighting costs. California provides fire protection for about 31 million acres across the state, largely rural, privately owned land. But local officials control development in those areas, and have allowed an increasing number of people and homes into state fire zones. The result is growing state expenses created by local planning choices.

And the acceleration of fire spending is troubling for a state facing a roughly $20 billion annual gap between spending and revenue. In the current fiscal year, California will spend more than $1 billion on state fire protection, with nearly three-fourths of that amount coming from the state's deficit-ridden general fund. Yet in 2000-01, the state spent just about half that amount — $542 million — with only $406 million in general fund costs.

Part of that expanding bill stems from generous wage and benefit increases legislators gave to firefighters over the past decade. But the legislative analyst also reports that steady development in the state-served areas bears a large share of the blame for higher costs.

Putting more homes and people in fire-prone areas increases the chances of blazes igniting, and requires a larger and more expensive response when fires do break out. The local governments who pursue that development course should be responsible for the fiscal consequences, not taxpayers elsewhere in the state.

The governor's proposal would also encourage more responsible planning. In the 18 months after the 2003 wildfires that destroyed more than 1,000 homes in San Bernardino County, Inland cities and counties approved more than 2,500 homes in very high or extreme fire danger zones. Californians should welcome a step that restrains the reckless and costly policy of setting new development in the path of wildfires.

Local governments worry about taking on a new expense in a time of shrinking revenue and budget cuts. But they should not expect a cash-strapped state to subsidize risky local planning. Besides, aligning costs with decision-making authority improves accountability to the people paying for those choices.

Brown's proposal sets sensible policy for a state prone to wildfires and budget deficits alike. California's climate and geography make fires a fact of life, but the state has no such excuse for needless public expenses.

Ventura County Star: "New accountability for taxpayer funds"

http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2011/01/19/state/n112300S54.DTL&type=printable

1/24/2011
Unknown to many Californians, a state-authorized layer of government known as redevelopment devours about
an eighth of the property taxes paid by Californians, gobbling up some $100 million a year in Ventura County
alone.

Californians will have an opportunity to learn more about redevelopment now that Gov. Jerry Brown, squarely
confronting the state's budget disaster, has called for ending the practice.

Given the amount of money involved, the public can expect to hear strenuous objections from many who derive
their income, power or prestige from this well-financed but often overlooked layer of government.

Gov. Brown is hardly the first political figure to blow the whistle on redevelopment; for years it has been under
attack for siphoning off tax revenue away from schools and other local public services such as fire and police.

Local redevelopment agencies, found in most California cities, funnel those taxpayer dollars to various
community-revitalization purposes that often involve shiny new developments but also emit the stench of
favorable loans and other commercial subsidies for selected developers in the good graces of local politicians.

Now that the state budget deficit has topped $28 billion and cutbacks are chopping funds for public education,
healthcare and many other essential services, the time has come for decision makers to weigh whether even the
best redevelopment projects fall into the category of "nice but nonessential."

Gov. Brown is proposing immediate legislation to prevent redevelopment agencies from taking on any new
financial obligations and to set up a process for the agencies' debts to be paid off responsibly.

If that is done, according to the governor's estimates, some $3 billion would be left over in the next fiscal year —
and he would allocate $1.3 billion of that to school districts and local government; and $1.7 billion to the state's
general fund.

In future years, he proposes that all the money left over after paying redevelopment agencies' financial
obligations would go to cities, counties, school districts and other local government agencies.

Responsibly, the governor also is proposing to place a constitutional amendment on the ballot to allow local
governments, upon approval by 55 percent of voters, to undertake some limited redevelopment activities.

That is significant because it would be the first time voters would have to approve redevelopment-style activities
involving taxpayer dollars.

Jan. 16

The (Vacaville) Reporter: "Cell phone order may be first step toward real budget reform"

As expected, the proposed budget revealed by Gov. Jerry Brown last week contained plenty to displease just about
everyone: Substantial cuts to welfare and health programs. Reductions to state universities and colleges. A
proposal to eliminate redevelopment agencies. A call for more taxes, albeit voter-approved ones.

http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2011/01/19/state/n112300S54.DTL&type=printable 1/24/2011
But as long as the governor has opened the door, why stop at cell phones? What about state-issued credit cards? Travel expenditures? State-issued vehicles? To borrow from what has become an adage: A million here, a million there and pretty soon you're talking about real money.

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Jan. 17

San Francisco Chronicle: "Follow through on honest budget to fix state mess"

Gov. Jerry Brown pledged to deliver an "honest budget" without the "smoke and mirrors" that have contained only an illusion of balance in the past. His claim received a generally positive review last week from the state's nonpartisan legislative analyst, who said Brown's budget contained fewer "optimistic assumptions" than its recent predecessors.

Then again, Brown's $84.6 billion spending plan rests on the giant assumption that he can persuade voters to approve a five-year extension of increases on vehicle license fees and sales and income taxes. If voters say no in June — or Republicans maintain a unified bloc against even putting it in the ballot — then the Brown budget cuts would go from painful to cataclysmic for various state programs. It's a $12 billion gamble.

The mess that Brown inherited is underscored by a look at what budget planners euphemistically call the "unrealistic assumptions" in the current year's budget.

Wishful thinking would be too charitable of a characterization of the budget put together by Republican Gov. Arnold Schwarzenegger and the Democratic-controlled Legislature. Assumptions of revenue that never arrived and savings that were never realized have added billions to the state deficit.

Legislators could not be blamed for the $441 million hole that resulted from voter passage of Prop. 22, which stopped a scheme to keep borrowing from transportation funds. But other budget problems resulted from lawmakers adopting overly optimistic projections on tax collections — and, in some cases, calculating program cuts that were never executed. Examples include:

- An overestimation of $3.6 billion in federal funds. Among other things, the state was hoping for greater federal support for various social programs and reimbursement for the incarceration of undocumented immigrants.

- A plan to save $1 billion by selling a portion of its fund that writes workers' compensation policies never happened.

- The prison system failed to produce planned-on savings by reducing inmate population ($200 million), commuting sentences of undocumented immigrants convicted of less-serious crimes and transferring them to the feds for deportation ($182 million) and reducing inmate medical care costs ($726 million).

- Tax revenue was $3.1 billion lower than projected — with shortfalls in each of the categories of temporary taxes that Brown proposes to extend.

Brown's own "honest budget" for 2011-12 contains at least $1 billion in savings that may be overstated, the legislative analyst warned, including $200 million in vaguely defined "efficiencies" in state operations.
An honest budget requires detail, realistic projections — and the will to follow through on delivering savings.

Jan. 19

The Sacramento Bee: "Is California ready for the 'Big One'?"

Ready yet to build an ark?

That would be the understandable response to a U.S. Geological Survey study last week that puts into perspective Sacramento's potential for flooding.

According to the study, California tops all other regions in the country for the risk of catastrophic storms including one that could last for nine straight days and inundate Sacramento and much of the Central Valley.

These types of intense tropical storms don't occur often. The last major one was in the early 1860s and there is no telling when another could strike. The geological record suggests California has experienced such a storm every 160 years to 400 years dating back to A.D. 212, but the past may not be a reliable indicator of the future.

Regardless of when one could strike again, the USGS report is helpful in reminding the public that California, and the Central Valley in particular, face an unacceptable risk of inundation in any particular winter. Flood-control districts, helped by state bond money, are working hard to upgrade levees in Yuba, Sutter and Sacramento counties, among others. Yet even when they complete their current work, most of these agencies will be able to achieve only 200-year protection, which translates to one in a 200 chance of flooding in any given year.

That's a lot better than current standards, but still not strong enough to hold up against a 500-year storm, the scenario laid out in the USGS report.

Given the risk and all the uncertainties, residents who live behind levees would be wise to buy flood insurance, even if not required to do so by federal authorities. Currently, only about 12 percent of property statewide holds such coverage, suggesting that many owners of homes and businesses don't take seriously the risk of flooding.

Prior to Hurricane Katrina, many of their counterparts in New Orleans took a similar gamble, and lost.

The geologic record doesn't lie. Soil samples have left a clear trail of evidence that mega-storms have hit the state on at least six previous occasions in the last 2,000 years.

California faces numerous hazards, ranging from mudslides to earthquakes to tsunamis and wildfires. But when the Big One strikes next, it could well be in the form of water in an enormous volume.
How Redevelopment Agencies Subvert Democracy
by Randy Shaw, Jan. 18, 2011

As mayors, developers and Agency staff try to fend off Governor Brown’s proposed transfer of redevelopment funds to local governments – earning far more media coverage than cuts to programs serving more vulnerable Californians – little has been said about the fundamentally undemocratic nature of redevelopment agencies (RDA’s). RDA’s operate as private fiefdoms outside the control of elected officials. Once elected officials approve a redevelopment area, unelected and politically unaccountable officials typically gain control of hundreds of millions of dollars for the next thirty years. These millions are excluded from annual city budget processes. While nonprofit groups with city contracts, city workers and defenders of vital city programs struggle over a declining funding pie, RDA’s allow corporate and development interests to circumvent this process to secure public funds. The RDA’s lack of political accountability is a throwback to the days of the early 20th century when big city political bosses handed out jobs and money not on the merits, but to their political supporters. Here are some recent examples of RDA operations that would make leaders of that era, such as San Francisco’s Abe “Boss” Ruef, proud.

