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The Future of Historic Preservation in Blighted Areas: Effects of the Abolishment of Redevelopment Agencies in California

Lauro Alonso Parra

University of Pennsylvania

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The Future of Historic Preservation in Blighted Areas: Effects of the Abolishment of Redevelopment Agencies in California

Abstract
Redevelopment agencies play a major role in the preservation or destruction of historic buildings. When considering the benefits of preservation, we not only consider the protection of buildings for history’s sake; but its usage has become more evident as a form of economic growth. During 2011, in efforts to balance the budget in the state of California, Governor Brown proposed abolishing redevelopment agencies, using their $1.7 billion tax revenue in the next fiscal year to balance the budget. Collectively, these cities take in about $5 billion a year in property taxes. In researching some of their city-run redevelopment agencies, many not only boast about their economic accolades within their community, but also their preservation efforts and how its cultural significance enriches the city and its residents. & Though the preservation community has made great strides since the 1960s, the evolution and accolades of redevelopment agencies should not go unnoticed. Ever evolving and keen to emerging planning practices, redevelopment agencies have become a major advocate for the sustainability of historic city centers and buildings alike. Since its inception, redevelopment agencies, such as the Community Redevelopment Agency of Los Angeles, have acknowledged the importance of the preservation and rehabilitation of historic buildings both for the aesthetic and economic benefits. As we’ve learned from the past, in times of economic hardship, those unaware and uninformed are quick to allocate money away from preservation without really knowing its true attributes to a municipality. As redevelopment agencies begin to plan their exits, there is little care or focus into the well-being of proposed preservation work. Furthermore, what is to happen to those historic sites currently owned by the city?

Keywords
california redevelopment agency of los angeles, urban renewal, redevelopment, cra, bunker hill

Disciplines
Historic Preservation and Conservation

Comments
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THE FUTURE OF HISTORIC PRESERVATION IN BLIGHTED AREAS:
EFFECTS OF THE ABOLISHMENT OF
REDEVELOPMENT AGENCIES IN CALIFORNIA

Lauro Alonso Parra

A THESIS

In

Historic Preservation

Presented to the Faculties of the University of Pennsylvania in
Partial Fulfillment of the Requirements of the Degree of

MASTER OF SCIENCE IN HISTORIC PRESERVATION

2012

_____________________________
Advisor and Program Chair
Randall F. Mason
Associate Professor
Dedication

This thesis is dedicated to those who comprehend the importance of adaptive reuse of historic buildings as a significant aspect of downtown redevelopment. My hope is that this thesis will shed some light on the unaccounted preservation work done by California Redevelopment Agencies, specifically, the Community Redevelopment Agency of Los Angeles.
Acknowledgements

I would like to thank my thesis advisor, Randy Mason for his encouragement and understanding during the thesis process.

I am forever indebted to Dave Neubecker, Assistant Project Manager at CRA/LA Downtown Region. Thank you for providing me with an exorbitant amount of information regarding to my thesis topic. From phone interviews, to historic photos, to CRA/LA documents, you provided me with the sources needed to expose the preservation work done by California redevelopment agencies. This thesis would have been non-existent had it not been for all your help.

Special thanks to Ken Bernstein from the Los Angeles Office of Historic Resources, for guiding me throughout this process. Also, a special thanks to Jennifer Gates, Field Services Director at California Preservation Foundation, whose interviews helped shed new light on the thesis topic.

Lastly, I would like to thank my parents, Lalo and Marge, as well as my brother, Sergio. Thank you for inspiring me and always being there for me. Claud, I couldn’t ask for a better best friend, thank you for everything. Also, my friends, from California to Hong Kong, thank you for being there through the ups and downs and providing laughter through it all.
# Table of Contents

Dedication ....................................................................................................................... ii  
Acknowledgements ........................................................................................................ iii  
List of Figures................................................................................................................. vi  
Chapter 1 Introduction .................................................................................................... 1  
  Overview ..................................................................................................................... 1  
  Assembly Bill x 126 ..................................................................................................... 2  
  Problem ...................................................................................................................... 3  
  Justification ................................................................................................................. 5  
Chapter 2 History and Literature Review ........................................................................ 8  
  History of Los Angeles: 1900 to 1950 .......................................................................... 8  
  Community Redevelopment Agency .......................................................................... 14  
  California Community Redevelopment Act of 1945 .................................................... 15  
  Housing Act of 1949 ................................................................................................... 20  
  Structure of Redevelopment Agencies ....................................................................... 25  
  Redevelopment Projects ............................................................................................ 26  
  Project Financing ....................................................................................................... 29  
  Assembly Bill x 126: Background ............................................................................... 30  
Chapter 3 Criticism and Abolishment of Redevelopment Agencies ............................... 33  
  AB X 126 ................................................................................................................... 37  
  AB1x26 Dissolution Key Dates ................................................................................... 41  
Chapter 4 Methodology ................................................................................................. 43  
  Historical Analysis ...................................................................................................... 43  
  Comparative Case Studies and Selection ..................................................................... 44  
  Sources ...................................................................................................................... 45  
  Analysis ..................................................................................................................... 45  
Chapter 5 Case Studies ................................................................................................ 47  
  Bunker Hill ................................................................................................................. 47  
  Central Business District (Downtown LA) ................................................................... 57
<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Source</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIGURE 1</td>
<td>ORD SURVEY, PLAN DE LA CIUDAD DE LOS ANGELES, 1949.</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>48</td>
</tr>
<tr>
<td>FIGURE 2</td>
<td>ORIGINAL CBD BOUNDARY MAP, 1975.</td>
<td>(CRA/LA)</td>
<td>60</td>
</tr>
<tr>
<td>FIGURE 3</td>
<td>CBD AMENDED BOUNDARY MAP, 2002.</td>
<td>(CRA/LA)</td>
<td>61</td>
</tr>
<tr>
<td>FIGURE 4</td>
<td>BUNKER HILL AERIAL VIEW 1939</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>82</td>
</tr>
<tr>
<td>FIGURE 5</td>
<td>BUNKER HILL AERIAL VIEW 1965</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>82</td>
</tr>
<tr>
<td>FIGURE 6</td>
<td>BUNKER HILL AERIAL VIEW 1972</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>83</td>
</tr>
<tr>
<td>FIGURE 7</td>
<td>BUNKER HILL AERIAL VIEW 2010</td>
<td>(CRA/LA)</td>
<td>83</td>
</tr>
<tr>
<td>FIGURE 8</td>
<td>BUNKER HILL REDEVELOPMENT STUDY 1950</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>84</td>
</tr>
<tr>
<td>FIGURE 9</td>
<td>609 SOUTH GRAND AVENUE. DATE UNKNOWN</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>84</td>
</tr>
<tr>
<td>FIGURE 10</td>
<td>TAX REVENUE IN BUNKER HILL, DATE UNKNOWN</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>85</td>
</tr>
<tr>
<td>FIGURE 11</td>
<td>SOUTH BUNKER HILL SURVEY 1958</td>
<td>(CRA/LA)</td>
<td>86</td>
</tr>
<tr>
<td>FIGURE 12</td>
<td>SOUTH BUNKER HILL SURVEY LEGEND 1958</td>
<td>(CRA/LA)</td>
<td>86</td>
</tr>
<tr>
<td>FIGURE 13</td>
<td>BUNKER HILL SURVEY MAP, 1958</td>
<td>(CRA/LA)</td>
<td>87</td>
</tr>
<tr>
<td>FIGURE 14</td>
<td>BUNKER HILL SURVEY MAP, 1958</td>
<td>(CRA/LA)</td>
<td>87</td>
</tr>
<tr>
<td>FIGURE 15</td>
<td>BUNKER HILL SURVEY MAP, 1958</td>
<td>(CRA/LA)</td>
<td>88</td>
</tr>
<tr>
<td>FIGURE 16</td>
<td>BUNKER HILL SURVEY MAP, 1958</td>
<td>(CRA/LA)</td>
<td>88</td>
</tr>
<tr>
<td>FIGURE 17</td>
<td>LA TIMES FEB 10 1959</td>
<td>(CRA/LA)</td>
<td>89</td>
</tr>
<tr>
<td>FIGURE 18</td>
<td>BUNKER HILL PROJECT PROPOSED 1960</td>
<td>(CRA/LA)</td>
<td>90</td>
</tr>
<tr>
<td>FIGURE 19</td>
<td>BUNKER HILL PROJECT PROPOSED 1962</td>
<td>(CRA/LA)</td>
<td>90</td>
</tr>
<tr>
<td>FIGURE 20</td>
<td>SALT BOX AND CASTLE 1969</td>
<td>(CRA/LA)</td>
<td>91</td>
</tr>
<tr>
<td>FIGURE 21</td>
<td>THE SALTBOX 1969</td>
<td>(CRA/LA)</td>
<td>92</td>
</tr>
<tr>
<td>FIGURE 22</td>
<td>THE CASTLE 1968</td>
<td>(CRA/LA)</td>
<td>92</td>
</tr>
<tr>
<td>FIGURE 23</td>
<td>3RD AND HILL 1901</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>93</td>
</tr>
<tr>
<td>FIGURE 24</td>
<td>3RD AND HILL 1930S</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>93</td>
</tr>
<tr>
<td>FIGURE 25</td>
<td>3rd AND HILL LATE 1960S</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>94</td>
</tr>
<tr>
<td>FIGURE 26</td>
<td>3RD AND HILL EARLY 1970S</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>94</td>
</tr>
<tr>
<td>FIGURE 27</td>
<td>3RD AND HILL 1978</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>94</td>
</tr>
<tr>
<td>FIGURE 28</td>
<td>PHOTO MONTAGE OF 2ND AND HIL</td>
<td>(CRA/LA)</td>
<td>95</td>
</tr>
<tr>
<td>FIGURE 29</td>
<td>4TH AND HILL 1939</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>96</td>
</tr>
<tr>
<td>FIGURE 30</td>
<td>4TH AND HILL 1939</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>96</td>
</tr>
<tr>
<td>FIGURE 31</td>
<td>4TH AND HILL 1973</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>97</td>
</tr>
<tr>
<td>FIGURE 32</td>
<td>4TH AND HILL 1975</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>97</td>
</tr>
<tr>
<td>FIGURE 33</td>
<td>BUNKER HILL BEFORE URBAN RENEWAL DATE UNKNOWN</td>
<td>(CRA/LA)</td>
<td>98</td>
</tr>
<tr>
<td>FIGURE 34</td>
<td>BUNKER HILL 1969</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>98</td>
</tr>
<tr>
<td>FIGURE 35</td>
<td>BUNKER HILL 1970</td>
<td>(USC DIGITAL ARCHIVES)</td>
<td>99</td>
</tr>
<tr>
<td>FIGURE 36</td>
<td>BUNKER HILL BEFORE URBAN RENEWAL DATE UNKNOWN</td>
<td>(CRA/LA)</td>
<td>99</td>
</tr>
<tr>
<td>FIGURE 37</td>
<td>BUNKER HILL AFTER URBAN RENEWAL 2010</td>
<td>(CRA/LA)</td>
<td>100</td>
</tr>
<tr>
<td>FIGURE 38</td>
<td>BUNKER HILL BEFORE URBAN RENEWAL DATE UNKNOWN</td>
<td>(CRA/LA)</td>
<td>100</td>
</tr>
</tbody>
</table>
FIGURE 39 BUNKER HILL AFTER URBAN RENEWAL 2010 (CRA/LA) 101
FIGURE 40 GRAND CENTRAL MARKET BEFORE ADAPTIVE REUSE (CRA/LA) 102
FIGURE 41 GRAND CENTRAL MARKET AFTER ADAPTIVE REUSE (CRA/LA) 102
FIGURE 42 THEATRE CENTER BEFORE ADDITION 1983 (CRA/LA) 103
FIGURE 43 THEATRE CENTER AFTER ADDITION (CRA/LA) 103
FIGURE 44 RIVERS HOTEL BEFORE RENOVATION (CRA/LA) 104
FIGURE 45 RIVERS HOTEL AFTER RENOVATION (CRA/LA) 104
FIGURE 46 NEW TERMINAL BEFORE RENOVATION (CRA/LA) 105
FIGURE 47 NEW TERMINAL AFTER RENOVATION (CRA/LA) 105
Chapter 1 Introduction

