

# OC Initiative to Bring Back Redevelopment Advances a Step

By ADAM ELMAHREK |

[http://www.voiceofoc.org/county/article\\_07d6f6f0-bb85-11e3-b88f-0019bb2963f4.html](http://www.voiceofoc.org/county/article_07d6f6f0-bb85-11e3-b88f-0019bb2963f4.html)

A proposed November ballot initiative emanating from Orange County that would resurrect redevelopment agencies across California and expand their powers has moved into the petition signature gathering phase after attracting funding from some cities, including \$25,000 from Anaheim.

Meanwhile, opposition to the proposed Jobs and Economic Development Initiative (JEDI) has also gained momentum as organizations opposed to redevelopment have released information and public records aimed at defeating its revival.

In 2011, Gov. Jerry Brown moved to ax more than 400 redevelopment agencies, part of a Sacramento budget balancing plan.

Redevelopment agencies allowed cities to invest in projects to revitalize blighted areas by leveraging the expected rise in property values and subsequent tax revenue, a mechanism known as tax increment financing.

Officials in many cities loudly opposed their elimination, arguing that they were essential to economic development in run-down neighborhoods and commercial districts. Supporters argued that the end of redevelopment has resulted in the loss of thousands of well-paying jobs.

In Orange County, the largest redevelopment project to lose funding was Irvine's 1,300-acre Orange County Great Park, which was to rival New York's Central Park. The project lost \$2.2 billion in funding through the elimination of redevelopment, and city leaders there have settled for [less ambitious construction plans](#).

Brown and other opponents argued that redevelopment was often abused and diverted property tax revenue away from schools and other essential

government services, with the proceeds instead going to private business interests. It was especially controversial, because it allowed cities to take private property via eminent domain.

JEDI would allow cities to reactivate the agencies and broaden the definition of blight to include areas where the unemployment rate is above the state or national average, according to the state attorney general's ballot summary.

Traditional redevelopment could only occur in areas deemed blighted.

Under the new initiative, entire cities and counties could be cast as blighted, possibly leading to a vast expansion of redevelopment.

Supporters argued that the initiative would lead to jobs creators where they are most needed, calling unemployment "the new blight, which quickly translates into the old blight — neighborhood deterioration and crime," a flyer supporting the initiative reads.

Nick Mirman of the California Alliance to Protect Private Property Rights argued that the initiative strengthens the worst aspect of the defunct redevelopment program by allowing cities greater power to infringe on private property rights.

Mirman said the group began researching the initiative after [Voice of OC reported last year](#) that Newport Beach-based public relations firm Forde & Mollrich and Santa Ana Mayor Miguel Pulido — whose political career started with a successful effort to stop a redevelopment plan from taking his family's auto repair shop — were involved in a campaign to resurrect redevelopment.

Pulido and Forde & Mollrich principal Stu Mollrich did not return phone calls for comment on this article.

"This is redevelopment on steroids," Mirman said. "The whole state could be considered blight under these designations."

Mirman said that cities have been surreptitiously funding a nonprofit named after the initiative and headed by Pulido that drafted the proposed law. Anaheim is among the cities that have contributed to the nonprofit, Mirman's group discovered.

Pulido disclosed on a required public statement of economic interests filed April 1 that his consulting firm, The LaFarga Group — which the state has suspended from doing business because of nonpayment of thousands of dollars in taxes — received between \$10,000 and \$100,000 from the nonprofit.

“This is a dangerous precedent, because taxpayers are unknowingly funding political activity that in the end could result in their homes or businesses being seized,” Mirman said.

The initiative's backers have sought to blunt previous criticism of redevelopment by including provisions that bolster funding for public schools.

Yet according to the state's nonpartisan legislative analyst's Feb. 4 report on the JEDI initiative, around \$1 billion in property tax revenue would be redirected away from schools.

The state is required to make up much of that loss because of Proposition 98, which calls for a minimum funding guarantee, but the net impact is unclear.

“The more the state has to put in to make up that guarantee, that's less funding the state has on the noneducation side of the ledger,” said Department of Finance spokesman H.D. Palmer.

The California Redevelopment Association study often cited by supporters claims that it created more than 300,000 jobs and more than \$40 billion in economic activity.

However, the legislative analyst's office has concluded in the past that redevelopment doesn't create jobs, it merely relocates them from other places.

"We note that one study, commissioned by the California Redevelopment Association, vastly overstates the employment effects of redevelopment areas," reads a Feb. 8 report from the analyst's office.

The initiative's backers have until July 21 to collect the required 504,760 petition signatures needed to place it on the ballot. Supporters have yet to form a campaign committee to finance the effort.

*Please contact Adam Elmahrek directly at [aelmahrek@voiceofoc.org](mailto:aelmahrek@voiceofoc.org) and follow him on Twitter: [twitter.com/adamelmahrek](https://twitter.com/adamelmahrek)*