As RDA defenders describe the terrible impacts for California if Governor Brown’s plan to return redevelopment funds to local governments prevails, one would hardly know that the Los Angeles Times recently reported that “more than 120 cities, for example, spent more than $700 million of their affordable housing funds between 2000 and 2008 without building a single new unit.” San Francisco’s RDA defenders would have us believe that the Board of Supervisors is legally barred from spending money on affordable housing, when the truth is that every project “at risk” from Redevelopment cuts could be funded by the money transferred from the Agency to the Board.

But my biggest problem with RDA’s is that they are profoundly undemocratic. And when we allow hundreds of millions of taxpayer dollars to be spent outside
Buying Nonprofit Support/Silence

Last July, the *San Francisco Bay Guardian* described how the Bayview-Hunters Point based nonprofit, Arc Ecology was being required to sign a duty of loyalty in its contract with the Agency for monitoring the environmental impacts of the shipyard project. Two months later, the highly regarded group was denied the renewal of its contract by the Agency commission due to its submitting comments critical of the EIR for Lennar’s development plans in the area.

On December 30, 2010, the *Bay Citizen* reported: “Rick Swig, the Redevelopment Commission president, complained during a September hearing that Arc Ecology had taken inappropriate advocacy positions in its work. ‘As a consultant, I have my feelings and sometimes I don’t agree with all my customers,’ But I don’t bite the hand that feeds me. It’s not a good policy.’”

This is a truly illuminating statement. The President of the Redevelopment Commission sees no distinction between his private business relationship with for-profit clients and the nonprofit Arc Ecology’s relationship with the Redevelopment Agency, a public entity.

If a private consultant, or a private attorney, takes a position adverse to their clients, it’s an ethical and perhaps even legal violation. But nonprofit groups who get city contracts have a different obligation. Arc Ecology could not accept the Redevelopment Agency’s demands for silence without violating its own ethical duties to the people of Bayview-Hunters Point who it serves.

The fact that the President of San Francisco’s RDA Commission does not understand this speaks volumes to how RDA’s operate more as private fiefdoms than as public entities designed to serve the public will.

I learned through documents obtained from the city in a lawsuit from the 1980’s that Feinstein officials had written on the Tenderloin Housing Clinic’s CDBG evaluation (the organization I head) that “Randy runs a great program but tends to bite the hand that feeds him.” Yet my political differences with the Feinstein Administration never led it to try to defund us, and if they or a later administration had tried, we had the democratically elected Board of Supervisors, not an unaccountable RDA Commission, to prevent this non-performance based attack.

**Project Area Committees: The Illusion of Democracy**

To give the appearance of being driven by the public will, redevelopment
Many good and caring people spend countless hours serving on these PACS, which makes it even more unfortunate that their recommendations are completely advisory and not binding on the RDA.

During the 1990’s I often attended meetings of the Sixth Street Redevelopment PAC, where it was often noted how many of its representatives worked for nonprofit groups receiving Agency funds. Think these representatives were going to speak against the staff position on issues?

When the nonprofit group TODCO did take independent positions, it found itself in the same position as Arc Ecology. Although TODCO was selected by staff to build a project at 6th and Howard on the site of the Plaza Hotel, the Commission decided it did not like TODCO and rejected its application.

This transparently politically motivated decision led to mass protests at City Hall, and vows to reform the Agency – but nothing changed. After all, our elected officials have no remedy for reforming the RDA absent complete defunding, which, given the mayor’s control of redevelopment and the powerful forces desirous of RDA funds, would never happen.

I could tell stories about the Agency’s subverting democracy on Sixth Street all day but here’s the last one.

After promising local residents, the PAC, and local merchants that they would build housing for “working people” at the Plaza Hotel site at 6th and Howard, the Agency unilaterally decided to instead house people with alcohol and/or drug and chronic mental health problems. While housing is needed for this population, the PAC approved funding for the development premised on it serving a different population, with many believing that the RDA had spent much on the poorest of the poor while ignoring the needs of low-income working people.

What a mockery of democracy. After undermining the legitimacy of the development process by twice rejecting TODCO’s superior application, the RDA then builds a project programmatically unrelated to that approved by the community group for which it claims to be accountable.

The San Francisco Redevelopment Agency has spent over $200 million on Sixth Street in the past two decades. If you think this money has made Sixth Street a desirable place to live, and that this was the city’s best use of property tax dollars, then tell Governor Brown you oppose his planned redevelopment cut.

Otherwise, let the Governor know that you admire his taking on this politically difficult campaign to return billions of dollars annually to taxpayer and

For hope and inspiration in these trying times, try Randy Shaw’s *Beyond the Fields: Cesar Chavez, the UFW and the Struggle for Justice in the 21st Century*. Shaw is also the author of *The Activist’s Handbook*.
Gov. Jerry Brown's plan to use $1.7 billion in redevelopment money to help plug the state's $25.4 billion deficit is hitting a major roadblock: Cities around California are rushing to lock up the money before the state can get its hands on it.

About a dozen cities, including Napa and Fremont, convened emergency meetings in recent days to fast-track the approval of projects worth a combined $1.5 billion. The moves are essentially an end run around the new governor's budget plan, which calls for the elimination of redevelopment agencies around the state but allows cities and counties to continue working on existing projects if contracts are already in place.

The rush apparently was sparked by a false belief that the Legislature planned to push through legislation this week that would prevent cities from approving any new redevelopment funds. The nonpartisan Legislative Analyst's Office suggested last week that lawmakers consider such legislation, but no bill has yet been introduced, according to a spokeswoman for Assembly Speaker John Pérez, D-Los Angeles.

It's not even clear yet whether there is enough support among lawmakers to implement Brown's proposal to eliminate redevelopment agencies.

Taking no chances

Local officials weren't taking any chances, however.

In Napa, city officials voted unanimously Saturday to commit about $82 million in redevelopment funds to a number of projects, including the construction of $33 million worth of affordable housing that will not be paid off until 2052.

In Los Angeles, officials hastily approved $930 million Friday for a list of projects that runs 19 pages long.

And in Fremont, city officials voted Monday night to approve $133 million worth of bonds to pay for a redevelopment project that includes streetscape improvements and the construction of a new BART station. Redevelopment Director Elisa Tierney said all of the approved projects were scheduled to be undertaken this year anyway.

Napa Vice Mayor Jim Krider said the Napa City Council - which also acts as the redevelopment agency board - wanted to get the funding approved before Tuesday, when officials believed the Legislature might put a halt to any new redevelopment funds.

"We thought it was prudent, if we had any interest in trying to assure the funds were available, to have the meeting as early as possible and before Tuesday," Krider said. "There's a lot at stake."

Tierney said Fremont officials also thought they had little time to approve projects.
Under the budget proposal introduced by Brown on Jan. 10, the state's 60-year-old redevelopment program would be disbanded this summer. The program allows agencies to borrow against future property tax increases in a project area, and use that money to spur economic development.

**Brown's plan**

Brown instead wants to take those property taxes and, after paying off existing debt, funnel the money to cities, counties and school districts directly. Those payments wouldn't begin until the 2012-13 fiscal year, however: for the 2011-12 fiscal year that begins July 1, the governor plans to use the redevelopment money to help plug the state's general fund budget gap.

In order to allow economic development to continue in jurisdictions that want it, Brown also has proposed allowing cities to pass bonds with just 55 percent of voter support, instead of the current two-thirds threshold.

**On opposite sides**

Brown's proposal has earned the ire of redevelopment boosters around California, who argue that the last thing the state should be doing during a recession is taking money away from economic development. Firefighters, teachers and others, however, contend that the redevelopment program is a money grab by private developers, and that its elimination would help protect core services such as public safety and public education.

The governor's office could not say how the approval of new redevelopment projects would affect his proposal.

Elizabeth Ashford, a spokeswoman for Brown, issued a terse statement Tuesday.

"We hope that the redevelopment agencies rushing through billions in taxpayer dollars are going to use these funds to create jobs now," she said. "These scarce dollars, which could be used to protect police, firefighters and teachers, should not be banked away for special projects."

Carroll Wills, a spokesman for the California Professional Firefighters, criticized cities such as Napa for approving the projects on a holiday weekend.

"The city was closed but the gravy train for developers was open apparently," he said, adding that the governor's proposal "actually returns money and authority to local government entities (that) absolutely are entitled to use that money for redevelopment projects.

"The governor is proposing giving cities even more flexibility, but when you put that money in the general fund, redevelopment will have to compete with all core services, not just get passed to developers in emergency meetings," he said.

