

Imperial Beach, National City Mayors in Redevelopment Debate

In a debate held by the SCEDC, the mayors of National City and Imperial Beach debated a former director of the San Diego Redevelopment Agency and Housing Authority on the merits of redevelopment agencies.

- By Albert Fulcher . February 28, 2011

On Feb. 24 at National City's South County Regional Education Center, city officials and representatives held a public debate to discuss the pros, cons and consequences if the state decides to get rid of redevelopment agencies as part of efforts to correct a \$25 billion state budget shortfall.



Imperial Beach Mayor Jim Janney, National City Mayor Ron Morrison and former director of the San Diego Redevelopment Agency Fred Schnaubelt brought their points of view to the debate.

Janney said he is looking at the issue from the perspective of a small city that depends on redevelopment to help the 26,000 people who live in Imperial Beach. He said redevelopment money brought more sales tax producers to the city.

"It is not like we keep all of money that comes in," Janney said. "We have done projects with the tax increase money along with the pass through that went through the county, school districts and community colleges."

The 60-year-old redevelopment law has a lot of honorable intentions of eliminating blight, Schnaubelt said, but abuse by redevelopment agencies across the state since its conception has redirected the governor's focus on the system.

"We have a serious issue before us in the governor's attempt to dissolve redevelopment agencies," he said. "What the governor is proposing is to go back to where all tax revenues are split in an ethical manner for the cities, ports, justice departments, libraries, schools, police and sheriff protection."

In order for a city to have a redevelopment agency, the area must be considered blighted, Schnaubelt said. One idea is to take money from redevelopment agencies and not take them to the state, but to reallocate them locally to schools or other areas.

"What causes the blight seen all around us?" he said. "I would claim rigid zoning laws that do not allow for new and different uses as consumer demands change. A secondary cause is capital gains taxes."

Scott Lewis of voiceofsandiego.org acted as the debate's moderator. The South County Economic Development Council organized the event.

Once an area is deemed blighted, he said, then a city can establish a redevelopment agency, receive a portion of property taxes and invest it in subsidized development for different projects, affordable housing or even a stadium.

A long time ago, he said, the state decided that schools could use themselves as an overseer of the system and monies lost by the schools in this process are backfilled by the state.

"The governor has decided this is something the state can no longer afford and suggested that this subsidy be cut off," said Lewis. "This is causing anxiety with cities and school districts are getting more passionate with the chance of more revenue being directed at them."

Janney said the people of Imperial Beach supported redevelopment after many years of debate.

"It wasn't something that was just put forward. People got behind it," he said. "They saw the advantage with things such as sidewalks, bike paths and public amenities such as soccer fields and skate parks—things that really make a community what it is supposed to be."

National City Mayor Morrison said the current unemployment rate in California and the possibility of losing another 304,000 jobs should be considered.

"That is what we are looking at. That is how many people in the private sector are hired each year through redevelopment. Can you imagine our state if that is the way that unemployment goes?"

Altogether, he said, redevelopment agencies are the No. 2 provider for infrastructure in the state, contributing \$40 billion a year to the California economy and \$2 billion in state and local taxes.

"In National City, from 2008-10, we took \$2.4 million and achieved \$61 million in projects," he said. "This created 150 new jobs and \$772,000 a year in new taxes. That is what you do with redevelopment."

Keeping money local is what redevelopment has done for Imperial Beach, Janney said. Residents deserve necessary public amenities, not things like the proposed \$10 billion high-speed train rail.

"Redevelopment has made our beach better," he said.

"Whether it be street ends, sidewalks or simple things like powered wheelchairs for those who have a hard time negotiating the sand, it brings entertainment amenities to the public."

Using the Padres stadium as an example, Janney said people often see the larger projects but fail to see smaller investments made around big redevelopment projects.

Schnaubelt said people think Petco Park is a beautiful example of redevelopment, but there is the "seen and the unseen" to it.

"The Padres pay less than 10 percent of the \$17 million annual cost of that facility. That is the real cost," he said.

"Giving the Padres a \$100 million profit moving into a new ballpark is indefensible. The reason they can pay ball players \$15 to \$19 million a year is because they do not have to pay the cost of their stadiums. Now we are talking about doing the same thing with the Chargers. No more ballparks, no more stadiums."

Lewis said one thing he has seen is a lack of jurisdictional leadership. Redevelopment agencies were originally set up with oversight by the local school systems.