Overview

Redevelopment agencies play a major role in the preservation or destruction of historic buildings. When considering the benefits of preservation, we not only consider the protection of buildings for history's sake; but its usage has become more evident as a form of economic growth. Many positive things can be said about the ways preservation affects economic growth in a city; from the increase in property values to the creation of new jobs. In order to further propel economic benefits of historic preservation, many programs and incentives have been put into place to motivate property owners and government to act on the retention of these significant sites. Those unaware of the economic incentives are mostly aware of designations and its "limiting" of one's property. The Mills Act, for example, was passed in 1976 as a special tax assessment program to incentivize the preservation of California's historic resources. The Williamson Act of the US state of California (officially, the California Land Conservation Act of 1965) is a California law that provides property tax relief to owners of farmland and open-space land in exchange for a ten-year agreement that the land will not be developed or otherwise converted other uses. Although there is plenty of literature on the benefits of federal, state, and local tax incentives for preservation, indirect preservation work done by redevelopment agencies is overlooked. Since redevelopment agencies target areas of the city that are considered “blighted”, it is safe to say some of these areas may contain
significant historic sites; often abandoned and in near ruins. Although, there may be properties in a state of complete disrepair, there are those that can be saved and rehabilitated for different uses. One such incentive that has helped with the rehabilitation of historic sites in Los Angeles is the Adaptive Reuse Ordinance, which helps facilitate the conversion of older, economically distressed or historically significant buildings from commercial office space to new residential dwellings.¹ But it is difficult, however, to truly calculate how significant of a role redevelopment agencies play in the preservation and rehabilitation in these areas. What may be additionally difficult to calculate is the future loss of city’s historic buildings that are currently located in blighted areas or future blighted areas.

Assembly Bill x 126

During the past year, in efforts to balance the budget in the state of California, Governor Brown proposed abolishing redevelopment agencies, using their $1.7 billion tax revenue in the next fiscal year to balance the budget. As proposed, future redevelopment tax money will be sent to schools, counties and other government entities. Although the idea of spending billions of dollars on schools and other government entities in need makes a great reason for the need of more tax dollars, the economic toll and indirect preservation work done

by redevelopment agencies is being overlooked. In total, there were 425\(^2\) active municipal redevelopment agencies in California; run by cities or counties. Collectively, these cities take in about $5billion a year in property taxes.\(^3\) In researching some of their city-run redevelopment agencies, many not only boast about their economic accolades within their community, but also their preservation efforts and how its cultural significance enriches the city and its residents.

Problem

Most, including those in the preservation field, find it difficult to correlate the work of redevelopment agencies with preservation and rehabilitation of historic sites. The disassociation between preservation and redevelopment comes as no surprise, for redevelopment agencies are still viewed by most as the number one enemy of preservation. In fact, if there were any link between the two, it would be redevelopment agencies’ indirect contribution to the birth of the preservation movement. Redevelopment agencies, following the early principals of urban renewal, led a path of destruction in the name of economic development and the eradication of blighted areas. After New York’s Penn Station was bulldozed to make way for Madison Square Garden, New Yorkers


were made aware of the need for legal protection of historic buildings.

It’s been forty-eight years since the destruction of New York’s Penn Station, yet we as a profession and community still mourn its loss. Though lamentable, the destruction of Penn Station galvanized advocates like Jane Jacobs to save New York City’s history. Their outcry and endless rallying led to the passage of the city’s 1965 Landmarks Law, which created the Landmarks Preservation Commission. The Landmark Preservation Commission cites the demolition of Penn Station as an event that triggered the landmarks movement.4

Though the preservation community has made great strides since the 1960s, the evolution and accolades of redevelopment agencies should not go unnoticed. Ever evolving and keen to emerging planning practices, redevelopment agencies have become a major advocate for the sustainability of historic city centers and buildings alike. Since its inception, redevelopment agencies, such as the Community Redevelopment Agency of Los Angeles, have acknowledged the importance of the preservation and rehabilitation of historic buildings both for the aesthetic and economic benefits. As we’ve learned from the past, in times of economic hardship, those unaware and uninformed are quick to allocate money away from preservation without really knowing its true attributes

to a municipality. As redevelopment agencies begin to plan their exits, there is little care or focus into the well-being of proposed preservation work. Furthermore, what is to happen to those historic sites currently owned by the city?

Justification

In regards to measuring the success of tax incentives and designations, the field is able to calculate its advances and millstones, but direct methods of preservation in urban areas are more difficult to tally. To shine the spotlight on a major redevelopment agency in Los Angeles for the sake of this proposal; the now extinct Community Redevelopment Agency (CRA/LA) was praised for its work in the preservation field. CRA/LA is a public agency established to

“…attract private investment into economically depressed communities, eliminate slums, abandoned or unsafe properties, and blight throughout Los Angeles, revitalize older neighborhoods through historic preservation and new development, build housing for all income levels, encourage economic development, create and retain employment opportunities, support the best in urban design, architecture and the arts, and ensure the broadest possible citizen participation in its activities”.5

As noted, one of their goals is the historic preservation, which is unexpected, since we usually associate this with other programs such as Main Street and different tax incentives.

Further showcasing redevelopment agencies importance in their field, the LA Conservancy recently awarded CRA/LA with the President’s Award, for its work in preserving over 50 projects in Los Angeles.

“CRA/LA has demonstrated a firm commitment to revitalizing neighborhoods, supporting affordable housing, and making strategic investments that foster economic development—often in a manner that honors the rich architectural and cultural heritage of Los Angeles. Throughout the city, CRA/LA has supported efforts to rehabilitate neglected historic landmarks and develop strategies to place buildings back into productive use, serving the community. A number of these projects have received Conservancy Preservation Awards themselves, including Downtown Women’s Center (2011), Hollywood Bungalow Courts (2010), and Dr. Ralph J. Bunche Peace and Heritage Center (2006”).

Currently, CRA/LA is working on other significant sites, such as the 28th Street YMCA building (1926) in South Los Angeles and restoring Chinatown’s Central Plaza Gateways. Pending projects include the 1889 Boyle Hotel in Boyle Heights and the 1926 Westlake Theatre in MacArthur Park. Now that these agencies, such as CRA have been eliminated, what will happen to not only these sites, but overall the future of preservation? Preventative action and possible laws must be implemented now before such properties are sold or internal surveys are lost. As stated on the LA Conservancy website,


7 It is unknown at this point if all current projects will continue after taken over by the successor agencies.

8 It is unknown if these proposed projects will be taken on by successor agency.
Historic preservation is a powerful engine for economic development and sustained growth, generating on average more than a dollar return on each dollar invested. We believe that the work of CRA/LA to revitalize neighborhoods through the reuse of historic buildings is a key strategy for our city and state’s economic recovery.⁹

Chapter 2 History and Literature Review

History of Los Angeles: 1900 to 1950

Los Angeles, unlike previous cities, did not grow from a central core where industrial and civic centers intertwined. Los Angeles instead grew from the outside in, with its industrial centers established on the outskirts of the cityscape. Unbeknownst to residents and planners in the early 1900's, the area’s isolated industrial areas would eventually lead to the migration of millions of people. This would in turn lead to the beginning of a new urban era, developing the California dream.10

More than any other place, California exemplified the growth of the West as an economic, social, and political force in the second half of the twentieth century11. In August of 1947, when the Bureau of the Census released a report on population shifts for the period from April 1, 1940 to July 1, 1947, California had gained 3 million new residents in those seven years.12 The city where “one could gaze northeast over the basin plain and clearly see Los Angeles City Hall in the distance” and “where residents could drive their cars along quiet roads adjacent to large tracts of farmland”13 was on its way to extinction. In order to


12 Ibid., 175

explain the increase in population increase in post-war Los Angeles, we must understand that it is a result, of political, economic, and social evolution, which took place on a larger scale.  

The growth of Los Angeles in the mid-twentieth century occurred in two phases. The first phase was from 1929 to 1941. This twelve year time period more commonly known as The Great Depression was a time of doubt and for many, a time of misery. It was a time when the global economy, the laws of the market, and the predominance of the East Coast underwent a dramatic crisis. The second phase was marked by World War II, which inadvertently helped fuel California’s economy. The new war-related jobs subsequently attracted an influx of migrants far exceeding the amount experienced during the Gold Rush. As automobile ownership increased during the 1920s, so did development in the city peripheries. In order to take advantage of the growing need for housing in the outskirts of the city, banks issued loans with a low margin of return. This practice is also known as real estate speculation and some economists see it as major contributor to the Great Depression. As banks went bankrupt, so did farmers across the country. Unable to get loans, farmers had to find jobs elsewhere. The lack of funds and the prevailing drought conditions during the

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14 Ibid., 1  
15 Marchand, The Emergence of Los Angeles, 38.  
16 Ibid., 39  
17 Conn and Page, Building the Nation, 175.  
18 Marchand, The Emergence of Los Angeles, 45.
1930s forced farmers and their families to pursue jobs in the West. All in all, millions of Americans left their homes and headed North and West. The influx of migrants to Southern California not only consisted of dispossessed farmers, but also ruined people from the lower class and agricultural workers from Oklahoma. A combination of rapid migration and aggressive expansion added 80 square miles and almost 600,000 new residents to the becoming metropolis. During this time, Los Angeles annexed 45 adjacent communities, spreading out northward into the San Fernando Valley and southward toward the harbor at San Pedro. During most of the early 1930's, the Los Angeles' population remained overwhelmingly Caucasian and Protestant. A decade later, Los Angeles witnessed the beginnings of two great migrations: the Mexicans and the African Americans. The Mexican Revolution uprooted the Mexicans from their nation and the African Americans were leaving the weak economy and segregated ways of the South. Combined with the growing Japanese population, Los Angeles had the second-highest percentage of non-whites, with Baltimore being first.

During this time, there was also a shift in the transportations modes throughout the city. By 1940, an estimated 80 percent of all passenger miles

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19 Ibid., 41.

