



Where did 1975 go?

California Governor Jerry Brown, apparently emerging from his time warp where Republicans weren't completely radicalized against taxes and government, [signed on to an all-cuts budget today](#), passed with majority numbers in the legislature. His failure to get any of the four Republican votes he had sought means no new taxes and a major victory for the super-minority party. We all know the cuts are devastating to the state's educational system and poor, but what about the environment?

Well, it's not pretty if you believe in revitalizing downtowns and building more housing in existing urban areas. A big portion of his cuts came from the elimination of the state's redevelopment agencies, as [Rick](#) and [I](#) blogged about previously. Redevelopment agencies raise money by issuing bonds backed by future increases in property taxes in a given blighted area. The increases, theoretically, should come from improved values from the invested bond money in that area. Sure, there have been abuses (that [golf course in Palm Desert](#) probably wasn't the best use of public funds to eliminate blight). But redevelopment money has been critical for infill development, which is often very costly to build in blighted areas, given neighborhood opposition, higher construction costs, and challenges attracting investment to moribund areas. Without these funds, many infill developers will go belly up, and the state will lose a critical opportunity to revitalize downtowns, bring about local economic development, and provide much needed housing in walkable areas close to jobs. Oh well.

But never fear: this being California, a lawsuit should be filed any minute by redevelopment advocates seeking to declare the elimination of these agencies unconstitutional. Thanks to the state's voters approving [Proposition 22 in 2010](#), redevelopment agencies believe that any attempt by the state to eliminate them and take their cash for the state's general fund represents an unconstitutional money grab. The governor, in turn, believes that once the agencies are eliminated, there is no such thing as redevelopment funds — it's just property tax revenue. In any case, we can watch this battle play out in the courts, while legislative deal-making will likely continue on the side. Either way, it's unlikely the governor will have the \$1.7 billion in redevelopment money right away.

But I have an idea. If the legislature needs to make up that money elsewhere, I can think of a few legislative districts in the eastern portion of the state that don't

contribute much tax revenue and don't seem to want government services very badly. Next time, let's start there instead.

UPDATE: The two bills eliminating redevelopment are ABX1 26 and 27. According to the [Sacramento Bee](#), redevelopment agencies will not be abolished if they can use some of their property tax revenue to pay back schools. However, given that many agencies can't make these payments and still pay their bondholders, the likely result is that most agencies will fold.