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City leaders skeptical of Brown’s budget proposal

By JULIET WILLIAMS, Associated Press
Wednesday, January 19, 2011

(01-19) 16:26 PST Sacramento, Calif. (AP) --

Gov. Jerry Brown tried Wednesday to sell his budget proposal to skeptical local government officials, many of whom are concerned about his plan to eliminate the redevelopment agencies they rely on for construction projects.

Brown addressed about 250 officials in Sacramento during a meeting of the California League of Cities, repeating his message about the need for shared sacrifice as the state faces an ongoing fiscal crisis.

The group has criticized Brown's plan to help close California's $25 billion deficit over the next 18 months by transferring about $1.7 billion in redevelopment money to the state's general fund. The Democratic governor said the tax revenue is needed for other programs such as schools and courts.

He said he understands the leaders' desire to protect redevelopment agencies, which direct property tax revenue into new developments, but noted there are few options to balance the budget.

He lamented having to make deep cuts to social welfare programs and universities.

"None of it's good, but tell me how else to draw the lines?" Brown said. "I think we have to, all of us, rise above our own particular perspective. Get out of the comfort zone and try and think as Californians first."

Brown is proposing about $12 billion in spending cuts and wants to ask voters in a June special election to extend temporary tax increases enacted two years ago on sales, income and vehicles for another five years, generating an estimated $11 billion. The Legislature has until March to call the election.

Brown invited local officials to bring their ideas to him.

The officials said they were open to discussions with the governor but vowed to fight the redevelopment proposal. The league's chief executive, Chris McKenzie, called it an extreme proposal that was not well thought-out.

"This program that he's proposed to completely eliminate is designed to rebuild brownfields, these environmentally contaminated areas, designed to eliminate blight, designed to create jobs. I mean, over 300,000 jobs a year are created by redevelopment — private-sector jobs," McKenzie said.

The state's 425 redevelopment agencies can acquire land through eminent domain, clean up or demolish dilapidated properties, and work with developers toward commercial and residential uses. Most of the funding comes from tax revenue generated after a project is completed.

Critics say redevelopment has become a cash cow for developers of big box stores, sports arenas and even amusement parks, while cities, counties and schools are losing out on billions of dollars in property taxes.

Brown said cities or counties can promote development in other ways.

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Several redevelopment agencies have rushed to allocate millions of dollars in funding for projects since Brown unveiled his budget plan on Jan. 10. Brown told reporters later some of those projects may not be legal.

"Redevelopment takes property taxes for redevelopment away from schools, away from fire departments, away from police departments, away from the elderly, kids that need health care, and we just don't have the money right now," he told reporters.

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Jerry Brown calls redevelopment agencies futile
Wyatt Buchanan, Chronicle Sacramento Bureau
Thursday, January 20, 2011

(01-20) 04:00 PST Sacramento - --

Gov. Jerry Brown defended his controversial plan to eliminate redevelopment agencies in California, speaking at an event hosted by one of the biggest supporters of the agencies and telling them his plan is what's best for the state.

Afterward, Brown told reporters that some of the more than $1.5 billion of redevelopment projects approved by cities in recent days - essentially an end run around his proposal - may not be legal.

At a gathering for new mayors and council members hosted by the League of California Cities, which has been one of the most vocal opponents of Brown's plan, the Democratic governor said the budget cuts this year are a "zero-sum game."

Out of 'comfort zones'

"If we don't do redevelopment, then what do we do, what do we take? Do we take more from universities? Do we cut deeper into public schools that have been cut year after year?" Brown told the group, some of whose members displayed posters and buttons opposing his plan. "I think we have to, all of us, rise above our own particular perspective, get out of the comfort zones and try to think of California first."

But League of California Cities leaders at the event, where Brown received three standing ovations and brought the crowd of several hundred people to laughter multiple times, said that while they would work with the governor, they flat-out oppose his proposal.

"We've told him we're willing to work with him, we will continue to work with him, but his proposal is so draconian, it's so bad for the creation of jobs in California ... it's so contrary with so many things he wants to accomplish," said Chris McKenzie, executive director of the league of cities.

McKenzie noted that the California Redevelopment Association estimates that local redevelopment agencies bring in $2 billion in local and state tax revenue annually.

Under Brown's proposal, existing redevelopment agencies - which oversee urban renewal in blighted areas and are funded through property taxes - would cease to exist beginning July 1. Instead, that $1.7 billion in property tax money would be used to help plug a $25.4 billion deficit in the general fund for one year and in future years would be directly distributed to counties, cities and school districts. Backers of redevelopment agencies say they are critical economic drivers, but the nonpartisan Legislative Analyst's Office has been a major critic of them and in a report published this week reiterated the conclusion that "there is no reliable evidence that redevelopment projects attract business to the state or increase overall economic development in California."

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1/24/2011
The analyst also has recommended that the Legislature act to prevent redevelopment agencies from fast-tracking the approval of projects, which many have done in recent days, including on the Martin Luther King Jr. Day holiday. Brown said he wants to look more closely at ways to prevent that from happening.

Doubts over validity

Brown also said "there's some legal question" on whether the funds approved are for "valid redevelopment projects," though he did not elaborate. In Los Angeles, officials approved $930 million Friday for a list of projects that ran 19 pages.

In Fremont on Monday night, officials approved $133 million for projects including a new BART station.

Some who would receive some of the reapportioned property taxes if Brown's plan is approved, including teachers and firefighters, have been critical of the moves.

"We hope that at a minimum those agencies that haven't yet launched their raids would hold off and at least let the process move forward," said Carroll Wills, spokesman for the California Professional Firefighters, adding that those fast-tracked projects "may ultimately wind up in the courts."

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Cities move to wall off redevelopment funds before program is killed

California's redevelopment program may not have breathed its last breath yet, but local officials in a number of cities aren't taking any chances.

On Friday, Los Angeles' redevelopment agency approved nearly $1 billion in redevelopment spending -- and now today, we are hearing that the city of Citrus Heights in the Sacramento area has authorized about $60 million in redevelopment funds. The City of Long Beach is meeting tomorrow to consider approving $1.2 billion for redevelopment projects, and Pasadena is looking at similar moves.

Why does it matter? Well, Gov. Jerry Brown wants to eliminate the 60-year-old, $5 billion a year program as part of his plan to close the state's $25.4 billion budget gap. Under the proposal, the state's 390 redevelopment agencies would disband July 1, and any money that hasn't already been committed to a project would flow back to cities, counties and school districts.

That's right: under Brown's plan, if a redevelopment agency has already signed a contract or issued a bond, the project in question will keep the funding. So now, it looks like some local officials want to do an end run around the governor's grand plan.

This is sure to set up some interesting fights both in Sacramento and around the state. While cities want to keep their development projects moving forward, public safety officials, teachers and others would like to see that money freed up for other government services.

The California Professional Firefighters are already spoiling for a fight -- in a release to news reporters Monday, the union slammed Citrus Heights leaders for taking a vote on a holiday.

"This action to commit huge taxpayer resources in virtual secrecy is a stunning betrayal of the public trust," president Lou Paulson said in a written statement. "Rather than defend their policies in fully-noticed public debate, the city has chosen to shovel tens of millions of taxpayer dollars out the door while nobody is looking. ... Redevelopment funds have (been) a $5 billion cash cow for developers. Meanwhile, class sizes are rising, fire stations are closing and counties are laying off sheriffs deputies. It's simply unconscionable."

We predict that this will be the fight of the year -- maybe even eclipsing the tussles that are sure to ensue over Brown's proposal to extend some taxes set to expire this year.
Gov. Jerry Brown asks cities to help fix California budget

Taking redevelopment funds will help stop more school cuts, the governor tells 200 civic leaders. City officials had denounced his plan to shut down redevelopment agencies.

By Evan Halper and Anthony York, Los Angeles Times

January 20, 2011

Reporting from Sacramento

Gov. Jerry Brown implored a gathering of city officials Wednesday to work with him on efforts to balance the state budget, even as his proposal to shut down local redevelopment agencies, saving about $1.7 billion, appeared to be in trouble in the Legislature.

Speaking to about 200 city leaders, Brown made the case for setting priorities in an era of budget austerity. The subsidies for builders that are involved in redevelopment efforts are less pressing than school classrooms or firefighters, he said.

"If we don't do redevelopment, then what do we take?" Brown asked. "Do we take more from the university? Do we start cutting into the public schools which have been cut year after year?"

Since Brown announced his plan to close the state's nearly 400 municipal redevelopment agencies and shift control over much of the roughly $5 billion they handle each year, local leaders, who now direct the money, have angrily denounced the idea. Cities across the state have been rushing to squirrel away redevelopment dollars in ways that would shield the funds from any state raids.

Their swift action has put the administration on the defensive before taxpayers have been able to digest most of what Brown has in mind.

The fight highlights just how difficult it will be for Brown to cut state spending. Even on an issue like redevelopment, where the benefits are not directly felt by most residents, the governor is rediscovering the clout that entrenched interests have in Sacramento. It is looking increasingly likely that he may have to settle for getting just a fraction of the money controlled by redevelopment agencies, according to legislators.
and their aides.