20 Marchand, The Emergence of Los Angeles, 41.


22 Ibid., 2
traveled in Los Angeles were done by car. Coincidentally, there were more cars in Los Angeles than in all the states combined during this time.\textsuperscript{23} As early as 1938, the city was already experiencing problems with traffic congestion. Studies soon found that most of the problem stemmed from Los Angeles’ attempt to accommodate slower, local traffic, along with which was faster and more distance-oriented, on the same roadways. The faster traffic was usually related to the industrial sector since they were responsible for transporting resources from the ports to the industrial districts in the outskirts of the city. Traffic planners concluded the city needed a transportation network of roads that would be for the exclusive use of motor vehicles. It was to be free of traffic lights and grade crossing. Los Angeles saw its first freeway in 1940. Now known as the Arroyo Seco Parkway, then the Pasadena Freeway connected downtown civic center to Pasadena.\textsuperscript{24}

Unlike the suburbs of the East, which offered escape from the inner city, Los Angeles was for the most part all suburbs. It was the city of single and two-family detached home, which comprised 93 percent of all dwellings.\textsuperscript{25} The most common form of architecture of the time was the “California Bungalow”. It was considered an easily constructed utilitarian house with horizontal weatherboarding and columned porches, which structurally had more in common

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\textsuperscript{23} Verge. \textit{Paradise Transformed}, 8.

\textsuperscript{24} Ibid. 8

with a rural barn than with an urban Victorian or town house. By 1940, all the social economic conditions for an economic boom were established. It was only a matter of time before the war brought new industries that would create new jobs for the newly arrived work force.

After December 7, 1941, the United States was forced to switch its priorities. It focused on the West as the industrial center that would produce the necessities for the imminent war. Prior to the war, Los Angeles County led the nation in the number of predominate industries, ranking first in the production of aircraft, motion pictures, sportswear, oil well equipment and food products. The war effort attracted soldiers, workers, and industry to California’s two main harbors. The result was an enormous injection of capital into the war industries, which were prominent in California. Due to the influx of new labor, which was all devoted to different industries supporting the war, construction ceased to exist. Housing was so scarce during the war, families were forced to use existing buildings and adapt to their needs. Along the shore at Hermosa Beach, Redondo Beach, and Manhattan Beach many beach cottages used only as summer resorts were sold or rented for permanent residence. The Los Angeles housing crisis had become so problematic by 1943 that some homeless war workers worked night shifts so they would be able to sleep outside in the

26 Ibid., 76
27 Verge. Paradise Transformed, 1.
28 Marchand, The Emergence of Los Angeles, 44.
29 Ibid. 121
warmer daylight hours.\textsuperscript{30} Aside from the scarcity of housing, most essential items, including food and gas, were rationed throughout the war. In order to keep a steady supply of food and fuel to the ongoing war, the government issued war ration books and tokens were issued to each American family, dictating how much gasoline, tires, sugar, meat, silk, shoes, nylon and other items any one person could buy.\textsuperscript{31} Though it was of time of hardship, national wealth grew; the GNP went from $100 billion in 1940 to $213 billion in 1945.\textsuperscript{32} Unemployment basically vanished; the working force went from 45 million employed in 1940 to 64 million in 1945.\textsuperscript{33}

After the war, the reconversion of industry to peacetime production was easier than in 1919 since there was no exorbitant increase in consumption or in credit like the boom of the 1920s.\textsuperscript{34} By now, there was a newfound attraction to the suburban life-style. The new economy aided in the rapid change in life-style. Primarily, it was the low-interest veteran’s mortgages that made home ownership accessible.\textsuperscript{35} The automobile industry successfully converted back to producing cars, and new industries such as aviation and electronics grew by leaps and

\textsuperscript{30} Verge. \textit{Paradise Transformed}, 72
\textsuperscript{31} Ibid. 70
\textsuperscript{32} Marchand, \textit{The Emergence of Los Angeles}, 44
\textsuperscript{33} Ibid., 44
\textsuperscript{34} Ibid., 45
\textsuperscript{35} James Steinberg, David W. Lyon, and Mary E. Vaiana, \textit{Urban America: Policy Choices for Los Angeles and the Nation} (Santa Monica, CA: Rand, 1992), 18.
At the same time, the jump in postwar births, known as the "baby boom," increased the number of consumers. More and more Americans joined the middle class.

In order to accommodate the high demand for the “American Dream”, land developers had to maximize land and profits at a rapid rate. People preferred to build single homes and to own, rather than rent. The gridiron plan was created for the land development during the late 1940s and early 1950s to keep up with the high demand of housing need, but it hindered accessibility. According to a nineteenth century engineer working for a developer noted: “The main advantage of the plan is that parceling is much easier and cheaper and lots sell much better than if they were cut along curved lines. Land was divided into rectangles that were twice as long as they were wide. The result was a dense, but low quality network of uniform streets. Few large avenues were included in the plan, which made it hard to accommodate traffic. The need for urban freeways is largely another consequence of such mode of land development.

Community Redevelopment Agency

As mentioned in the previous chapter, Los Angeles was experiencing a

36 Verge. Paradise Transformed, 147
37 Marchand, The Emergence of Los Angeles, 70
38 Ibid., 119
39 Ibid., 119
shortage of homes and dealing with solutions to the increase in residents after WWII. Redevelopment agencies date back to the 1940s; they were implemented to address unsafe and unsanitary housing conditions and slums. In 1945, in response to the decay spreading throughout American cities, California’s Community Redevelopment Act was created. It was designed to give cities and counties in California the authority to establish redevelopment agencies, address urban decay, and apply for federal funding. Three years later, in 1948, the Community Redevelopment Agency of Los Angeles was created. Though the Redevelopment Act provided federal aid to agencies throughout the country, the Housing Act of 1949 provided further federal funding for years to come. During the 1950s and 60s, the Federal Act of 1949 primarily funded urban renewal programs, not the redevelopment projects we know of today. From the 1970’s till their extinction, tax-increment financing was the primarily source that funded redevelopment projects.

California Community Redevelopment Act of 1945

Congress adopted the National Housing Act, also called the Capehart Act in 1934. It was part of the New Deal and put in place to make housing and home mortgages more affordable. This was in response to the Great Depression and the vast amount of foreclosed homes during that time. Though helpful, it did not foresee the housing pressures the country would face after WWII. Faced with 6 million G.I.s coming back home from World War II in 1945 and another four million in 1946, hundreds of thousands of them became homeless due to the
shortage of housing. Furthermore, 2.5 million new or reunited families were unable to find or afford homes, forcing them to seek shelter with relatives.

Anticipating the problem that lay ahead, Congress began to prepare for this situation when the end of the war came into sight in 1944. It created a mortgage guarantee program that allowed returning veterans to borrow the full value of a home without having to make a down payment. Prior to the bill, veterans and their families would have had to wait months if not years to attain a home, but with Congress’ financial assistance, the construction industry was able to build more homes faster. Having such assistance, families were more intent on waiting for a new house rather than living in an apartment or “used house”. This preference for new homes led to a demand for more than 12.5 million new units.

Furthermore, due to the overall lack and conditions of existing dwellings, especially those not associated with G.I.s, the Federal Government passed the Community Redevelopment Act of 1945. The new law gave each state the power to create a redevelopment agency to tackle urban housing problems as they saw fit. Redevelopment is defined as:

Section 33020. "Redevelopment" means the planning, development, replanning, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of those residential, commercial, industrial,

40 Antho Badger, The New Deal: The Depression Years, 47.
41 Ibid., 47
42 Ibid., 47
public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them and payments to school and community college districts43

Furthermore, redevelopment includes:

(a) The alteration, improvement, modernization, reconstruction, or rehabilitation, or any combination of these, of existing structures in a project area.

(b) Provision for open-space types of use, such as streets and other public grounds and space around buildings, and public or private buildings, structures and improvements, and improvements of public or private recreation areas and other public grounds.

(c) The replanning or redesign or original development of undeveloped areas as to which either of the following conditions exist.

(1) The areas are stagnant or improperly utilized because of defective or inadequate street layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes.

(2) The areas require replanning and land assembly for reclamation or development in the interest of the general welfare because of widely scattered ownership, tax delinquency, or other reasons.44

Most controversial was the need for redevelopment agencies for the removal of urban blight. The emphasis on the war and G.I.’s desire for new housing in the peripheries left downtown residential communities vacant and deteriorating. Due to its federal funding, cities found it in their benefit to destroy the blighted communities rather than mitigate current housing conditions. As found in section

43 H.R. 33000, Congressional Record (1945) (enacted).

44 H.R. 33000, Congressional Record (1945) (enacted).
33030 of the Community Redevelopment Act, blight was defined as:

(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains both of the following:

(1) An area that is predominantly urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.

(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of any of the following:

(1) Inadequate public improvements.

(2) Inadequate water or sewer utilities.

(3) Housing constructed as a government-owned project that was constructed before January 1, 1960.

Section 3 3036 goes into further description of ways to remove urban blight, such as those used during the mid-century’s urban renewal program.
(a) Such conditions of blight tend to further obsolence, deterioration, and disuse because of the lack of incentive to the individual landowner and his inability to improve, modernize, or rehabilitate his property while the condition of the neighboring properties remains unchanged.

(b) As a consequence the process of deterioration of a blighted area frequently cannot be halted or corrected except by redeveloping the entire area, or substantial portions of it.

(c) Such conditions of blight are chiefly found in areas subdivided into small parcels, held in divided and widely scattered ownerships, frequently under defective titles, and in many such instances the private assembly of the land in blighted areas for redevelopment is so difficult and costly that it is uneconomic and as a practical matter impossible for owners to undertake because of lack of the legal power and excessive costs.

(d) The remedying of such conditions may require the public acquisition at fair prices of adequate areas, the clearance of the areas through demolition of existing obsolete, inadequate, unsafe, and insanitary buildings, and the redevelopment of the areas suffering from such conditions under proper supervision, with appropriate planning, and land use and construction policies.

The aforementioned sections, which clearly outline the emphasis on clearance, encouraged cities to dispose of these areas in hopes of bringing in new buildings and ridding themselves of the low-income population that currently resided in the downtown areas. Although section 33020 outlines rehabilitation as one of the ways to conduct redevelopment, the latter sections, such as 33036, paint blighted areas as an urban plague whose only remedy is to destroy and start anew.
Housing Act of 1949

Due to the lack of proper dwellings, especially those in rural areas that lacked basic plumbing facilities\textsuperscript{45}, President Truman enacted the “Declaration of Housing Policy” of Title II of the Housing Act of 1949. Congress proposed the need for a national housing policy expressing its goal for

\textit{…the general welfare and security of the Nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, wealth, and security of the Nation. The Congress further declares that such production is necessary to enable the housing industry to make its full contribution toward an economy of maximum employment, production, and purchasing power.}\textsuperscript{46}

The overall goal of providing a decent home and suitable living environment for every American family was specifically addressed to low-income families. The 1950s census records showed nearly 30 percent of occupied units lacked basic utilities, such as the aforementioned.\textsuperscript{47} The need to provide assistance to those with insufficient funds is addressed in sections four and five of Article 42 USC Sec. 1441:


\textsuperscript{46} H.R. 1441, Federal Record (1949) (enacted).

