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William Fulton, who recently stepped down as mayor of Ventura, is a senior fellow at the Price School of Public Policy at the University of Southern California and a principal at the Planning Center | DC&E.

Viewpoints: Tools can help cities cope after redevelopment

By William Fulton
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For now, redevelopment in California is dead. But that hasn't eliminated the need for public policy to support urban revitalization.

Indeed, Gov. Jerry Brown still supports aggressive policies in this vein – for example, implementing the SB 375 regional planning law, passed in 2008 as part of the climate change effort, and streamlining environmental review for infill projects.

So the question is not whether redevelopment will come back, but how and in what form. And the fact is that both the state government and California's cities can take steps right now to encourage infill development and urban revitalization without going back to redevelopment.

The state has a bundle of tools and funds that could be packaged and organized better to help cities with infill development. The state has at least two pots of money that local governments use for planning – Proposition 84 funds and Department of Transportation planning grants – and this money could be pushed out the door faster, with a focus on redevelopment-style efforts.

The same goes for the infill infrastructure funding and transit-oriented development housing money provided by Proposition 1C, which was passed in 2006. In addition, the state could also speed up implementation of SB 226, a law to create faster environmental review of infill projects, which Brown signed earlier this year.

Individually, all of these reforms can help cities create valuable urban projects that promote the state's policy goals. But they can be far more effective if they are coordinated. The Brown administration should fast-track a package of strategies that will help move urban projects forward in the absence of redevelopment.

Cities have options too – even with redevelopment gone. Four options look strong: land, sales-tax increment, bonus densities and streamlined processing.

- Land. Redevelopment has always sought to "level the playing field" with suburban development, which is subsidized in other ways. Traditionally redevelopment agencies have subsidized land in order to make urban projects work. But there are ways to make land available cheaply.

All government agencies – cities, counties and school districts, for example – own urban land. Nonprofit institutions located in urban areas – universities, hospitals and the like – also tend to be land-rich. These agencies and institutions don't want to give away their land. But they can come to the redevelopment table as equity partners, committing their land at no cost to a redevelopment deal upfront in exchange for a back-end financial payoff.

- Sales-tax increment. The redevelopment law only affects property tax. Some cities also have aggressively used tax-increment financing drawn from sales-tax generating projects – essentially, committing a portion of the future revenue stream to pay for infrastructure or subsidize development. Obviously, this method will work only if the project throws off sales tax. In the past, sales-tax-increment deals have been used to fund suburban-style shopping centers and auto dealerships. But this technique could assist urban projects with a retail component or an employment center that generates a lot of taxable business-to-business sales – an often-overlooked source of funding.

- Bonus densities. By offering higher densities in exchange for infrastructure and amenity funds, cities can make well-rounded urban projects worthwhile for developers. Transferring development rights is tricky, but can also help. The idea is this: Developers "buy and sell" existing rights to either wind up with a more advantageous zoning restriction or generate cash to pay for infrastructure and subsidize land costs. This technique has been used successfully in downtown Los Angeles and downtown Seattle.

- Streamlined processing. Cities can also help by creating "specific plans" for whole urban neighborhoods that front-load the environmental and community review process so individual developers can then construct projects more quickly at the back end.

Obviously, the state's actions can help local efforts. For example, aggressive guidelines to streamline environmental review under SB 226 can help expedite local specific plans, while state planning grants can fund them. And surplus state land could be made available to cities to help make urban projects work.

Even if redevelopment is gone for good, California will need public policy to promote infill development and urban revitalization in the years ahead. The state needs to make sure those opportunities are available, but they must be packaged in a coordinated and strategic way. And California's cities must get used to thinking more broadly about how to make redevelopment work.

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William Fulton, who recently stepped down as mayor of Ventura, is a senior fellow at the Price School of Public Policy at the University of Southern California and a principal at the Planning Center | DC&E. He blogs on redevelopment at www.cp-dr.com.

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