When Brown joked last week about going into the "lion's den" to sell his budget plan, he was referring to the headquarters of anti-tax groups, the caucuses of Republican lawmakers and the meeting rooms of business organizations skeptical of his plans to extend billions of dollars in taxes that are expiring. By Wednesday, however, the lions' den had become the League of Cities, an organization filled with fellow Democrats.

Brown conceded that the furor over recent weeks suggests that his plan may not be approved by lawmakers, at least not as proposed.

But he reminded local leaders that balancing the budget means that some things are going to have to give, and he called on them to put forward their own ideas if they disagreed with his proposals.

"We're not there yet," he said. "We haven't got the votes for the budget. And you may win on redevelopment and we'll have to take something else away. And then maybe the wheels come off. I mean, we don't know exactly how this will all unfold.

"Wherever I look, it's not pretty," Brown said, discussing his proposals to cut payments to the elderly and disabled and trim $1 billion from the state's public universities.

"None of it looks good, but tell me how else to draw the lines," he said. "It's pretty much a zero-sum game right now."

Brown kept his tone conciliatory. He said he has "some legal questions" about the local efforts to shift redevelopment dollars out of the state's reach, but he did not elaborate or threaten legislation to block them. Instead, he called for a cooling down of the rhetoric.

"I don't see this as a time for turf wars or the state fighting locals," he said.

Redevelopment projects often involve subsidies to developers that critics characterize as corporate welfare. Brown's plan to end redevelopment and shift that money to services that touch voters lives directly, including schools and public safety, has potential populist appeal.

But the plan has collided with hard political reality.

The developers receiving the funds are well-represented in the Capitol. Local leaders jealously guard the opportunities redevelopment dollars can bring to a community and the power that controlling huge pots of redevelopment money can bring them.

Brown said he made good use of that authority as mayor of Oakland, where he revitalized a historic theater, among other things.

"I like redevelopment," he said. "I didn't quite understand it, seemed kind of magical. I put a lot into the Fox Theater, got this beautiful theater. Tens of millions of dollars...."
"I'm sure glad I got it built before this damn budget came out," he said to laughter from the crowd.

But, he said, political leaders must now face the reality that the state can only afford to do so much.

Key lawmakers are already looking at ways to change Brown's plan to keep redevelopment agencies — and their funding — intact. Local governments attribute the creation of 300,000 jobs to the redevelopment projects, although Brown and his aides argue that most of those jobs would have been created whether or not redevelopment subsidies existed.

John Vigna, a spokesman for Assembly Speaker John Pérez (D-Los Angeles), said job creation and balancing the budget "should not be competing priorities."

"Gov. Brown's budget is a good starting point, and the best way to bring a quick and effective resolution to the fiscal crisis is to have a real discussion without drawing lines in the sand," he said.

Proponents of redevelopment also have an effective lobbyist in their ranks in the form of Los Angeles Mayor Antonio Villaraigosa, who is Pérez's cousin. He has called Brown's plan "a non-starter."

It isn't helping Brown that local government officials feel blindsided by him. They say they learned about the plan only days before it was made public. That stands in contrast with school and teacher union officials, who met with the new governor multiple times as he was putting together his spending plan, which protects public schools from further cuts.

"You don't propose the annihilation of a program when you're talking about sharing the pain," said Chris McKenzie, executive director of the League. "We have not been talked to about this and had not been asked to review it — even informally."

McKenzie said he was encouraged by Brown's presence — and his remarks — Wednesday.

"What they've done is really create a firestorm," he said. "Now it's important that everyone figure out a way to put it out."

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What Does the Research Say About Redevelopment?

The debate over Governor Brown’s proposal to eliminate redevelopment agencies (RDAs) is heating up. To help inform the debate, we pulled together a “quick and dirty” review of independent research on redevelopment — often referred to as “tax-increment financing” (TIF). This preliminary overview of the research, which we will continue to add to over the next few days, points to two general conclusions:

- First, it’s unclear whether TIF boosts property values and results in increased property tax revenues. While the research finds mixed results, the most comprehensive independent study of California’s RDAs, conducted by the Public Policy Institute of California (PPIC), found that redevelopment activities in most RDAs studied failed to generate enough growth in property values to account for the tax increment revenues diverted to redevelopment. The PPIC study concluded that “the existing tax increment system is not an effective way to finance redevelopment. Few projects generate enough increase in assessed value to account for their share of these revenues.”

- Second, some academic research finds evidence that TIF projects simply shift economic activity within municipalities rather than creating additional economic activity. For example, one study suggests that when employment increases in TIF project areas, it decreases in other parts of the city, which could mean that TIF projects draw jobs from elsewhere in the city, rather than generating new jobs.

The findings of this body of research are echoed in the Legislative Analyst’s Office’s recent review of the economic literature, which concludes, “there is no reliable evidence that redevelopment projects attract businesses to the state or increase overall economic development in California. The presence of a redevelopment area might shift development from one location to another, but does not significantly increase economic activity statewide.”

— Alissa Anderson

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- California Budget Project

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City leaders vow to defend redevelopment agencies
Wyatt Buchanan, Chronicle Sacramento Bureau
Saturday, January 22, 2011

(01-22) 04:00 PST Sacramento - -- City leaders attacked Gov. Jerry Brown's proposal to do away with redevelopment agencies in California during a gathering of several hundred mayors and council members.

The group of leaders at the Sacramento Convention Center accused Brown of dropping what amounts to an atomic bomb on urban renewal projects and threatened to sue the state if the proposal moves forward.

"We would hate to have to take the state to court in order to uphold the will of the voters, but we will do it if we're forced to do it," said Chris McKenzie, executive director of the League of California Cities.

Brown's proposal "to obliterate, to annihilate, to exterminate" redevelopment agencies violates the state Constitution, McKenzie said, in part because voters in November passed Proposition 22, which restricted the state from taking local redevelopment funds.

Evan Westrup, a spokesman for Brown, said the administration believes it is on firm legal footing. While Prop. 22 did protect the funds for redevelopment projects, which are generated through property taxes, it is not clear legally whether abolishing the agencies and thus freeing up the tax dollars for other uses would violate the proposition.

"We are confident that the governor's budget proposal is legally sound," Westrup said in a written statement. "It's time for all of us, including local government leaders, to set aside narrow perspectives and turf wars and act as Californians first to address the state's budget deficit."

The Democratic governor's proposal would eliminate redevelopment agencies, which oversee urban renewal in blighted areas, beginning July 1. The $1.7 billion in property tax money would instead be used to help plug a $25.4 billion deficit in the general fund for one year.

The tax revenue would be directly distributed to counties, cities and school districts in future years, a redistribution that will help pay for a restructuring of government services that Brown also has proposed.

Brown has said his proposal would allow existing projects to continue. In response, agencies across the state have fast-tracked billions of dollars in projects in a desperate attempt to get them started before the state takes action.

"When you feel that your home is threatened or your family is threatened, you take action to protect that asset," McKenzie said.

Redevelopment agency supporters said they believe the proposed cuts would lead to massive job losses. The California Redevelopment Association paid for a study that projects the local agencies support more than 300,000 full-time and part-time, permanent and short-term jobs each year.

http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/22/BAC11HCOJD.DTL&type=printable
But Jean Ross, executive director of the California Budget Project, said academic studies of such agencies in California and other states have shown that redevelopment funding moves jobs and economic activity around a geographic area, but it does not itself always create gains.

She also said any spending cuts the state makes will lead to some loss of jobs, such as those of child care workers if the state cuts support for child care. Ross said Brown's proposal is "intriguing" given the alternative, which likely would be to cut even deeper into social services.

"All of us know as Californians, given the magnitude of the problem, that we have to prioritize how our scarce resources are spent," Ross said.

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http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/22/BAC11HCOJD.DTL

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The weekly poll
Saturday, January 22, 2011

This week's topic:

Should the state eliminate redevelopment funding?

No, cities depend on those funds to develop affordable housing.

X 7%

Yes, if the choice is between money for schools and money for developers.

X 42%

No, the funds eliminate blight and increase local tax revenues.

X 12%

Yes, it's corporate welfare we can't afford.

X 39%

Total votes so far: 1,203

Next week's topic:

What does the selection of two Asian American mayors mean for the Bay Area?

Vote your choices at www.sfgate.com/opinion.

This is not a scientific poll, but a tabulation of readers' responses.

http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/22/ED8T1HCL64.DTL

This article appeared on page A - 9 of the San Francisco Chronicle

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Gov. Jerry Brown has proposed to eliminate redevelopment in California as a way to save $1.7 billion from the state budget (about 2 percent of his overall solution). Yes, let's all applaud the "boldness" of the gesture. But this one is going to backfire terribly: It will give a short-term boost to the ailing budget, but reduce the long-term economic growth that would otherwise come to California.

