

Brown budget reprises debate over ways to fund redevelopment

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After eliminating redevelopment agencies two years ago, Gov. [Jerry Brown](#) has proposed replacing the economic revitalization tool with an alternative that redevelopment proponents say is good, but not what they hoped for.

The governor showed a couple of his redevelopment cards in his 2014-15 budget proposal, signaling that 2014 will reprise the debate over appropriate ways to develop infrastructure through tax-increment financing.

Brown wants to make it easier for cities to enact infrastructure financing districts by lowering the threshold of votes needed to approve those districts from two-thirds to a 55 percent majority.

As with redevelopment districts, infrastructure financing districts use tax-increment financing to secure bonds, with the proceeds going to local development.

But unlike redevelopment, they require officials to spell out what work is proposed and seek approval from voters. Redevelopment advocates argue that Brown is downplaying the fact that infrastructure financing districts aren't used because the process is cumbersome and politically risky.

“The law really hasn't been used at all because the vote requirement is a pretty big hurdle. Will dropping it a little bit make (infrastructure financing districts) used much more? I'm not confident that it will,” said [Dan Carigg](#), legislative director of the [League of California Cities](#).

Brown is expected to introduce legislation later this month that also would expand the kinds of projects created by the districts to include urban infill, affordable housing, transit priority projects, military base reuse, and other kinds of consumer services that the administration has not yet defined.

The proposal is almost identical to legislation introduced last year by Assemblyman [Roger Dickinson](#), a Sacramento Democrat. Dickinson took his bill out of the running last year, as did other lawmakers with redevelopment replacement ideas, after the governor said he wanted the old agencies completely dissolved and their finances returned to the state before offering communities a new alternative.

The process of deciding which former redevelopment projects can move forward and which ones cannot has largely fallen to the courts and is ongoing.

Lawmakers are now waiting to see the details of Brown's proposal before reviving their bills. Those include Senate Bill 33 by Sen. [Lois Wolk](#), a Davis Democrat, which would have removed the public vote requirement entirely from infrastructure financing districts, and SB 1 by Senate President Pro Tem [Darrell Steinberg](#), a Democrat from Sacramento.

Steinberg's bill would let local governments create "sustainable communities investment authorities" that can spend the tax proceeds on relieving blight in "transit priority project areas, small walkable communities, and clean energy manufacturing sites," according to a bill analysis.

Additionally, a group calling itself Redevelop California is seeking a statewide voter initiative to reinstate redevelopment agencies with more expansive authority. They need \$13 million from non-public donors to qualify and campaign their proposal.

Tax-increment financing is a system that counts on an increase in the value of land in project areas after developers build on it. The increase in value creates a rise in property taxes. That additional property tax, known as the increment, is redirected for a specific purpose other than going to schools and local governments.

Allen Young covers state legislation, regulation and contracts, as well as economic news, international trade and economic development for the Sacramento Business Journal.