Economic Development
Economic development: “A process by which local governments seek to use planning to guide private investment and business activity toward the goals it wants to achieve.”

Approaches: spend public funds to attract private investment
- Targeted public improvements: e.g. repair streets
- Location of public facilities: e.g. government agency office building
- Subsidies for individual businesses and developers: e.g. build infrastructure or provide land
- Tax breaks and regulatory streamlining: e.g. CEQA exemptions, reduced development fees

“Fiscalization of land use”: land use decisions in pursuit of tax revenue...
- Increase “base” for sales tax by encouraging businesses with big sales – auto malls!
- Increase “base” for property tax by encouraging more valuable development – redevelopment!

Redevelopment
Economic motivation, traditionally, vs. growth management motivation, more recently
CA redevelopment law: Enacted in 1945 to eliminate “urban blight” conditions; abolished February 1, 2012

Blight:
Must focus on neighborhoods were blight is so bad that “it constitutes a serious physical or economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.”

Confers two main powers on local government:
- Power to acquire property by eminent domain
- Power to create tax-increment financing districts

Eminent Domain:
Power of government to appropriate private property for its own use without owner’s consent (5th Amendment): with “just compensation” and if for “public use”
“Condemnation” is act of government exercising its right of eminent domain.

Redevelopment Use:
- Assemble multiple parcels of land under single ownership to create one large parcel
- Sell new larger parcel, usually, to private developer “at a loss” as incentive for development

Kelo vs. New London – can private development be “public use”?

Tax-Increment Financing:
Use future growth in property tax revenues generated within redevelopment area to finance redevelopment program itself, through bonds:
1. City sells bonds to raise funds for redevelopment
2. City uses funds to make improvements in redevelopment area
3. Property values improve in redevelopment area and tax revenues go up
4. City uses increased property tax revenues to pay back the bonds

Related ideas: Main Street programs, community development corporations (CDCs), “regeneration”
Reading: Chapters 14 and 15, plus articles