The Legislature authorized redevelopment agencies in 1945. In its early incarnation, redevelopment, both in California cities and around the country, was used, sometimes in careless ways, to tear down poor, often minority neighborhoods to facilitate new development. Those who suffered from the impacts of "urban renewal" are still with us, so any proposal to end redevelopment is sure to find sympathy from urban progressives who remember the neighborhood battles of the 1950s and 1960s.

But urban renewal was stopped in its tracks, not just in San Francisco, but virtually everywhere, by the mid-1970s. Redevelopment agencies today are quite different. More than three-quarters of cities in California have redevelopment agencies, and more than half were established after 1978, when Proposition 13 passed.

Used wisely, redevelopment helps start private investment dollars flowing back into neglected urban areas. This translates into jobs. Why would a state with a 12.8 percent jobless rate throw away a tool that delivers jobs?

When local government designates a redevelopment area, it is committing to channel a portion of the future growth of property tax revenue back into that area. On those promised revenue flows, the agency can issue bonds to pay for infrastructure, economic development, and, crucially, affordable housing. (The vast majority of affordable housing funding in California comes from redevelopment funds.)

This allows local government to finance public improvements that will attract market investment and ultimately leverage more economic growth than what would have been possible without the improvements. We never would have been able to turn a polluted former rail yard into the new Mission Bay biotech hub without the ability to issue bonds to put in streets, sewers, water service and storm drains. We will never be able to convert the polluted Hunters Point Shipyard to a new use without the tools of redevelopment. There are similar examples up and down the state.

This is what is so troubling about the governor's proposal: It tosses away a tool for growing the economy.

It's true that the redevelopment revenues are not going to schools and other public services. But places like the Hunters Point Shipyard and Treasure Island already are not generating taxes. Redevelopment is the way we convert them to new uses and, eventually, bring them back onto the tax rolls.

Certainly there are examples, both local and around the state, of bad redevelopment investments. If reformers in Sacramento can invent some way to distinguish in advance which redevelopment investments are likely to be most effective, then we should welcome the change. But they are going to find out what everyone engaged with practical economic development already knows: It's hard to do, and it's hard to know in advance what will work.

The governor's proposal asserts that development in the redevelopment areas is shifted from elsewhere in the state. This is partially true; but it's worth pointing out that we are talking about eliminating the tool central cities use to attract growth that would otherwise go to the suburban periphery. The elimination of redevelopment funding - coupled with the governor's proposal to eliminate the Williamson Act farmland preservation funding - amounts to a shift in favor of suburban sprawl.

This collides with SB375 - the state law that compels local planning agencies to design developments to reduce vehicle miles traveled - and AB32 - the state law to address climate change.

The illusion of free money created by taking funds from redevelopment agencies and giving it to cities and counties must sound irresistible to cash-strapped local governments. But it is an illusion. The governor's budget has a line about creating a new way to pay for infrastructure by making it easier to pass local bonds. If this proposal is real, and can be designed in a way to be effective, then we will have come up with a new way to pay for "redevelopment" under another name. It still will have the same fiscal trade-off that state-funded redevelopment has: putting tax dollars into infrastructure means those dollars are not available to pay for public services.

My own view, based on years of working on planning issues in the Bay Area, is that it is extremely unlikely that voters will vote for bond measures to pay for infrastructure and affordable housing or to redevelop former military bases or polluted rail yards.

If the magic of the governor's proposal is a de facto de-funding of infrastructure in favor of a short-term boost to public services, then we are looking at something that will be bad for the state's economy (and budget) in the long run.

**Needed reforms**

- Require redevelopment agencies to spend state-mandated affordable housing dollars
- Limit subsidizing development that does little to lift the economy - like sports stadiums.
- Connect redevelopment with greenhouse-gas-reduction goals established by SB375. This would favor urban infill projects near transit.

Gabriel Metcalf is executive director of San Francisco Planning + Urban Research (SPUR). Send your feedback to us through our online form at SFGate.com/chronicle/submissions/ #1.


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Jerry Brown takes on redevelopment
Debra J. Saunders
Sunday, January 23, 2011

GOP Assemblyman Chris Norby is a former Orange County supervisor with a longtime and deep aversion to California's 425 redevelopment agencies. Some redevelopment zones might eliminate blight and provide low-income housing as originally intended, he concedes, but redevelopment also allows billions of tax dollars to bankroll the building of a lot of half-empty shopping malls as well as sweetheart deals that pad the pockets of well-connected developers.

As Norby put it, redevelopment has served as an "unknown government" that feeds "the most wasteful, the most fraudulent, and the most abusive" spending in California government.

When Democratic Gov. Jerry Brown was mayor of Oakland, he was a big redevelopment booster. Now that he's the governor of a state facing a $25 billion shortfall, Brown has found common ground with Norby. The governor is proposing steering $1.7 billion away from redevelopment agencies and into schools, counties and the state.

As Brown told the League of California Cities last week, when he was mayor, he "liked redevelopment. I didn't quite understand it. It seemed kind of magical. It was the money that you could spend on stuff that they wouldn't otherwise let you spend."

Translation: The system rewards local pols whether they spend the money wisely or do not. While boosters say that redevelopment fosters economic growth, the nonpartisan Legislative Analyst's Office recently reported, "We find no reliable evidence that this program improves overall economic development in California."

A 1998 Public Policy Institute report found that redevelopment agencies "generate only slightly more than half of the property tax revenues they receive each year."

So what's to like?

California passed redevelopment laws to combat urban blight, with an added mandate that 20 percent of funds go toward affordable housing. Yet a Los Angeles Times investigation found last year that 120 cities spent more than $700 million on housing without building a single unit. Cities have declared acres of empty farmland as blight and some agencies have torn down houses - like some dilapidated cottages across the street from the home of the mayor of Avalon, on Catalina Island - without replacing them.

Which gets to a point that sticks in Norby's craw - some redevelopment agencies use the power of eminent domain to destroy modest homes and shutter blue-collar businesses.

When Brown was mayor, Oakland City Hall voted to seize small downtown businesses - businesses like the un-tony Revelli Tires - under eminent domain so that a private developer could build apartments on the land. First-generation American car repairman Tony Fung stood up against Oakland's legion of lawyers, but told me, "There's no way a small guy like me is able to fight that."
These were not blighted businesses - Brown admitted as much to me at the time - they were simply small enterprises that were bulldozed, he said, for "a greater good."

No doubt that greater-good spirit has moved more than a dozen cities to fast-track redevelopment projects before - if - Sacramento acts. Working on Martin Luther King Day even, Fremont officials approved $133 million for a project near a new BART station.

Can Brown move the Legislature to act against this powerful lobby, which has the support of some pro-business Repubs and some big-government Dems?

"I think everyone agrees that the redevelopment mechanism has been useful and created jobs," Democratic Treasurer Bill Lockyer said. But: "The last I heard, the University of California and California schools create jobs."

The bad news: Brown also told the League of Cities Wednesday, "You may win on redevelopment and then we take something else away."

But why?

Mark Hedlund, spokesman for Senate President Pro Tem Darrell Steinberg, framed the issue well - it's a choice between "a subsidy for public and private development" and

$1.7 billion for education, public safety and child welfare.

So then you dump the corporate welfare. In a report, "Redevelopment: The Unknown Government," Norby wrote that the redevelopment status quo "encourages retail developers to expect public handouts."

Enough. Besides, cities still will have the power to push for smart construction projects - they just won't have a money pot that makes it look free.

Last question: How can you tell if redevelopment funds bankrolled a building? It's new, big and mostly empty.

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Mercury News editorial: Redevelopment is all cities have to attract jobs

Mercury News Editorial

Posted: 01/24/2011 12:01:00 AM PST

On Sunday we urged Gov. Jerry Brown and the Legislature to quickly develop and implement a state economic strategy for attracting and keeping jobs -- something most states competing for California companies have long had in place.

Evaluating the role of redevelopment should be part of that strategy.

Brown's proposal to shut down redevelopment across the state has focused attention on abuses -- for example, on agencies that never build a unit of affordable housing despite a legal requirement to spend 20 percent of their money on it. But for communities that use redevelopment effectively, wrenching away this tool for eliminating blight and attracting jobs will be a serious setback -- and the cumulative effect will be another slide downhill for California.

The debate in Sacramento must shift to reforming redevelopment to eliminate the abuses and recapture tax dollars that agencies are not using properly. Just for starters, there should be a use it or lose it provision for housing funds.

For every city that has squandered redevelopment money, others have accomplished great things to dramatically improve their economies and quality of life: not only major cities like San Jose but communities such as Morgan Hill, Redwood City and San Mateo, whose Century 12 project sparked the downtown's stellar revival. Fremont is counting on redevelopment funds to help build a BART station.

In San Jose, there have been heated debates over the years about the wisdom of some investments, from the Mexican Heritage Plaza to the current (and we believe promising) San Pedro Square Market. But the value of building HP Pavilion, which transformed downtown, is rarely questioned. Nor is the $6.5 million invested in road and other improvements for Cisco Systems, which grew into the city's largest employer at 17,000 jobs.