\textsuperscript{47} Fannie Mae Foundation, \textit{Housing Act of 1949}, 456.
…(4) governmental assistance to eliminate substandard and other inadequate housing through the clearance of slums and blighted areas, to facilitate community development and redevelopment, and to provide adequate housing for urban and rural nonfarm families with incomes so low that they are not being decently housed in new or existing housing shall be extended to those localities which estimate their own needs and demonstrate that these needs are not being met through reliance solely upon private enterprise, and without such aid; and (5) governmental assistance for decent, safe, and sanitary farm dwellings and related facilities shall be extended where the farm owner demonstrates that he lacks sufficient resources to provide such housing on his own account and is unable to secure necessary credit for such housing from other sources on terms and conditions which he could reasonably be expected to fulfill.  

In his January 1949 State of the Union address, President Truman, presented a set of proposals known as The Fair Deal. The proposed was to follow the legacy of Roosevelt’s New Deal, while making significant improvements to the lives of Americans. Prior to his 1949 reelection, Truman had originally proposed a twenty-one domestic legislation addressing welfare and economic development in 1945. These twenty-one points addressed such issues as the revision of the taxation system, major expansion of public works, greater levels of assistance to small businesses, and increased assistance to farmers. As a progression from the ailing state of the country after WWII, one of Truman’s main goals was to address that lack of housing, experienced not only in Los Angeles, but also nationally. By giving the Federal Government the power to aid communities at need, cities would be able to clear blighted areas


and redevelop on newly vacant land. Truman further elaborated the need of the Housing Act by saying:

…The Housing Act of 1949 also establishes as a national objective the achievement as soon as feasible of a decent home and a suitable living environment for every American family, and sets forth the policies to be followed in advancing toward that goal. They recognize and preserve local responsibility, and the primary role of private enterprise, in meeting the Nation’s housing needs. But they also recognize clearly the necessity for appropriate Federal aid to supplement the resources of communities and private enterprise. The task before us now is to put this legislation into operation with speed and effectiveness. That task presents a great challenge to the executive branch of the Federal Government, to local governments, and to industry and labor. While this act authorizes programs which will take a number of years to complete, in the light of the present serious needs for low-cost housing and slum clearance, and of the present period of economic transition, we should cut to a minimum the time necessary to initiate these programs. Accordingly, I have directed the Housing and Home Finance Administrator and the Secretary of Agriculture to make special efforts to place these programs into operation as rapidly as possible. I am submitting to the Congress immediately a request for the additional appropriations, which will be required in the present fiscal year. **Furthermore, since the low-rent housing and slum clearance programs depend upon local initiative, I urge State and local authorities to act speedily.**

Following the 1949 Housing Act amendment, the need for redevelopment became more prevalent, hence becoming codified as Health and Safety Code 33000 in 1951. Once established, RDAs designate a specific area or community of the city that they consider is blighted. In their scope of work, RDAs are to acquire property for developers, raze or build structures, bring in new

50 Ibid.

infrastructure, and provide affordable housing. In order to help agencies successfully remove blight in the designated project area, they are given the power of eminent domain. Eminent domain has been a powerful tool used by agencies to acquire land from its owners. Using eminent domain, the agency can then raze the existing “blighted” structure, sell to private developers, or lease to a business.

Eminent domain is used by cities to seize land or structures to be used for public purpose. Public use projects can be roads, transit, parks, public housing, and other infrastructure. Takings and eminent domain have been an extremely important topic in the realm of land use policy. Takings originate from the 5th amendment, in which its states:

_No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation._

Government and agencies’ ability to take a private property without their owner’s consent and compensate them with the market rate value, often referred as “just

52 Ibid., 25
53 Interview with Dave Neubecker, January 3, 2012.
payment" is often seen as unjust. Though eminent domain is the power used in the “taking” of private land for the usage of public good, there are other forms of takings. In the real of economics, a diminution of value can be considered a taking. An example would be a change of zoning, where a present properties value may go down after a nearby area’s zoning is changed. As law is concerned, a diminution of value is not considered a taking unless the reduced value is zero.55 There is also condemnation, which is most related with the topic of urban renewal and redevelopment.

Condemnation is the usage of eminent domain to transfer the title of a property from a private owner to the government. In other words, condemnation is government’s taking of a property by using eminent domain powers. Like in any taking, the private owner is paid “just compensation” for the land. Though the condemnation of a property is to be used for public use, the act of condemning a property for economic development has questioned the definition of “public use.” In 2005, the case of Kelo v. City of New London, a property owner was able to bring her case to the Supreme Court after her property was condemned for a redevelopment project. The Kelo case questioned the meaning of public use and whether or not economic development fell under the umbrella of public use.

Structure of Redevelopment Agencies

As previously mentioned, the Federal Community Redevelopment Act of 1945 came into existence to provide states with the right to create redevelopment agencies to combat urban blight throughout their municipalities. The law allows the governing body of any city or county to establish a redevelopment agency if it declares the need for it. During the first 20 years, only 46 agencies were formed throughout the state. But after 40 years, 266 were formed.\textsuperscript{56} This was a result of the passing of Prop 13. With its rollback of property taxes and limit on the rate at which property taxes can increase, local government had to find new ways to increase their tax revenue. Since then, the number of active agencies has jumped to 425. A large amount considering the state of California has 485 cities; most cities that have redevelopment agencies are those who have a population of 100,000 or greater.\textsuperscript{57}

After a city decides to form an agency, it must hold a public vote to approve the city’s proposal. Local government must hold an election not only to inform residents, but also due to the power agencies are granted.\textsuperscript{58} In 90 percent of the agencies, the governing board consists of the city council, 6 percent of agencies use the county board of supervisors, and 4 percent have a

\begin{flushright}
\textsuperscript{56} Dardia, \textit{Subsidizing Redevelopment in California},12 \\
\textsuperscript{57} Ibid., 27 \\
\textsuperscript{58} Ibid.,30
\end{flushright}
separate organization. Larger city agencies tend to have a separate organization to oversee redevelopment activities, in such cases, the governing board is appointed by the city council. Agencies can:

- Apply for grants and loans from federal government
- Purchase and sell property
- Make loans, grants or bonds to finance operations
- Enter into leases and other contracts
- Seize property by eminent domain
- Transfer land to private owners and construct or rehabilitate structures
- Impose land use and development controls via comprehensive redevelopment plan
- Relocate businesses and residents from acquired property

In order to assess the city’s needs, agencies work closely with the city manager or mayor, as well as the planning department.

Redevelopment Projects

In order to bring redevelopment into the city, the RDA must designate a project area. A project area is a specific area in the city that is identified as

59 California Redevelopment Association, Redevelopment, Building Better Communities (California Redevelopment Association), 8
60 Dardia, Subsidizing Redevelopment in California, 10
blighted. In order to pick the project area, the local governing body designates a survey area. The redevelopment advisory committee, made up of members of the community, provides the agency with their wants and concerns of the surveyed area. The advisory committee then evaluates the area.

If approved, the planning commission selects a project area and indicates how the purpose of the Community Redevelopment Law can be attained by the redevelopment of the area. The project area can be smaller than the area surveyed, but it cannot be larger than the surveyed area. At these early stages of the process, the agency may have an idea of what kind of project they would like to undertake on the site, but cannot have worked out details or selected a developer. In cases with larger sites, the whole project may be divided into several stages, taking up to 30 years to complete, such as the case of Bunker Hill in Downtown Los Angeles.

The RDA must complete a Preliminary Report, along with an Environmental Impact Report and a report to the city council. The report outlines the projects boundaries, which are taken from the area survey and provides evidence of blight. The report also provides the interventions to be undertaken to eliminate blight in the area; as well as housing specifications and financing. The report is also sent to neighboring local governments that may be affected by the proposed redevelopment plan. Additionally, law requires the agency to conduct an annual report and audit for the project.
After the submittal of the Preliminary Report, a Project Area Committee (PAC) is to be appointed. Though not required by law, unless eminent domain is used in the acquisition of land, the formation of PACs has become the norm. A PAC is comprised of a group of community members from the project area. Originally, this committee was organized to advise and consult the agency regarding the displacement of families and businesses during acquisition. These members play an important part in project, since they are liaisons between the agency and the community. The PAC plays another major role in the approval of the redevelopment plan, since it’s their job to review the redevelopment draft and advise the agency board whether the plan should be adopted. Though each project differs, the adoption process takes an average of two years.

After the project area is formed, the RDA will contract with developers; this can range from one or more, depending on the project. Different projects have different ways of selecting developers; some are chosen after open bidding, while others are selected through a request for qualifications (RFQ) or a request for proposal (RFP). In order to attract business and developer interest in the project, the RDA will offer incentives. Incentives can include, land write-downs (RDA owned land is sold below market price) and agency-provided infrastructure. In general, RDA acquires and prepares land and constructs necessary infrastructure. The land is then transferred to the developer.
Project Financing

As mentioned in the previous chapter, funding was provided to agencies by federal grants and loans. Federal funding usually covered 75 percent of the project, the rest to be matched by local funds. In efforts to help local government meet their 25 percent, the state legislature created tax increment financing (TIF). TIFs give RDA’s the future gains in property tax in the project area to finance current improvements. In doing so, RDAs were to be sustainable, no longer depending on federal grants. In doing so, it gave cities more incentive to broaden the definition of blight. By creating more “blighted” areas, cities could collect more taxes, especially after the passing of Proposition 13.

In order for a project area to bring in increase property taxes, the county must reassess the property. Reassessment occurs during the sale of a home or after significant alterations to the home. Therefore, having a home in a redeveloped area won’t raise tenant’s taxes or bring in new tax revenue for the agency. Proposition 13 once again plays a major role, since voters approved it as the formula for establishing property taxes. It determined property taxes to be one percent of the property’s market value. When the property changes owners, the country assessor adds up to two percent of the assessed value to the property each year in which the property remains under the same owner. Hence, the agency makes its money back through reassessment of homes or through new construction, where older, lesser-valued properties were taken by means of eminent domain, therefore making way for newer, more valuable properties.
Assembly Bill x 126: Background

Though Governor Brown’s 2011 proposal to abolish California’s redevelopment agencies seemed brash and rather, abrupt, the idea of balancing the state budget and finding ways to bridge the financial gap had been a reoccurring theme in the state for the past decade. Prior to his accession as California’s 39th governor in 2011, Jerry Brown served numerous political positions in the state. He served as California’s 34th state governor from 1975-1983, California’s 31st Attorney General from 2007-2011 and Oakland’s 47th mayor from 1999-2007. Upon his inauguration as Oakland mayor, his first pledge was to bring in 10,000 new residents to the city. Since then, Oakland was seen the 10,000 new residents that were promised by Brown; largely due to Brown’s transformation of downtown Oakland. New high rises along Lake Merritt, a tidal basin near downtown, and the Uptown district replaced the drug-infested empty lots with mixed-sue apartments, including market-rate and affordable.61 Aside from the development of new housing and high rises, one of Brown’s greatest successes in the city was the redevelopment of the Uptown neighborhood. The project is not only considered one of the city’s redevelopment success stories, but rather, the states.62 According to Gabriel Metcalf, executive director of San Francisco Planning and Urban Research:


“The Uptown neighborhood of Oakland has to be listed as one of the greater redevelopment success stories in California,” “It has brought life back to that part of downtown Oakland and it is now one of the great urban neighborhoods in California.” Uptown’s Fox Theater, a 1920’s movie palace, had become known as “the largest urinal in the world” by the mid-1970s.63

Many credit Oakland’s transformation from an industrial port town with historically high rates of poverty, drugs and gang activity to Brown. Surprisingly, the Oakland mayor was able to turn the city around by the creation of a development agency in the city. Brown knew that in order to attract new residents to the city, he would have to seek money by creating a redevelopment agency, already popular in the state, with an estimated 400 agencies running in the state’s 600 cities. Oakland’s agency, like so many others in 48 states, saw the potential in tax-increment financing. The usages of TIFs and its ability to raise taxes arises areas designated for redevelopment provided the money needed to change Oakland’s deteriorating state.64 Based on his actions as a mayor and now as the governor of California, its shocking and hypercritical to see that Brown would want to cut the law that helped him succeed as mayor back in early 2000s.