"To see this type of jurisdictional fighting is frustrating," Lewis said. "This point about the state raiding this money—it provides a subsidy to these schools for what is lost through redevelopment investment."

Janney said redevelopment does not need more oversight and it is easy to say what is wrong and not look at what is really right. These things make it better for the people who live here and the ones that visit, he said.

"It is easy to take one or two areas of poor judgment and make a platform for major change," he said. "I believe elected officials and people working in city government have it in their heart to do the right thing."

"We do other programs that help those who cannot afford to move, put in a new window or a desperately needed water heater. These are creative ways of doing and making things better for a community, which is really the goal behind redevelopment."

The possibility of redevelopment being taken away is disappointing, Janney said. Imperial Beach has survived by managing with the monies it has, he said. People have to look at available revenue and live within those means.

"I get the sense that this is trying to pit cities and redevelopment agencies against the school districts, special districts and counties," he said. "It is our money and our taxes that go into the system. We do not build something that we cannot maintain the day after. We try to fund projects that are in scale with the city."

Morrison said he thinks the state needs to learn lessons from the cities, who in recent years have had to live within their means, while the bureaucracy in Sacramento continues to grow.

"There needs to be compression of departments in Sacramento and some need to be done away with," he said. "These are things that cities are doing right now."

Schnaubelt said a survey by the Sacramento Bee found that 78 percent of people approve the elimination of local redevelopment agencies.

First in importance, according to the survey, is reducing the legislative budget. He said one solution is to do away with all the housing mandates and use vouchers as the federal government does.

"Why are we putting people with low incomes into the most expensive consumer commodity there is?" he said. "These projects run from \$300,000 to \$507,000 per rental apartment—four times the cost of existing housing in San Diego County."

Morrison said many are asking for reform and legitimate oversight, not just more mandates.

"The building we are in now used to be the Pussycat Theater," he said. "It is here now because of \$20 million in redevelopment. The adult education center down by the trolley station was a \$3 million redevelopment project."

Facilities such as these only consume money and taxes, Schnaubelt said, rather than generate them.

"The money is not really going to the state," he said. "It doesn't go into the black hole of Sacramento. Redevelopment agencies do not send a proportional amount to the schools and the state has to make up the difference."

He said all the state is saying is that it is going to balance the budget and cities will start giving money to schools that should be going to them so the state will not have to.

In the early part of this past decade, the state said it needed more money and started taking it from the cities, Morrison said.

Proposition 1A went on the ballot and passed by more than 80 percent and said the state cannot take money away from the cities. In November, Proposition 22 passed overwhelmingly, no longer allowing the state to borrow money from redevelopment agencies.

"Now the state is saying we can't take the money, we can't borrow the money, so why don't we just abolish it," he said.

"This is called circumvention of the California voters," Morrison said. "Voters have twice told Sacramento what they need to do and twice the state has tried to circumvent it. This needs to be brought to their attention as we are dealing with all of this."

That is why the state Legislature thinks it can get around Proposition 22 in the analysis from the legislative office, said Schnaubelt. It is not money really going to the state and they are not stealing the money from the cities or the counties.

"They are just having it reallocated to the traditional core values," he said. "Now there is an assumption that if it wasn't for redevelopment areas that nothing would be built.

"I think that that is pretty hard to maintain. Cities say that once you have a designation, everything that has been built from there on is attributed to their redevelopment. I think that is unsustainable."

Janney said the people of California overwhelmingly supported leaving city revenues, including redevelopment, alone.

"It is going to be eaten alive to try and bail out \$25 plus billion of gathered up state legislation debt," he said. "The real money going to the state for the first two to three years might be only \$300 million. It is not going to help anything and it is better to keep the money locally, putting it to good use for what the people locally want to do."

Morrison said the city's standpoint is to help the state out. He said the problem is, less than a month ago, city officials get an announcement from the governor saying, by the way, here is the plan, without talking to the cities about it first.

"It is the goose that laid the golden egg," he said. "This thing keeps on going and we keep providing more and more. So the state looks at it and says you have two golden eggs, we want to take those right now and pay off our debts today. We have too many bills. And by the way we haven't done a very good job so we are going to cook the goose too."

Janney said the state is missing the big picture.

"The issue is huge," he said. "Redevelopment is one of those things that bring jobs to those people who wake up on April 15 and realize they are broke because they had to pay taxes."