And the nearly $700 million spent on affordable housing since 1988 has helped private and nonprofit developers build thousands of homes, many for low- and very low-income residents -- projects that simply could not have been completed otherwise. San Jose is the champion provider of affordable housing in Santa Clara County mainly because of redevelopment dollars.

Last week the city council called an emergency meeting to consider sheltering what little redevelopment money it has available, about $58 million, from confiscation by the state. The matter will come up again at Tuesday's regular meeting. The city should do what it takes to protect existing commitments, including to a special-needs housing project, and preserve some cash for economic incentives.

Losing the ability to offer companies an incentive to locate here will ultimately reduce the general fund tax base. Just this month, a $500,000 contribution from the agency is helping Maxim Integrated Products to expand here. It will invest some $55 million in facilities over the next few years and bring in 2,000 jobs.

http://www.mercurynews.com/opinion/ci_17162691?nclick_check=1 1/24/2011
It's easy to focus on the outrages of redevelopment, but a hasty decision to dismantle it would only hasten California's decline. Brown's economic strategy team can take a more thoughtful look.
Controller to audit Calif. redevelopment agencies

The state controller's office announced Monday that it will examine how well tax dollars are being used by redevelopment agencies, which have emerged at the center of a debate over California's budget.

Controller John Chiang said his office will examine 18 of the state's more than 400 redevelopment agencies, including those in Los Angeles, Sacramento and Riverside.

The audit will review how well agencies are fighting urban blight, whether they are sending enough tax money to school districts, and the compensation levels of their executives.

Gov. Jerry Brown has proposed a phase-out of redevelopment agencies, known as RDAs, as one way to help close California's $25 billion deficit. City and local government officials have criticized his plan, defending redevelopment agencies as one of their main tools to kick-start construction projects and create jobs.

The Democratic governor said the tax revenue would be better used for schools and public safety but city officials fear Brown is taking away an important economic development tool.

"The heated debate over whether RDAs are the engines of local economic and job growth or are simply scams providing windfalls to political cronies at the expense of public services has largely been based on anecdotal evidence," Chiang said in a statement. "As lawmakers deliberate the governor's proposal to close RDAs and divert those funds to local schools and public safety agencies, I believe it is important to provide factual, empirical information about how these agencies perform and what they bring to the communities they serve."

Chiang spokesman Garin Casaleggio said the controller hopes to have the audit completed in early March to inform lawmakers as they take up the redevelopment debate as part of budget negotiations.

He said the 18 agencies were selected to reflect urban, suburban and rural communities.

Krista Noonan, a spokeswoman for the California Redevelopment Association, said the selected redevelopment agencies are encouraged to participate in the audit.

"We're confident that the controller will finally validate that redevelopment is a major economic development tool," Noonan said. "It's the best job creator in California right now."

Chris McKenzie, executive director of the League of California Cities, said redevelopment agencies create 304,000 jobs each year, over half of them in construction. They generate $40 billion in statewide economic activity, he said.

Redevelopment was a movement born out of the post-World War II era as an effort to fight urban decay. Today there are 425 redevelopment agencies in California and they have authority to acquire land using eminent domain, clean up or demolish dilapidated properties, and develop them for commercial and residential use.

The agencies are funded by increases in property tax revenues from the blighted areas they fix up, known as tax increment financing.

Over time, critics say redevelopment has become a cash cow for developers of big box retailers, sports arena and even amusement parks while cities, counties and schools are losing out on billions in property taxes. According to the state controller's office, tax increment revenues amounted to $5.7 billion in 2008-09, an increase of 5.8 percent from the previous year.

Last fall the state Senate Office of Oversight and Outcomes found the public has little assurance that redevelopment officials were spending 20 percent of their revenues on affordable housing as the state requires.

The report looked at a dozen redevelopment agencies and found much of affordable housing funding was being used on staff salaries and administration, rather than for constructing and rehabilitating homes. The report also raised questionable spending practices, such as hiring a lobbyist and funding a public relations campaign.

Noonan, of the redevelopment association, said that while any case of abuse is one too many, there are "hundreds of other good things that redevelopment is doing throughout the state."

Study of redevelopment agencies skips San Francisco

There has been much discussion in the last few weeks about the proposal by Gov. Jerry Brown to eliminate local redevelopment agencies.

In San Francisco, such a move could impact the Hunters Point redevelopment and other projects to build affordable housing.

With the hubbub around the redevelopment agencies, it might be good news for some that California State Controller John Chiang announced Monday a review of redevelopment agencies.

The review, according to a release from Chiang, will “look at, among other things, how the RDAs define a ‘blighted’ area, whether they are appropriately paying for low- and moderate-income housing as required by law, whether they are accurately ‘passing through’ payments to schools within their community, and how much RDA officials, board members and employees are being compensated for their services.”

While the 18 agencies selected for the review may find out more of how they operate, people curious about the San Francisco Redevelopment Agency will just have to wait. The City was not included in the evaluation.

And if you still want to know just what the redevelopment agency does in San Francisco, you can read more here.

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Well, this could get interesting. Controller John Chiang has decided to step into the middle of one of the hottest issues in Sacramento right now: whether redevelopment agencies, which are slated to disappear under Gov. Jerry Brown's budget proposal, are worth keeping.

Chiang said auditors from his office would review 18 redevelopment agencies throughout the state -- including the cities of San Jose, Los Angeles, Richmond, Pittsburg, Fremont and Hercules, among others -- to "obtain facts on how funds are used and the extent to which they comply with laws governing their activities."

The reviews are slated for completion in early March, about the same time lawmakers and Brown say they want to be in the final stretch for approving cuts in state spending. Eliminating the redevelopment agencies, also known as RDAs, would free up $1.7 billion for the general fund this year with that money going directly to local cities, counties and school districts in future years.

The harshest critics of the agencies argue that they have essentially become slush funds that are used by politicians to dole out favors to big time developers. Defenders of the agencies argue they are critical tools for removing urban blight and replacing it with revitalized parts of cities.

"The heated debate over whether RDAs are the engines of local economic and job growth or are simply scams providing windfalls to political cronies at the expense of public services has largely been based on anecdotal evidence," Chiang said in a statement announcing the reviews.

He continued, "As lawmakers deliberate the governor's proposal to close RDAs and divert those funds to local schools and public safety agencies, I believe it is important to provide factual, empirical information about how these agencies perform and what they bring to the communities they serve."

We'll let you know what he has to say when the reviews are completed.

**The California budget deficit — Get full coverage of the state crisis »**
California Governor Jerry Brown is known for attacking sacred cows but sometimes he does so without a clear vision of the real objective and how to achieve it. Such is the case with California Redevelopment Agencies (CRAs), which Brown wants to do away with as part of his State of California Proposed Budget.

Governor Brown thinks the move will return $1.7 billion to the general funds of California cities; but such a claim shows Brown doesn’t understand Redevelopment, how it works, and what it’s supposed to do. The real objective of returning $1.7 billion will not be done in the way he says, and for several reasons.

First, California Redevelopment is designed such that it allows cities to establish redevelopment areas to keep property taxes. And contrary to popular view, redevelopment revenues from project areas can be used to provide services in those project areas. Many cities have done this, including Oakland.

Indeed, California Redevelopment Law was used by the City of Santa Ana to keep all of its property tax revenue. And while the law was changed to prevent that action by other cities, the City of Santa Ana’s example proves that Redevelopment itself keeps property tax revenue under civic, and not state and county share, control. Yes, counties hate CRA’s because they keep city property tax revenues from county collection and use. But counties can and do negotiate “pass-through” agreements to get some of that CRA prop tax revenue.

The bottom line is Governor Brown’s wrong here and doesn’t “get” how Redevelopment works. The truth is that cities use California Redevelopment to keep property tax revenue and can use it for services.

Second, such a proposal as Brown’s brings out every wingnut who has an issue with Redevelopment jumping on the Brown bandwagon, bringing up issues that can be easily fixed with a tweak in the law. For example, many suburban cities don’t use their affordable housing set-aside monies. They should be forced to give 50 percent of those funds to a total pool that’s then redistributed to the CRAs that have the greatest predetermined need.

Third, if Governor Brown really wants to attack a sacred cow and solve this budget problem, go after Prop 13.

Proposition 13 got us into this mess by throwing an intergenerational choke-chain around California’s revenue collection system in 1978. Now, the near-depression recession we faced added another choke chain California has to deal with. The state has too many people chasing too few resources. The only way to reduce the population and increase the resources is by a three-percent increase in property taxes state-wide.
End of redevelopment agencies would hit unevenly

Chip Johnson
Tuesday, January 25, 2011

It's unclear if the state Legislature will go along with Gov. Jerry Brown's proposal to eliminate hundreds of redevelopment agencies across the state. But one thing is certain: The proposal would hit some East Bay cities much more than others.

The governor's proposal would get rid of the state's redevelopment program, which allows local governments to borrow against future property tax increases in designated redevelopment areas. The money can then be used to spur economic development. The governor, however, wants those tax dollars to help solve the state's budget deficit for the coming year. In the 2012-13 year, the money would then flow directly to cities, counties and school districts.