In 2011, Brown not only inherited the Governor Arnold Schwarzenegger’s gubernatorial seat, but also his $26 billion dollar budget deficit. The housing crash in 2008 was partly to blame for the growing dire condition in the state, leaving cities with an unprecedented amount of foreclosed homes. The

63 "Out of Cash," accessed April 7, 2012,

64 "Out of Cash," accessed April 7, 2012,
ineffective budget-setting process in Sacramento was also to blame for the ever-growing budget problem. No longer praising its benefits, Brown saw the $5.6 billion in tax dollars generated from redevelopment agencies as a source to remedy the problem at hand. Using his executive powers, he proposed the removal of the state’s redevelopment agencies, granting him access the billions of dollars that till then had gone to the 400 state agencies and their cities.
Chapter 3 Criticism

Abolishment of Redevelopment Agencies

One of the major critiques and reasons for the abolishment of the agencies was the limited state oversight. Agencies were required to spend 20 percent of their increment on affordable housing, but that rule got overlooked all the time, with affordable housing funds often misused for years. Cities could use tax increment funds on everything they saw fit, from building bridges and sports stadiums through direct expenditures to assembling properties and brokering deals on behalf of private developers. The lack of state involvement allowed agencies to redefine the definition of blight, or just plain ignore it. By now we are aware of its evolution and cases such as Kelo v. New England showed redevelopment in a new light. Aside from brokering deals and redefining the meaning of blight, some cities, especially small cities, even used redevelopment funds to partially pay the salaries of employees who worked for both city and redevelopment agency. Due to its inception and the way in which cities were given control of every aspect, few people in Sacramento knew what they were doing.

Though most were against the governor’s decision, there were those who were for it and saw the death of redevelopment inevitable. Brown’s decision, backed up by the Supreme Court, ended the six-decade ware of attrition that had been waged on the balance sheets, in the statutes and California voting.

65 “Out of Cash,” accessed April 7, 2012,
Though its beginnings were humble and destructive, the clearing of Bunker Hill being a prime example, tax increment financing and the passing of Prop. 13 changed redevelopment in California. Many to this day, still lament the loss of Bunker Hill and the effects of urban renewal. Though Bunker Hill’s vanished Victorian homes are to be lamented, redevelopment became a gentler tool and came to acknowledge the importance of preservation. At the end, it wasn’t city officials desire to rid to older buildings in their communities, but rather the influx of redevelopment agencies in the 1970s was a result of Proposition 13. As mentioned in chapter 2, Prop. 13’s froze annual residential and commercial property taxes at 1 percent of their most recent sale price, which proved detrimental to the state’s budget. At the end, schools were the ones that suffered the most. Half of today’s agencies were founded in 1978, the same year as the passage of Prop 13.\textsuperscript{67} By 1989, the statewide tax increment had grown to $1.02 billion. By 2001 it had reached $2 billion and continued to increase by $1 billion every two years until 2008, when it reached $5.6 billion.\textsuperscript{68}

By 2011, 12 percent of total property taxes were captured by cities through TIF arrangements. With the ever-evolving definition of what could be categorized as blight, and thus be eligible for a TIF, some counties took full advantage of redevelopment and its economic benefits. By 2004, Southern California county of San Bernardino had classified 22 percent of the land within

\textsuperscript{66} Ibid.

\textsuperscript{67} “Out of Cash,” accessed April 7, 2012,

\textsuperscript{68} Ibid
its borders as blight. That same year, Riverside had declared 25 percent of its land as blighted. Though Sacramento has tried to define the definition of blight and imposed the 20 percent affordable housing set-aside, at the end, the numbers didn’t work out for Sacramento. The greater the statewide TIF, the more it had to back-fill from the general fund to help out schools. By 2011, the state had to provide $1.3 billion to make up for the diverted school revenue.

Governor Pete Wilson, who in the mid-1990s, enacted the Educational Revenue Augmentation Fund (ERAF), as an attempt to try and solve the problem. ERAF forced redevelopment agencies to contribute a share of their TIF monies to schools in their respective areas. It was the enforcement of ERAF⁶⁹ that served as the beginning of the end of redevelopment in California. As time progressed, the tension between the state and agencies began to grow. The state continued to increase ERAF payments throughout the years, in which redevelopment agencies resisted, making it clear that the TIF was for them to reinvest. In order to protect its money, CRA and the League of Cities sponsored Proposition 22. Proposition 22 protect CRA’s TIF money, for it prohibited the state from having any rights to redevelopment money and using it for the balancing of the state budget. Prop. 22 passed with 60 percent of the vote, but its success proved to be short lived.

One of Brown’s main reasons to terminate CRA (besides his deep desire to acquire the agencies tax money) was the organization’s inability to account for

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⁶⁹ “Fact Sheet: The ERAF.” League of California Cities, 1.
its finances. This problem proves to be detrimental to preservation work done by the CRA/LA, since they are not unaware of the amount of historic buildings owned by them nor do they know what will happen to these buildings. With Brown’s eyes on the $5.6 billion, little attention was given not only the rehabilitation work done by CRA, but also the remediated brownfields, affordable housing development, new parks, and new infrastructure.

After many failed compromises between CRA, cities and state, legislature’s solution was a pair of assembly bills, AB X 126 and AB X 127. AB X 126 called for the dissolution of redevelopment agencies and outlined the procedure by which they would go out of business. AB X 127 nullified AB X 1 26 for those sponsoring cities and counties, who agreed to give some of their TIF money to the state. If all the state’s agencies agreed to the provisions of AB X 127, the total TIF payment would amount to $1.7 billion. CRA and City League decided to sue, since they found the two bills to be a way for the state to ignore Prop. 22 and undermine redevelopment and voters’ will. But what proved detrimental in the life span of CRA were not the bills themselves, but rather the lawsuits they filed. Filing the suit against the state and losing, they basically set themselves for early dissolution. The court ruled unanimously in favor of the state law to abolish redevelopment agencies and voted 6 to 1 to strike down the

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bills what would have allowed the agencies to continue if they shared their TIF revenue.\textsuperscript{71}

**AB X 126**

As mentioned, Assembly Bill x 126 proposed the elimination of RDAs altogether in municipalities across the state on October 1, 2011. It also prohibited RDAs from beginning any new activities or issuing any more bonds, loaning money, buying more property and number of other things they normally do. Once the RDA disappears, the cities or designated entity would take over all outstanding duties like debt service while the rest of the agency’s revenues are distributed to schools and other things usually under funded by the diversion of tax monies to RDA districts. As stated in the bill:

\textit{… bill would suspend various agency activities and prohibit agencies from incurring indebtedness commencing on the effective date of this act. Effective October 1, 2011, the bill would dissolve all redevelopment agencies and community development agencies in existence and designate successor agencies, as defined, as successor entities. The bill would impose various requirements on the successor agencies and subject successor agency actions to the review of oversight boards, which the bill would establish.}\textsuperscript{72}


The bill went on to describe the economy of the state and its slow recovery from the worst recession since the Great Depression. The governor further makes his case by citing the significant lack in revenue has caused reduction of services such as fire and police protection; as well as the increasing class sizes while laying off instructors. In order to alleviate the state’s current conditions, he references the increase of the unsupervised redevelopment agencies as the cause in shift of property taxes, taking up approximately 12 percent of all property taxes collected across the state. In his solution to reclaim the $5.6 billion dollars in taxes, he points out that the state does not need to have such agencies:

(h) The Legislature has all legislative power not explicitly restricted to it. The California Constitution does not require that redevelopment agencies must exist and, unlike other entities such as counties, does not limit the Legislature’s control over that existence. Redevelopment agencies were created by statute and can therefore be dissolved by statute.

(i) Upon their dissolution, any property taxes that would have been allocated to redevelopment agencies will no longer be deemed tax increment. Instead, these taxes will be deemed property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agencies, with remaining balances allocated in accordance with applicable constitutional and statutory provisions and community college districts...

...(4) Require successor agencies to expeditiously wind down the affairs of the dissolved redevelopment agencies and to provide the
successor agencies with limited authority that extends only to the extent needed to implement a wind down of redevelopment agency affairs.

Gov. Brown’s other proposal, AB x 127, would allow redevelopment agencies to continue as long as a significant portion of their property tax revenue is redirected to schools and other local agencies. This second bill was set forth as an ultimatum for agencies that wanted to stay in existence.
fee that does not exceed the reasonable costs to the county auditor-controller to implement the provisions of this bill.\textsuperscript{73}

After the agency’s failed attempts to stay afloat and keep their revenue, the Supreme Court set January 31, 2012 as the day CRA’s were to be dissolved. As of February 1, 2012,

CRA/LA functions will be limited to close-out activities to be performed by a Successor Agency under the direction of an Oversight Board and the DOF. The Successor Agency will be responsible for expeditious winding down of approximately $422 million of obligations contained within the Enforceable Obligations Payment Schedule (EOPS) (based on the most recent submission to the State December 15, 2011) and as settling in liquidatingassets of the CRA/LA. Enforceable Obligations include payments for outstanding bonds and loans, payments required by federal or state government (e.g. grants) or for employee pension obligations, judgments and settlements, legally binding and enforceable agreements or contracts including those for administration or operations, subject to approval of the Oversight Board and the DOF. No economic development functions will be conducted by the Successor Agency.\textsuperscript{74}

As part of the dissolution, CRA/LA had to find a successor agency. L.A. City Council voted to “opt out” of being the successor agency to the CRA/LA. L.A. County Supervisors also declined to be a successor agency to CRA/LA. Since the City & County passed, by default the State of California became the successor agency to the CRA/LA. As a result, Governor Brown appointed three


\textsuperscript{74} “Dissolution of the Community Redevelopment Agency of the City of Los Angeles and Discussion Relative to the Successor Agency,” Gerry F. Miller to The Mayor of Los Angeles, January 10, 2012.
people to the Governing Board for the CRA/LA successor agency. As of 2/1/2012, former City of LA Redevelopment Agency staff became employees of “CRA/LA, A Designated Local Authority (Successor Agency to the Community Redevelopment Agency of the City of Los Angeles).” About 90% of staff received 120-day layoff notices, effective June 30, 2012.

