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A new form of redevelopment?

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Last week, I wrote about the local impact of Democrats losing the supermajority of the state Senate because of the leaves of absences of two senators for a federal corruption indictment and a conviction for voter fraud and perjury.

It appeared as if an idea to lower the threshold for new local taxes was dead, but, thanks to the ever-changing mechanisms of Sacramento, Gov. Jerry Brown has plans to widen the definition of Infrastructure Finance Districts to include local projects like roads and sewers, parks and libraries, infill developments and housing. The proposal only needs a majority vote in the state Legislature because it's part of the budget and because it's a statutory change, not a constitutional change.

The idea behind the district's expansion is to provide a form of replacement for redevelopment agencies which the governor dissolved in 2011, in part to help the state meet its budget. According to an analysis of the proposal, cities would be able to form the district that could overlap former redevelopment agency areas with 55 percent voter approval after payment of all former redevelopment

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agencies obligations to the state. The state Controller's Office would have oversight, which is a feature redevelopment agencies did not have.

Cities have been looking for a replacement for redevelopment agencies since their dissolution and, in late February, an initiative to re-establish redevelopment agencies as is entered circulation for the November ballot.

In Redwood City, city officials are beginning the process to create a community benefit improvement district for property owners to help pay for downtown services beyond what the city provides such as extra security, sidewalk cleaning and promotion. In Millbrae, the city is beginning to form a business improvement district that would be funded by merchants and/or property owners. Part of the rationale is the loss of redevelopment money. Districts focused on merchants, rather than property owners, have been successfully created in other cities. An effort in downtown San Mateo to create a Property Owners Business Improvement District, into which property owners would pay, stalled, however.

Redevelopment agencies worked by declaring an area blighted, and allowing a city to retain all the tax money generated in that area for improvements. Those improvements were up to the discretion of the city, but generally focused on economic development and housing. In some areas, there were complaints that the areas were not blighted enough and that it was a way to keep tax revenue from other groups like school districts that could have used the money. In San Mateo, the city engaged in partnerships with school districts to alleviate that concern. The new gym at San Mateo High School was paid for, in part, with redevelopment money. And without redevelopment money, there is no way the downtown San Mateo movie theater could have been constructed.

Cities were greatly upset by the sudden loss of redevelopment agencies and have been angling for a replacement. A big catch with Infrastructure Finance Districts is the two-thirds voter approval threshold, and even if that is lowered to 55 percent, it may be a hard sell in areas where there is mistrust of government spending or lack of clarity of the benefit. There is legislation that would remove the voter threshold altogether, but it's hard to see where that may end up.

So cities wait and see what Sacramento ends up with, and if Infrastructure Finance Districts will be the answer to the loss of redevelopment agencies. In the meantime, many are exploring alternative efforts, like Redwood City, to draw new revenue for

extras.

Congratulations to Larry Patterson, who was named Thursday San Mateo city manager after filling the interim role for four months beginning when Susan Loftus retired. One notable item about his contract is that he won't be able to accrue unlimited sick time that can be paid out upon his exit. Patterson has been with the city for 13 years and knows its ins and outs. While it may have been tempting to go with someone fresh, sometimes the experience that comes from being around a while is a tangible asset that should be appreciated.

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