In Berkeley, redevelopment zones cover only two slivers of land on the city's west side, and its redevelopment agency is scheduled to cease operations in 2015. There, the impact would be felt no more than a pinprick.

Contrast that with Emeryville, where 95 percent of the city's 750 acres are designated for redevelopment. Such a statewide policy change would reverberate through that retail-minded city for years. City officials met last weekend to prioritize a $250 million list of civic improvements planned in the coming years, Emeryville City Manager Patrick O'Keeffe said.

Next door in Oakland, Brown's plan to return some property tax revenues back to a cash-strapped city looks good on paper. But City Administrator Dan Lindheim says any extra money that might flow to city coffers would be swallowed by bond debt, payroll commitments and staff support.

According to Lindheim, after the city pays its bills, meets payroll obligations and passes on funds to county government agencies, Brown's proposal will mean little more than $10 million for the general fund, the city's primary spending account.

That's nothing to sneeze at: It's the same amount as Oakland's current budget shortfall.

Currently, the city spends $48 million in bond debt service for its past and current redevelopment projects.

An additional $27 million is devoted to pay city salaries. The agency uses $14 million for its low-income housing program and spends $6 million a year to operate the agency. Finally, about $15 million is passed through to county government agencies.

Even without knowing if the governor's plan will gain legislative approval, the Oakland City Council last week voted 7-0, with one abstention, in opposition to Brown's proposal. Only District 4 Councilwoman Jane Brunner refused to support the action.

Brunner pointed out that her colleagues were acting without enough information and in much the same manner as residents' groups who show up to blast - or back - the project of their choosing.
Redevelopment is a good idea in good economic times when people are building, and cities can help in that effort," she said.

In Oakland, the end of the economic boom coupled with the onset of a national housing recession and changing of the guard in the mayor's office has slowed the pace of growth and redevelopment to a crawl over the past four years.

When you consider its financial situation and the vital services it has lost, Oakland city officials could use an additional $10 million - or more - to shore up the shrinking Oakland Police Department, or just to upgrade or restore such basic city services as park maintenance.

"The caveat in all of this is, (Brown's plan is) not a coherent proposal yet, and we just don't know how it's going to play out," Lindheim said.

Even though the broad outlines of the governor's plan do not yet include all the details and it will probably still face legal hurdles, the thrust of Brown's intentions are clear enough that cities all over California have rushed to get projects approved and in the pipeline before the new policies take effect.

If Emeryville, a city whose very foundation is built on the premise of redevelopment projects, can prioritize its projects, Oakland city officials can also reset priorities, restructure the city's bond debt and learn to make lemonade from the lemons being served up from Sacramento.

Chip Johnson's column appears in the Chronicle on Tuesday and Friday. E-mail him at chjohnson@sfchronicle.com.

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Big-city mayors bulldoze Gov. Jerry Brown’s redevelopment plan

Comments (0)

San Francisco Mayor Edwin Lee, second from right, discusses the meeting he and the mayors of some of the state’s largest cities had with Gov. Jerry Brown at the Capitol in Sacramento. Also seen from left are Oakland Mayor Jean Quan, Los Angeles Mayor Antonio Villaraigosa, second from left, and San Jose Mayor Chuck Reed, right. (Rich Pedroncelli/AP)

Redevelopment is crucial to creating jobs in California to fight the plague of 12.5 percent unemployment, the mayors of the state’s nine largest cities insisted in a meeting with Gov. Jerry Brown on Wednesday.

That theme was echoed by every mayor in attendance. Each spoke positively about the meeting and the governor’s promise to work with them on a compromise.

“I had a chance to invite the governor to watch the San Francisco Giants, and noted that all of the housing surrounding the stadium was done using redevelopment funds,” San Francisco Mayor Ed Lee said. Lee said all the newest areas in cities throughout California can be attributed to the use of redevelopment money.

Lee warned against the elimination of the agencies and said redevelopment was the way to do smart development.

Los Angeles Mayor Antonio Villaraigosa said the mayors had come to an agreement with Brown not to make the sweeping, across-the-board agency elimination, although several mayors later said no formal agreement had actually been reached.

Villaraigosa said Brown agreed to name the mayors of the 10 largest cities to a formal working group. The group would work together until the cities and state could come to a resolution about redevelopment that everyone can live with.

That means Brown’s proposal to eliminate all 425 redevelopment agencies already has been severely downsized.

“We’re not going down quietly,” Sacramento Mayor Kevin Johnson said, calling redevelopment projects “magical things.”

Johnson said several of the revitalized downtown streets in his city would not have been built without redevelopment.

“The budget cannot be balanced on the backs of the citizens again,” he said.
Many of us here serve on the board of directors of the League of California Cities,” Oakland Mayor Jean Quan said.

“We all use the redevelopment money — sometimes it’s the only money we have.”

Quan said with 18 percent unemployment in Oakland, and 40 percent unemployment among black male youths in her city, redevelopment means jobs.

“It makes no sense to pit the money against the kids,” she said.

San Jose Mayor Chuck Reed described the 1 million jobs the state of Texas added to its work force last year, along with the 400,000 jobs new to Arizona.

“California has zero new jobs, which is a big part of the budget problem,” he said. “It would be a bad idea to eliminate redevelopment agencies — they are some of the most important tools we have.”

“All good things in our cities have been touched by redevelopment,” Santa Ana Mayor Miguel Pulido said. He said mayors shared with Brown the importance of the agencies and how the elimination would be a setback for cities.

When asked about widespread waste and abuse within redevelopment agencies, and exorbitant salaries and compensation, Villaraigosa said the jobs created by redevelopment were his focus. “For every statistic you have, I’ve got 10 jobs,” he said.

Villaraigosa welcomed an audit of redevelopment agencies by the state Controller’s Office. When asked what mayors were willing to negotiate with Brown, Villaraigosa said, “I am not willing to not have a seat at the table.”

Katy Grimes is a reporter covering Sacramento for www.calwatchdog.com.

California News Local Ed Lee jean quan jerry brown Redevelopment Agencies san francisco


Jan. 26 (Bloomberg) -- The mayors of California’s biggest cities say they plan to present an alternative to Governor Jerry Brown’s proposal to eliminate redevelopment agencies in the most populous U.S. state to help fill a $25.4 billion deficit.

Los Angeles Mayor Antonio Villaraigosa and leaders of eight other cities emerged from a meeting with Brown in Sacramento today and said they have formed a working group to produce a substitute to the governor’s plan. He seeks to gain control over $5 billion in property taxes allocated to the local agencies.

"When the federal government faces a deficit, it prints money; when the state faces a deficit, it balances its budget on the backs of local governments," Villaraigosa said. "This is absolutely the wrong time to move away from these agencies and their job creation and revenue generation."

Brown, a 72-year-old Democrat, has proposed an austerity budget that pushes spending back to 2005 levels and counts on voters agreeing to extend $9.2 billion of expiring temporary tax increases to prevent deeper cuts. The governor also wants to shift more of the costs and responsibilities for health, welfare and public safety to local governments and make it easier for them to raise taxes and fees to pay for the services.

Brown plans to use $1.7 billion of the redevelopment money to shave the deficit by paying for courts and health care for the poor, while sending $1.1 billion to schools. The rest would pay debt service and other obligations.

"My message to them is, if not you, who," Brown told reporters in his Sacramento office today before his meeting with the mayors. "If you want that $1.7 billion, where do we get the money to replace that money. These hallways here will be filled with people saying 'please keep the money coming,' and my message to them is that the money isn't there."

Under California's 65-year-old redevelopment law, if a city or county creates a redevelopment area to address urban blight, the agency receives related property-levy revenue increases that may result, known as the tax increment. Absent a redevelopment district, schools and local governments such as cities and counties would get those receipts.

According to the state's Legislative Analyst's Office, redevelopment authorities pass about $1.1 billion of their $5 billion of tax revenue to local agencies based upon negotiated agreements and state statutes.

Of that $1.1 billion, approximately $300 million goes to schools, with only $40 million of that offsetting state obligations. California then replaces property-tax revenue that was diverted to the agencies from schools, at a cost of more than $2 billion a year out of the general fund.

Benefits of Agencies
The state's 598 active redevelopment authorities supported 564,000 full- and part-time local jobs annually, mostly in construction, according to the California Redevelopment Association. It said agencies have used some of their allocated funds to build 98,000 affordable-housing units since 1993.

"It's a terrible idea to abolish redevelopment up and down this state right now," said Sacramento Mayor Kevin Johnson.

Proponents of redevelopment agencies say Brown's plan may violate a new ballot measure approved by state voters in November known as Proposition 22, which bars the state from raiding revenue meant for local governments.

"We would hate to have to take the state to court in order to uphold the will of the voters, but we will do it if we're forced to," said Chris McKenzie, executive director of the League of California Cities.

In his fiscal 2012 plan, Brown also called for ending enterprise-zone tax incentives. One benefit gives businesses credit for creating jobs in targeted areas. Brown has said the incentives, projected to cost $581 million next year, merely shift economic development from one region of California to another and don't provide a net benefit to the state.