Currently, the Successor Agency finds itself in the stage of winding down operations. Housing assets will be transferred to the City of LA Housing Department. Grants will be transferred to the appropriate City of L.A. department. All other CRA/LA assets (real estate, furniture, etc.) will be put up for sale and the proceeds disbursed to the State, County, Schools and City. California legislature is working on various clean-up bills to deal with issues that have come up.

AB1x26 Dissolution Key Dates

**January 13, 2012:** Last day to adopt a resolution to opt-out of being Successor Agency.

**January 19, 2012:** Last CRA/LA Board of Commissioners meeting. CRA/LA will present a final EOPS for approval by the CRA/LA Board of Commissioners for transmittal to the State.

**January 31, 2012:** Last day to adopt a resolution to identify a Housing Successor

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75 Dave Neubecker interview, January 3, 2012
Agency, otherwise these functions will be transferred to HACLA by default.

**February 1, 2012:** Redevlopment Agencies are dissolved and all assets and close-out activities are transferred to the Successor Agency.

**April 15, 2012:** First ROPS due.

**May 1, 2012:** Oversight Board appointments due. If positions on the Oversight Board are not filled by May 15, 2012, then the Governor will make the appointment.

**May 16, 2012:** County Auditor-Controller to transfer revenues to the Successor Agency to pay for obligations listed in the ROPS. Payments are made bi-annually with the next payment to be made on June 1, 2012 and on January 16 and June 1 thereafter.

**July 1, 2012:** County Auditor Controller to complete audit of CRA/LA assets, liabilities, and pass-through obligations.

**July 15, 2012:** Audit of CRA/LA due to State Controller's Office:

**July 1, 2016:** Consolidation of all Oversight Boards into one County-wide Oversight Board.
Chapter 4 Methodology

This thesis relies on the research of redevelopment agencies, specifically their history and how their formation came to be. Furthermore, the focus is centered on California Governor Brown’s assembly bill to abolish redevelopment agencies in California. In turn, the thesis looks in the effects of Governor Brown’s on preservation. Though there may be numerous examples of agencies using preservation and rehabilitation of older buildings within their redevelopment areas, the case study used is the Community Redevelopment Agency of Los Angeles (from now referenced as CRA/LA). The primary data used is both primary and secondary sources attained from meetings with the CRA/LA, scholarly journals, and online research. CRA/LA was selected due to its existence in redevelopment since 1948. Furthermore, based CRA/LA's long trajectory in redevelopment, it would be feasible to follow the evolution of the organization based on their projects which have spanned for over 50 years. The two primary case studies chosen within CRA/LA were Bunker Hill and Center Business District (CBD).

Historical Analysis

Since its formation, redevelopment agencies have had a bad connotation, largely based on its early association with the federal government’s urban renewal movement of the 1950s. The preservation profession has in a sense grown as a response to the properties lost during the urban renewal era. Since
then, redevelopment has not only been criticized by preservationists, but by economists and politicians as well. This is largely due to redevelopment agencies’ ever evolving definition of blight and its partnership with private developers. The historic analysis shines a light on the overall history of the federal government’s proposed housing aid and as well as the history of the two case studies. The history sources for the evolution of redevelopment agencies is comprised of primary sources, such as housing act proposals and secondary sources such as scholarly journals. In regards to the history of Bunker Hill and CBD, the research relies on interviews with CRA/LA staff and secondary sources attained from the CRA/LA office, such as newspaper clippings, power point presentations.

Comparative Case Studies and Selection

In order to explain the preservation work by CRA/LA, the thesis employs the a comparative analysis of a project who’s primary tool of redevelopment was that of urban renewal. The second project demonstrates the use of rehabilitation and preservation of older buildings within their guidelines and goals in the redevelopment area. Bunker Hill being CRA/LA’s first project in Los Angeles naturally exemplified the usage of urban renewal and the destruction of Los Angeles’ Victorian community. After speaking with Dave Neubecker from CRA/LA in October of 2011, he recommended sites within the Los Angeles downtown area. Upon further research, CBD was chosen due to its proximity to Bunker Hill and its obvious usage of adaptive reuse. Though CBD’s usage of
adaptive reuse may be obvious only to those currently living in downtown, the thesis makes a comparison of both project’s proposals and before and after photos attained from CRA/LA.

Sources

The thesis research uses primary and secondary sources; scholarly journals, interviews and document research. Interviews were conducted with Ken Bernstein (Office of Historic Resources Manager), Dave Neubecker (Assistant Project Manager, Downtown Region at CRA/LA), Jennifer Gates (Field Services Director at California Preservation Foundation), and Adrian Scott Fine (Director of Advocacy at Los Angeles Conservancy). Documents and journals referenced in the thesis include CRA/LA surveys, journals, essays, and theses focused on urban renewal, redevelopment agencies, and historic preservation. Documents acquired includes; the 1954 Bunker Hill Redevelopment Proposal, the 1975 CBD Proposal, Assembly Bill 126 and 127, the 2000 CBD Amended Proposal, the Assembly Bill 126 Dissolution, and the CRA/LA Dissolution. Further documents include historic photographs acquired through Dave Neubecker and the USC digital archives.

Analysis

In order to analyze CRA/LA’s contribution to the historic preservation field, the research is mainly focused on the surveys conducted by CRA/LA of buildings within CBD redevelopment area. Due to the complete demolition of Bunker Hill,
the only analysis to be conducted is that of CBD. The excel documents present the project name, type of building, component of work done, CRA financial contribution of each project, and private investment. Interviews further aided the analysis process gaining sight in expert opinion and information readily available upon the scope of research.
Chapter 5 Case Studies

Bunker Hill

The history of Bunker Hill is as old as the history of Los Angeles and California itself. Spain began occupying California in 1769, when Gaspar de Portola began a Spanish expedition from San Diego to San Francisco. On their expedition, they encountered Yang-na, an Indian village situated near the Los Angeles River. Years later, the Yang-na would become the Gabrieleno tribe, after subjugation from the Spanish. The Yang-na were renamed after the Gabrielenos after the San Gabriel Mission, founded by Father Junipero Serra in 1771. A decade later, the pueblo of Los Angeles was founded based on a plan set-forth by Governor Felipe de Neve and forty-four Mexican settlers. The pueblo of Los Angeles plan consisted of 50-foot house lots surrounding a central plaza and seven-acre farm lots located between the Zanja Madre irrigation canal and the Los Angeles River. Past the river were the pasturelands. The pueblo was a social and trading center for the ranchos until the 1822, when Mexico successfully gained independence from Spain. Mexico was short-lived, as America’s victory in the Mexican War resulted in California becoming a territory in 1848. Two years later, the new territory reached statehood. The Ord Survey, Plan de la Ciudad de Los Angeles in 1849, set up the present street grid system in Downtown Los Angeles.\textsuperscript{76}

\textsuperscript{76} Information regarding the history of Bunker Hill was gathered from a document given to the author by way of Dave Neubecker from CRA/LA. Mostly sourced from:
Figure 1 Ord Survey, Plan de la Ciudad de Los Angeles, 1949. (USC Digital Archives)

The survey extended along and up the base of the geologic dome formation that would later become known as Bunker Hill. Soon after, the gold rush of 1849 brought many to California; making Los Angeles a desirable place to settle due to the high demand and prices for beef from its ranchos. But its status as a prosperous city was short-lived. The depleted source of gold and a series of drought years starting in 1862 bankrupted the ranchos. As a result, most were foreclosed, broken up, subdivided, and offered for sale as farm acreage.

Development on Bunker Hill began in 1867 by Prudent Beaudry, a prominent entrepreneur who later became mayor of Los Angeles. At the time, Los Angeles consisted of 5,000 inhabitants. Beaudry purchased the twenty acres of the Hill at public auction with the intent of speculation. In order to maximize the return on his investment, he successfully brought water and streets to his newly developed subdivision. In 1874, he petitioned the city council to name the street at the top Bunker Hill Avenue. The name would eventually be associated with the entire hill. Bunker Hill soon became the fashionable place to live in Los Angeles. The prominent 100-foot hill provided sweeping views of Downtown, remaining farms along the river, and the vast countryside. Its subdivisions gave birth to Victorian mansions, apartments and hotels, which were built during the late 19th century. The hill attracted the city’s elite, from leading doctors to prominent merchants. The elegant hotels on the hill served were the perfect setting to hold Downtown’s society gatherings and celebrations.

Though successful in its development, the hill proved to be a barrier in the further development of the city towards the west. In 1901, the Angels Flight funicular was constructed to provide access up and down the hill. Furthermore, Second and Third Street tunnels penetrated through the hill, providing access to new housing developments in the west. Additional western access was provided with the introduction of the Hollywood route of the “Red Car”, which arrived at the Fourth and Hill terminal by way of the subway tunnel under Bunker Hill. As land values rose, developers focused on the building of commercial, hotel and apartment structures on Bunker Hill.
Though the first quarter of the century saw the rise of Bunker Hill as a place of distinction, the second proved to be less successful. Due to its central location, Bunker Hill continued to be a barrier, not only physically, but also in regards to the city’s mobility. The city continued to grow at an exponential rate, putting a focus away from the city and into the vastly growing suburbs to the west. The development of the Central Business District to the south of the hill further propelled the demise of the once significant area. With few new or replacement buildings for the aging and deteriorating wooden frame structures built in the decades before and after the turn of the century, Bunker Hill began its recession. As its residents began to take flight to newer developments in other parts of the city, hotels, apartments and mansions were converted into rooms for rent. Low-income families, single men, and transients found Bunker Hill a convenient place to reside in the center of town. The area not only provided great views, but was within walking distance to services, jobs, and transportation facilities of Downtown, yet isolated from traffic, noise, and other urban entertainments. As the depression of the 1930’s intensified, so did the need for affordable housing in the city. The demand increased for low rent apartments and cheap rooming houses. Bunker Hill’s population became skewed toward low-income immigrant families and transient single men. By the 1940s, Bunker Hill was a far outcry from what it once was. The once charming and ornate Victorian homes of the elite had now entered a point of disrepair. The fading hill was further plagued with escalating crime, fires, and overall decaying health
conditions. The eminent World War II worsened conditions, as an influx of workers in need for affordable housing entered the neighboring work force.

