

# Still a Ways Off

Governor's axing of redevelopment agencies goes against his goal of establishing more local control.

By DANIEL J.B. MITCHELL

At the end of 2011, Gov. Jerry Brown issued a report listing his accomplishments and goals during the first year of his term. Among the items is "realignment," which he defines as an effort to "return – as much as possible – decisions and authority to cities, counties and schools, closer to the people." Much of the actual realignment that has taken place so far, however, seems focused on moving state prisoners to county jails on the assumption that housing them locally will be cheaper.

But what about the larger issue of enhancing local decision-making? Presumably, moving decisions down to local governments and away from Sacramento inherently involves the risk that there will be bad decisions made locally along with the good. Ultimately, local governments that make bad decisions are subject to voter disapproval, imperfect though that mechanism may be. However, there can be no real realignment if the rule is going to be that only good local decisions are allowed, subject to a determination by Sacramento as to what is good and what is bad.

If you agree with that basic point, then what do you make of the current controversy over redevelopment agencies and their impending dissolution by the governor and Legislature? Media attention has focused on the drama of the conflict and neglected the underlying issue. Redevelopment agencies – which are local government creations making local decisions, good or bad – depend in part on tax increment financing based on local property tax revenue.

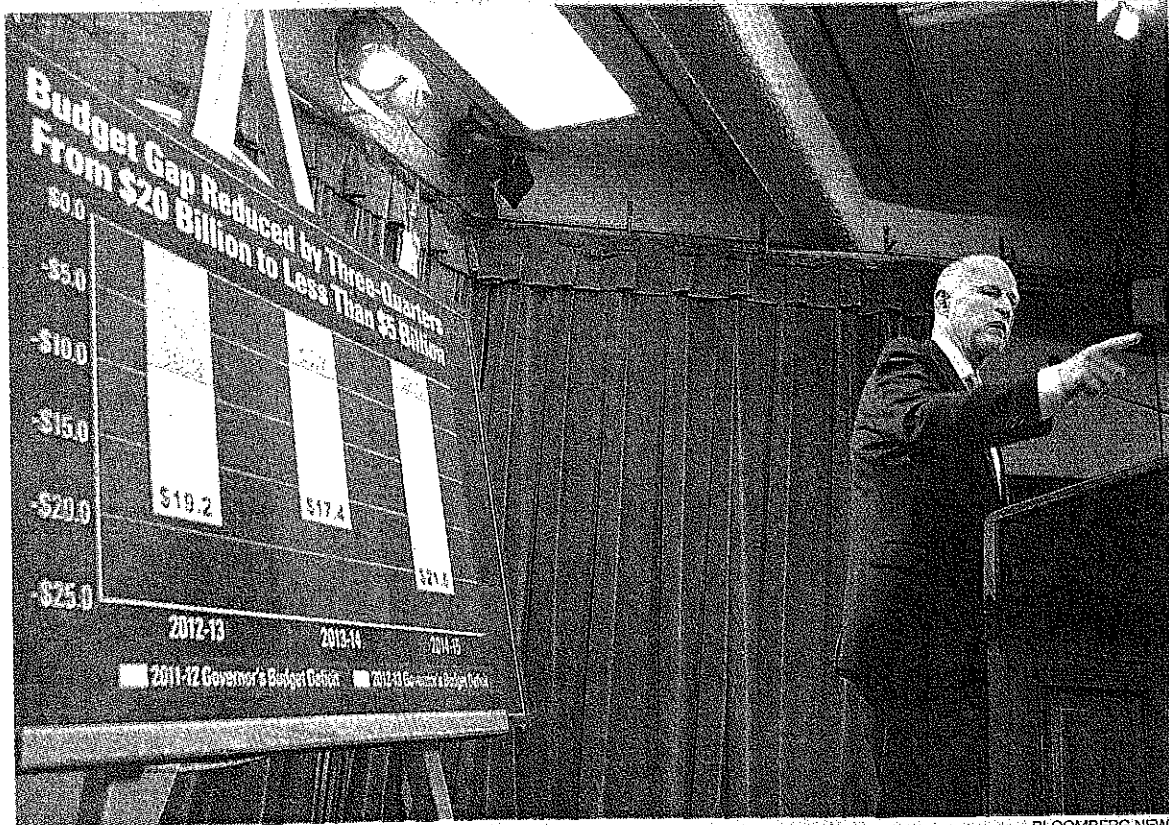
In theory, they support improvements in particular areas and then rely on the jump in property values and property taxes that result from the improvements for funding. However, California has a convoluted state-local fiscal structure that evolved after 1978's Proposition 13 cut local property taxes and voters gave K-14 education formula-based shares of the state budget under 1988's Proposition 98. The state views such diverted increments of the local property tax as a cost because it has to back-fill the schools under the formulas. Sacramento has sought to recoup some of that cost from local redevelopment agencies to deal with ongoing budget problems.

Redevelopment agencies thought they had protected themselves from state raids on "their" revenue under Proposition 22, passed by voters in 2010. But the governor then proposed abolishing the agencies entirely. He reasoned that if the agencies did not exist, they could not be said to be raided under Proposition 22. A deal was eventually cut in the Legislature allowing the

agencies to continue if they made voluntary contributions to the state. The agencies paid up under protest and took a gamble by testing the deal before the California Supreme Court. That gamble proved to be the ultimate local bad decision from their viewpoint because the court voided the compromise and OK'd total termination of the agencies.

It is interesting that conservatives, who normally favor local control, have applauded Brown for pushing the complete dissolution of redevelopment agencies. They have tended to see redevelopment projects – such as the Los Angeles Community Redevelopment Agency's downtown streetcar project – as taxpayer-financed boondoggles. But if you really want local control, you can't have it both ways. Local control means that there will be some local decisions you don't like. And if you don't like what is going on at the local level, you can use local politics to try and change the situation. Isn't that Civics 101?

The state Legislature could still rescue redevelopment in



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some form but, thanks to the imminent dissolution of the local agencies, it can now dictate whatever it wants as the condition of salvation. As might be expected, Sacramento legislators are thinking of requiring local redevelopment activities they would like to see such as affordable housing and various "green" projects. Promoting those activities might be good decisions or bad – but should local redevelopment agendas now be set in Sacramento – the exact opposite of local control and realignment?

Those who prefer local control to centralized regulation from Sacramento may want to rethink their position on redevelopment. And the Legislature and governor would do well to avoid temptation and find a way to resurrect the compromise deal they had in place before the state Supreme Court decision.

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*Daniel J.B. Mitchell is professor-emeritus at the UCLA Anderson School of Management and UCLA Luskin School of Public Affairs.*

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