--With Assistance from Christopher Palmeri in Los Angeles. Editors: Ted Bunker, Mark Tannenbaum.
Gov. Jerry Brown on Wednesday defended the cuts and restructuring proposals in his budget plan against attacks by mayors who say they will cost jobs, and health and welfare advocates who say the changes could cost lives.

The state is in a crisis and has no choice but to make deep spending cuts and extend temporary tax increases to close a budget deficit projected to be $25 billion over the next 18 months, Brown said during a news conference.

"Sometimes when you pull the Band-Aid off, it's better to do it quickly," Brown said.

That will let California get past the pain and position itself for a long-term recovery, he said.

Brown spoke before meeting with mayors from nine of California's largest cities who want to find alternatives to his proposal to eliminate redevelopment agencies and enterprise zones.

The Democratic governor said the mayors have a tough sell when other advocates are complaining of more devastating cuts. He said he is more sympathetic to health care advocates and welfare providers, who told legislative committees Wednesday that the cuts could devastate the lives of those who need adult day care, home care or who cannot afford to pay more for health care services.

Brown's budget proposal includes $12.5 billion in spending cuts and a special election ballot measure asking voters to extend temporary increases in the personal income, sales and vehicle taxes. The tax extensions would be for five years and raise $9 billion through June 2012.

"These cuts are serious. They're a retrenchment in what California was attempting to do in recent years, but they're necessary because we just don't have the money," Brown said. "I don't think they're going to say anyone will die because redevelopment is eliminated."

The state's 425 redevelopment agencies can acquire land using eminent domain and develop it for commercial and residential use.

The projects are paid through the resulting increases in property tax revenue. That diverted $5.7 billion in property taxes in 2008-2009 from cities, counties and school districts.

The mayors said redevelopment projects support 304,000 full- and part-time jobs in a typical year, 170,600 of them in construction. That contributes more than $40 billion annually to the state's economy, bringing in $2 billion in state and local taxes, Los Angeles Mayor Antonio Villaraigosa said in a statement.

He was joined in his meeting with Brown by the mayors of Anaheim, Fresno, Oakland, Sacramento, San Francisco, Santa Ana, San Jose and San Diego.
The meeting came hours after the Los Angeles City Council approved spending up to $32 million in redevelopment money. Some cities have rushed to commit the money in case the Legislature goes along with Brown's plan to eliminate the agencies.

Villaraigosa defended cities' moves even as they negotiate with Brown over whether the programs should be eliminated.

"This is the wrong time to move away from job creation," Villaraigosa said during a news conference on the Capitol steps.

The mayors said they are open to reforming the agencies and have agreed to create a working group with the governor's office to consider alternatives.

Sacramento Mayor Kevin Johnson told Brown that the loft the governor rents in the capital was refurbished with redevelopment money. Oakland Mayor Jean Quan reminded the governor of all the redevelopment projects he championed while he was that city's mayor.

http://sfgate.com/cgi-bin/article.cgi?f=/n/a/2011/01/26/financial/f134402S80.DTL

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Poor people with chronic illnesses such as kidney failure, cancer and HIV face the prospect of dying due to budget cuts proposed by Gov. Jerry Brown, lawmakers and health advocates said Wednesday.

As Brown's proposal faces its first week of scrutiny by the Legislature, the governor said he believes the budget process is on track for an early March deadline, but modifications are likely. Dozens of hearings are scheduled over the next few weeks, but resistance from a wide variety of people who would feel the brunt of the cuts continues to grow.

Reductions in health spending could doom some of the state's sick, advocates said. The governor has proposed limiting most people on the state Medi-Cal program to 10 doctor visits per year, which would save the state almost $200 million next year.

That limit applies to dialysis patients, many of whom need the procedure three times per week. Those people would hit their limit in a matter of weeks, health advocates said, placing their lives in danger.

"A lot of these recommendations will lead to the most dire of consequences - that people will lose their lives," said Sen. Mark DeSaulnier, D-Concord, chairman of the Senate subcommittee that is reviewing the health cuts.

Mayors from California's largest cities met with the governor Wednesday to voice opposition to a plan to eliminate redevelopment agencies. Meanwhile, advocates for state parks are concerned that the proposed $22 million cut in funding over the next fiscal year could force some of California's natural wonders to close.

"This will demand further closures and full closures probably," said Elizabeth Goldstein, executive director of the California State Parks Foundation.

A panel of lawmakers heard testimony Wednesday on a variety of cuts to Medi-Cal, including new co-pays for prescriptions and emergency room visits and the elimination of the adult day health care program. Democrats on the panel said that while they did not like the proposals, they were committed to reaching the goal of $12.5 billion in both cuts and fund shifts proposed by Brown.

**Uc, csu face cuts**

The proposed cuts also include a $1.4 billion reduction to the UC and CSU systems, along with community colleges. The impact of the cuts will fall largely on students, who already are paying a far higher percentage of tuition and fees than in recent years, according to administrators. But CSU representative Robert Turnage said that this time, "We have no plans to go back with any additional tuition or fee increases for the 2011-12 fiscal year."

Patrick Lenz, UC vice president for budget, said the $500 million proposed reduction for the system is equal to cutting all state spending for the UC campuses in Santa Barbara, San Francisco and Santa Cruz.

http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/27/BAU01HEO2R.DTL&type=printable
The mayors of nine of the largest cities in California met with Brown in his office Wednesday afternoon and said the redevelopment agency cuts will take money away from job creation and investment in distressed areas.

The proposal would return $1.7 billion to the general fund this year and give it directly to cities and counties in future years to fund services such as schools and public safety.

San Francisco Mayor Ed Lee said he invited Brown to come watch a Giants game at AT&T Park in San Francisco, where he would be surrounded by the results of redevelopment.

"All of the homes around the stadium were built with redevelopment money," he said. "For people looking for jobs, their success depends on the workability of redevelopment agencies and the ability for those entities to leverage private dollars. That's how Mission Bay was born."

**Mayors back redevelopment**

Many of the mayors, including Lee and Oakland's Jean Quan, stressed that redevelopment is a long-term investment that should not be abandoned, and that it's not just about the sheer amount of property taxes collected - it's about how they leverage those dollars.

The back and forth comes as a new poll from the Public Policy Institute of California found 66 percent of adults support Brown's plan on redevelopment, and 67 percent support a special election on tax increases. The high support "is not something I would have predicted," said Mark Baldassare, president and CEO of policy institute. "To some degree, voters are not blaming Brown for the problem he inherited."

The poll's margin of error is plus or minus 3.5 percentage points.

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http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2011/01/27/BAU01HEO2R.DTL

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San Francisco officials say they are ready to accelerate many local redevelopment projects if it looks like they'll be eliminated by Gov. Jerry Brown's proposed budget cuts.

Dozens of cities and counties in California have rushed to approve redevelopment funds in the weeks after Brown first announced his proposed $5.7 billion cut to redevelopment, but San Francisco's agency has stayed out of the fray.

That could change, though, if it becomes clear the governor's proposal would eliminate funding for Hunter's Point Naval Shipyard or the Treasure Island development, Mayor Ed Lee told The Chronicle.

Lee said his office is "putting together steps" to ensure the projects are quickly approved if he and others can't broker a deal with Brown, as they tried to do in Sacramento on Wednesday.

Mayors from nine major cities and Brown met and agreed to form a working group to explore options besides eliminating redevelopment.

While Brown did not back down from his proposal, he did signal that he is willing to work with the big-city mayors, said Tony Winnicker, the mayor's spokesman.

But city staff will continue planning to expedite the approval of some redevelopment projects - which borrow money against the future value of a property to fund improvement to blighted neighborhoods - because negotiations could fall through and the funds could be cut.

"There's no rush to push things through prematurely," Winnicker said. "As a result of this meeting, he's not pulling the trigger immediately. That said, we realize days are important here."

While much of the development at Hunters Point will continue, agreements to pay for affordable homes with redevelopment funds have not yet been approved, said Fred Blackwell, head of the city's redevelopment agency.

It isn't clear whether developers can afford to build the housing without redevelopment funds, he said.

Under the original plan, the agency would issue money for each of the affordable housing sites once they were ready - something expected to take at least a year, Blackwell said.

But the agency could consider offering redevelopment money now for the affordable housing lots before all the details, including finding a developer, are worked out.

"That's not the way we've traditionally gone about it," he said.

The redevelopment agreement at Treasure Island was expected to be approved in July, but could instead be accelerated and approved before the new budget takes effect, said Rich Hillis with the Office of Economic and Workforce Development.
It is another important project that doesn’t happen without redevelopment,” he said.

Brown will release a detailed budget plan in early February that will clarify how many projects in San Francisco would be cut or eliminated, Blackwell said.

"We aren't pressing the panic button until we see the governor's proposal," he said.

Chronicle staff writer Marisa Lagos contributed to this report. E-mail Will Kane at wkane@sfchronicle.com.