As the war came to an end, the lack in housing prompted the Federal Government to find ways to provide adequate housing for its residents. As previously mentioned, the solution was the funding provided by the Federal Housing Act of 1946 and 1949. Along with the passage of the California Community Redevelopment Law in 1945, they provided cities with legal and financial support to combat urban blight by use of redevelopment. The Los Angeles City Council created the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) in 1948. William T. Sesson, a local businessman, became the agencies first board chairman, a position he held for seventeen years. The City Planning Department conducted surveys and early planning studies for the CRA, whose findings would lead to the destruction of Bunker Hill. The results showed Bunker Hill had many problems; one being 82 percent of the housing stock was deteriorated, overcrowded, unhealthy, and unsafe. As expected in an area with the same living conditions as those of Bunker Hill, the high costs of health, fire, and police services far exceeded the taxes collected in the area. The high-rate of transients, low-income single men, and vagrants, who lived in Bunker Hill created a living squalor-like environment, much like the current conditions in Skid Row. In efforts to change the living environment and making Bunker Hill a profitable, the area was proposed for redevelopment. In 1956, architects Pereira and Luckman, along with numerous consultants conducted studies and prepared reports, plans, and sketches for the newly
proposed Bunker Hill Redevelopment Plan. The Federal Government approved the submitted applications, authorizing the agency major loans and grants to help fund the redevelopment plan. City Council approved the Bunker Hill Urban Renewal Project on March 31, 1959. The passing of the renewal project was preceded by a year of public hearings. Five lawsuits were immediately filed following the project’s approval, challenging the redevelopment plan. In 1964, after proceeding through the lower courts, the California Supreme Court upheld the plan.

In order to proceed with the redevelopment of the deteriorated Bunker Hill, CRA/LA conducted surveys of residents and businesses, appraisals, negotiations, acquisition of property, relocation of residents and businesses, demolition of structures and site clearance. The aforementioned process was completed within five years. CRA/LA purchased 285 properties, of which, ninety-five percent of them were acquired through negotiations, while the remaining were by way of condemnation (eminent domain). As mentioned in Chapter 2, redevelopment agencies were given the power of eminent domain as one of the tools to be used against urban blight. CRA/LA also helped relocate 5,617 residents and 442 businesses, while razing 393 structures.

The first new building to erect was the Pacific Telephone and Telegraph equipment building with its microwave tower for long-distance transmitting. In 1964, New York architect I.M. Pei made significant changes to the proposed plans for the redevelopment of Bunker Hill. Barton Aschman Associates, traffic consultants from Chicago, designed the new multi-level street system. During
the last half of the decade, planning, engineering, and construction of the new street, lighting and utility systems in the western half of the project were coordinated with the continuing sale of Bunker Hill land. The redevelopment project’s efforts were eventually rewarded as it began to slowly attract major developments, such as the 42-story Union Bank building by Connecticut General Life Insurance Company, the project-wide central heating and cooling plant, and the Bunker Hill Towers; the latter consisting of 715 apartments within three high-rise buildings. In 1969, the Angel’s Flight Railway was dismantled and stored for years after major regarding of the top of the hill was done in order to facilitate for the construction of future development. Angel’s Flight was eventually reconstructed in 1996, almost thirty years after its dismantling.

During the 1970s, the Bunker Hill Project began attracting a significant number of developers. Many document signings in this decade between CRA/LA and developers resulted in development and land sale agreements covering nineteen major office, housing, and hotel buildings. Of which, five were built during the decade. The first to be built was the 55-story world headquarters of the Security Pacific National Bank (now Arco Center). Following were the five-cylindere Bonaventure Hotel, the World Trade Center building, the Park garden offices (now the Figueroa Courtyard) and the ARCO parking structure. Though not completed during the decade, CRA/LA was also able to pen contracts with developers, amounting to five new large-scale developments. The proposed projects were the six sites of the Promenade apartment complexes, four senior housing towers of Angelus Plaza, the Los Angeles Marriott Downtown (formerly
Sheraton Grande), Wells Fargo Center I and II (formerly Crocker Center) and the Citicorp Center office building (formerly 444 South Flower).

Fueled by a promised federal grant, intensive peripheral parking and Downtown People Mover studies were conducted in efforts to solve Bunker Hill’s parking, traffic, and transportation problems. The proposed Downtown People Mover was to extend from the Convention Center to Union Station through Bunker Hill. The project came within 90 percent of fruition, but newly elected President Reagan terminated funding for the project. Another significant act conducted by CRA/LA was the creation of a Bunker Hill Housing Trust Fund. The Fund would use tax increments to construct thousands of affordable apartments throughout the city. CRA would eventually allocate the Bunker Hill funds to the Watts Redevelopment Projects, which was enacted in 1968, after the Watts Riots.

Bunker Hill Project entered what is now referred to as “The Boom” era, lasting throughout the 1980s. During this decade, Bunker Hill saw the construction of eighteen sizable structures. The newly constructed projects included ten residential, five office, one hotel and two cultural centers. Construction during this time also included projects signed for in the 1970s. The projects that carried over from the 1970s included 900 apartment units on four of the Promenade apartment sites, 1,090 senior apartments in the four Angelus Plaza towers, the Marriott Downtown Hotel, the Wells Fargo Center I & II, and the Citicorp Centre office buildings.
CRA continued its redevelopment efforts on land that remained vacant since the 1960s. In 1980 CRA conducted a nationwide competition for the right to develop eleven acres of choice land located atop the hill. The proposed California Plaza development by Bunker Hill Associates and their architect, Arthur Erickson, won the rights to develop over four other competitors. Soon after, Bunker Hill Associates commenced the construction of the California I office building and the Museum of Contemporary Art. Other major buildings constructed during this time included the 400 South Hope office building and the Stuart Ketchum Downtown YMCA, which was built on top of the Arco parking structure. With funding from the Bunker Hill Housing Trust, CRA was also able to build about 10,000 affordable apartments throughout the city.

The 1980s proved to be a successful decade for CRA’s initial goals set upon its beginnings in the 1960s. By 1990, the once Victorian-clad hill was now the home to an ever growing and ever changing skyline. In the eyes of city officials and residents, CRA had accomplished its goal of revitalizing the once deteriorating, crime-ridden Bunker Hill of the 1940s and 50s. The success of CRA efforts in Bunker Hill motivated other parts of the city to establish their own redevelopment plans. Though CRA/LA’s early campaign utilized urban renewal as a tool to destroy blighted areas with little consideration for the existing urban fabric; it seemed as though it eventually evolved into an organization who took into consideration the existing. By 1990, Bunker Hill had not only built soaring skyscrapers, but also utilized its funds acquired throughout the years to rehabilitate over 20,000 units of affordable housing throughout the city of Los
Angeles. Bunker Hill project funds were able to financially assist in the start-up costs of the Hollywood Redevelopment Project, which is accredited for preservation and rehabilitation of several theaters in Hollywood. CRA/LA also played a major role in the renovation of the Los Angeles Public Library. CRA was able to broker the sale of the library’s air rights for the development of the Library Tower, now known as the U.S. Bank Tower. By selling the air rights to developers of the tower, the city was able to pay for the reconstruction of the library following two disastrous fires in 1986.

The recession, downsizing and an overbuilt office market in Downtown put a halt to office construction during the 1990s, with the exception of the California Plaza II office buildings, whose construction began in 1989. Other projects completed during the 1990s were the 500-room Hotel Intercontinental, the Museum Towers apartments, and the reconstruction of the Angel’s Flight Railway in 1996. The decade also saw the proposal and construction of Frank Gehry’s Walt Disney Music Center, which was completed in 2003. Of the original 25 blocks acquired by the Bunker Hill Redevelopment Urban Renewal Project, only three remained undeveloped by the end of the century. The estimated $70 million in public investment in the redevelopment of Bunker Hill has stimulated an estimated $3 billion in current development. The bulldozing of historic Bunker Hill gave way to the construction of 9 million square feet of office floor area,

500,000 square feet of retail spaces, 2,500 hotel rooms, 3,000 apartment units, and five cultural facilities.

Central Business District (Downtown LA)

As mentioned in the previous section, most of the growth in the CBD occurred during the 1920's; in response to the geographical and development barrier that was Bunker Hill. Unlike Bunker Hill, which was known for its fashionable houses and hotels for the city’s elite, CBD was established as a business corridor for the downtown area. Prior to its development as the city’s main business corridor, CBD was a regional transportation hub from the late 1800 and well into the 1940s. The area was comprised of railroad passenger depots along Alameda and Central Streets and was surrounded by single room occupancy hotels for railroad and transient workers. The Pacific Electric (Red Cars) had their main terminals at 6th and Main and 4th and Hill, which allowed access to the westernmost parts of the city. At the time, the Red Car system was a mass transit system in Southern California comprised of streetcars, light rail, and buses. Around 1925, it had established itself as the largest electric railway in the world. The system interconnected cities in Los Angeles County and Orange County, as well as in San Bernardino County and Riverside County.  

As the area evolved in the first quarter of the 20th century, different streets

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79 Information regarding the CBD and Center City East was compiled by interviews with David Neubecker as well as access to CRA/LA’s past presentations on their current work.
and areas of the CBD became known for their commerce-specific districts. Main Street developed moderate-price hotels, small theaters, and small retail stores. Spring Street developed with banks and financial services and was known as the Wall Street of the West. Broadway developed with movie palaces and department stores. The area became well known as entertainment and retail hub of the city prior to WWII. During WWII, the area became known as both a 24/7 entertainment area and an area that provided USO services.

1945-1970s:

After the war, automobiles became primary mode of transportation and sent the need for public transportation into near extinction. As mentioned in the introduction, post-WWII Los Angeles entered a time of prosperity. The influx of automobiles and focus on the creation and expansion of the freeway network not only promoted the needs of transportation from the San Pedro docks, but also fostered suburban sprawl. As the network of freeways grew, so did the need to establish other business and entertainment corridors to serve the new communities in the west. Due to this, Broadway Street’s theaters became a nuisance, as new movie theaters were built in Hollywood & Westwood. Furthermore, theaters were hurt but the introduction and popularity of the television. Spring Street, which was once known as the Wall Street of the West was now left abandoned, as Banks moved to the new Bunker Hill office towers. Main Street became known for its XXX and burlesque theaters as well as dive bars. The single room occupancy hotels transitioned from transient worker housing to housing for the unemployed.
Conditions in CBD continued to worsen as decades passed, to the point that Central City East evolved into ‘Skid Row’. In efforts to alleviate the current conditions, the CBD Redevelopment Plan was adopted by City Council in 1975. Like any other proposed redevelopment project, the CBD was faced with legal challenges by LA County and affordable housing advocates which resulted in stipulated judgment in 1977. In 1977, the CBD Redevelopment Plan was declared valid. By now, CRA/LA funding was no longer based on federal grants, but rather tax-increment funds. The project tax-increment funds were capped at $750 million; it was projected the project to bring in $4 billion without the cap. The tax-increment cap was reached in November 2000. During this time, though significant progress had been made in the Financial District & Civic Center, much blight remained in the Historic Core, Central City East, and South Park.

In 2002, the CBD Redevelopment Plan was amended in efforts to revitalize the remaining blighted regions in the CBD. In order to undertake the removal of the remaining blight, the CBD project area became three separate project areas: City Center (new 30-year plan), Central Industrial (new 30-year plan) and the amended original CBD project area. Just as in 1975, LA County and affordable housing advocates filed lawsuits. Both parties settled an agreement in 2006. The agreement called for the retention of the current net amount of low-income housing units. The agreement also included a local hire program, which meant construction workforce was to be hired from qualifying

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80 Which kept original expiration date of 7/18/2010
local labor organizations. The new redevelopment plan also limited funds collected in the area, specifically; no tax-increment funds were to be collected for land located within original CBD project area.

Figure 2 Original CBD boundary map, 1975. (CRA/LA)
Similar to CBD’s history, Central City East originally started off as a transportation hub in the 1880s, with a railroad depot at 5th & Alameda Streets. Located near a railroad, the area experienced a steady influx of transient/seasonal workers & new residents. Due to its high transient community, SRO hotels were common throughout. Services in the area included bars, saloons, and brothels. As the area entered into the WWII era, services such as soup kitchens and job centers for the unemployed and/or homeless were introduced. USO services were also introduced, such as canteens and movie theaters for Pacific-bound military personnel. The area also included housing for
African-Americans who came seeking jobs in war industries.

Post WWII, with suburban sprawl and urban decay in full force, SRO hotels became housing of last resort for unemployed, no longer short-term accommodations for transient workers. Former USO venues became XXX movie theaters, dive bars, and cheap restaurants. By 1975, there were nearly 10,000 residents. Of those, 7,500 found themselves living in substandard SRO Hotels, providing small, relatively cheap rooms for very low-income tenants. In order to help alleviate some of the problem, faith-based missions came into the area, providing about 1,000 shelter beds on a short-term basis. Even with these efforts, the area as been ridden with makeshift homeless camps, averaging about 1,000 indigents every night. Demographics during this period were primarily unemployed white men in their 40s or older with alcoholic tendencies; often referred to as “inebriates” or “winos”. Land use continued as it during the 1960s, with the addition of liquor stores, blood banks, pawnshops, ‘slum’ hotels, and missions.

Since its redevelopment efforts in 1975, CRA/LA has initiated the non-profit, SRO Hotel Rehab Program, which helped fund, acquire & rehab SRO hotels. Another SRO non-profit, the SRO Housing Corporation, was an affordable housing developer that owned and operated SRO hotels. Between 1977 and 2000, $133 million were invested in the CBD. Within that time, a total of 6 SRO hotels were acquired and converted to 2,003 units of permanent housing with long-term affordability covenants.
Chapter 6 Discussion and Analysis

CRA/LA has made strides in preservation, specifically in the last 20 years. Though their acknowledgement of preservation was first seen in the CBD’s proposal for redevelopment in 1975; more recently they’ve understood it as a way to stabilize communities and maximize their investment. Unlike the case of Bunker Hill and urban renewal projects throughout the country, CRA/LA’s recent projects have taken the cultural heritage and needs of those in the redevelopment area into consideration. Most recently, CRA/LA has created incentives for preservation in Los Angeles, of which have been acknowledged and made known to the public by the Office of Historic Resources in Los Angeles. Along with loans for rehabilitation, CRA/LA has also started to survey historic site within newly acquired project areas, such as the Wilshire Center/Korea Town Redevelopment Project Area. In order to analyze CRA/LA’s evolution and recognition of preservation, this thesis looks at different proposals throughout CRA/LA’s history and shines light at the integration preservation.

Bunker Hill’s Redevelopment Plan, adopted by the City Council of the City of Los Angeles on March 31, 1959 makes it clear on its introduction page the disregard for preservation or rehabilitation, citing:

This is no rehabilitation section in the redevelopment plan as defined by the Federal Housing Act of 1954, as amended, and

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Therefore the entire project is to be considered a redevelopment section as defined by said housing act.82

Furthermore, the proposal makes it clear that structures on the current site will not be rehabilitated:

Section 600 Rehabilitation of Structures

As there is no rehabilitation section in the project, the only proposed rehabilitation shall take the form of alterations of buildings to remain, if any.

Though it is clear that conditions in Bunker Hill's housing stock and hotels throughout the early 1900's suffered by "white flight", the Great Depression, and World Wars' industry focus; what is unknown based on the research is if any of the residences could have been saved or if in fact had entered a point of complete despair. The original proposal documents give little information of the actual conditions, giving a generic description.

Sec. 1000 Relationship to Definite Local Objective

1. Eliminate of poor, substandard, and extremely substandard dwelling units and rooming units in substandard obsolete and outmoded residential structures

3. Clearance of blighted conditions conducive to rates of disease, crime, and juvenile delinquency, above community average.

4. Elimination of an incompatible mixture of residential, commercial, industrial, and public land uses.

5. Demolition of frame structures conducive to a potential serious conflagration.

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82 United States, Los Angeles City Council, Community Redevelopment Agency of the City of Los Angeles, Under Hill Amended Redevelopment Plan Urban Renewal Project (1967), 5.
6. **Demolition of brick and other structures not adequately built to resist seismic forces.**

Recognizing the ultimate fate of the Victorian homes, a small group of volunteers who were members of the Los Angeles chapter of the American Institute of Architects' Historic Building Committee helped pass the City’s Cultural Heritage Ordinance in 1962. Along with the City’s Municipal Art Commission, they worked on the ordinance that would create a citizens board to survey, identify and protect historic sites throughout the city. In their efforts, they were able to designate two properties that were on the bulldozer’s path; the Castle and the Salt Box. Rueben M. Baker built both homes in the mid-1880s as single-family residences, but as time and trends progressed in Bunker Hill, both lost its grandeur and eventually became multiple tenant homes. Unfortunate for us and those early preservationists, the salvaged 80 year old homes never reached restoration. Once moved to an area called Heritage Square, where they would be displayed as living museums of the past, vandals torched them to the ground.

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85 The Salt Box was declared Historic Cultural Monument #5 in October in August 1962. the Castle which became HCM #27 in May 1964.

CRA/LA self-recognition of preservation and its benefits have become more prevalent in the 20 years, rather than since the adoption of the CBD Redevelopment Project, as originally thought. Though the CBD does give recognition to historic sites in the Project Area, it is due to the initiatives passed by the Cultural Heritage Board of the City of Los Angeles. The CBD proposal clearly states the preservation of “landmarks,” which have been designated by the Cultural Heritage Board:

*To preserve key landmarks, which highlight the history and unique character of the City – blend old and new in an aesthetic realization of change or growth with distinction. Within the Project area, the Cultural Heritage Board of the City of Los Angeles has designated the following structures as historical monuments:*

a. *Bradbury Building*

304 South Broadway

b. *St. Joseph’s Church*

218 East 12 Street

c. *St. Vibiana’s Cathedral*

114 East 2nd Street

d. *Fire Station #23*

225 East 5th Street

e. *California Club*

538 South Flower
f. Central Library
630 West 5th Street

g. Biltmore Hotel
515 South Office

h. Philharmonic Auditorium
427 West 5th Street

i. St. Paul’s Cathedral
615 South Cathedral

j. Los Angeles Athletic Club
431 West 7th Street

k. Palm Court, Alexandra Hotel
5th and Spring Streets

l. Cole’s P.E. Buffet
118 East 6th Street

m. Garfield Building Lobby
403 West 8th Street

n. Global Marine Building
811 West 7th Street
This Section 4 01.8 is intended only as recitation of the fact that these structures have been so designated by the Cultural Heritage Board subject to and pursuant to Section 22.130 of the Municipal Code.87

Through its amendments throughout the years, the CBD has been able to incorporate more downtown areas in its Project Area and focus on the rehabilitation of buildings for affordable housing, converted office to residential, and office space. Such areas would include Central City East, which has rehabilitated numerous SRO hotels into affordable housing. In the final amended CBD Redevelopment Project Proposal, dated July 18, 2010, the CRA/LA names the Residential Hotels Program as one of the goals for the area as well as listing the number of buildings and square feet they have rehabilitated throughout the years. In efforts to preserve existing housing units available to lower income households within the City Center and Central Industrial Project Areas that development pressures increasingly threaten with demolition, the CRA/LA has been seeking ways “to acquire and finance the rehabilitation of residential hotels into permanent affordable housing with 55-year covenants beginning with this Implementation Plan period.” In order to succeed in their rehabilitation goals, CRA/LA cites the need to use financial consultant as ways to identify various and innovative ways to finance the acquisition and rehabilitation of the historic hotels, in order to

87 United States, Los Angeles City Council, Community Redevelopment Agency of the City of Los Angeles, Central Business District Redevelopment Project (Los Angeles, 1975), 18.
“...maximize the availability and use of outside funding sources (including CDBG float loans, tax-exempt bonds, Low-Income Housing Tax Credits, historic tax credits and façade easements, Proposition 1C funds, and California Department of Housing and Community Development Multifamily.”

Though much CRA/LA has an extensive amount of work in the low-income housing realm, they have also changed downtown and the amount of market-rate apartments and hotels available throughout the Historic Core and the Financial District. Taking full advantage of the Adaptive Reuse Ordinance (ARO), CRA/LA was able to broker deals with private investors to help rehabilitate numerous historic buildings in the CBD. Most of the projects have been the conversion of older office buildings into apartment and live/work spaces. Most recently, booming downtown has attracted the interest of hotel companies, such as the boutique hotel company, ACE.

The Adaptive Reuse Ordinance was approved by City Council in 1999 and revised in 2002. Its aim is to “revitalize Los Angeles’ architectural and cultural resources and encourage the development of live/work communities.” In an interview, Dave Neubecker, Assistant Project Manager at CRA/LA described how much of the revitalization work done in downtown was made possible by offering investors special incentives provided by the ARO. The first area to take advantage of the CRA/LA and ARO’s incentives was Spring Street in the old Financial District of downtown. Once regarded as the “Wall Street of the West,” it

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88 United States, Los Angeles City Council, Community Redevelopment Agency of the City of Los Angeles, Central Business District Redevelopment Project Amended (Los Angeles, 2007), 17.

89 Adaptive ReuseHandbook, 11.
saw a huge disinvestment during the 1970’s and 80s. Until its rehabilitation in the early 2000, most of the buildings were left abandoned.

CRA/LA was able to implement the ARO by brokering a deal with developer Tom Gilmore in 1999. In order to attract him to the Old Bank District project at Fourth and Main streets he was pardoned of certain building code requirements, such as parking. ARO’s flexibility has made investment in the Historic Core and Financial District more appealing. Upon its completion in 2001, the building was fully occupied and triggered new construction in downtown. By 2003, due to the success of rehabilitated buildings, CRA/LA no longer had to give incentives to incoming investors.\(^90\) In total, 15,000 new residents were created, bringing in 20,000 new residents and rehabilitating 45 historic buildings.\(^91\) The Downtown Los Angeles Demographic Study 2011, compiled by the Downtown Center Business Improvement District calculated that in total, Downtown has 29,429 apartments and condominiums and 46,400 residents. Prior to the ARO, there were about 18,000 inhabitants and 11,626 residential units in Downtown.\(^92\)

Further analysis of redevelopment proposals in the past 10 years shows not only the acknowledgment of preservation, such as the 1975 proposal, but the act of preservation and rehabilitation as a integral goal within CRA/LA’s

\(^{90}\) Dave Neubecker Interview January 3, 2012

\(^{91}\) Ibid.

redevelopment process. The amended CBD proposal of 2007 mentions the 20 million square feet of office, retail, industrial, and institutional space have been developed, of which over 3 million square feet are in rehabilitated buildings of architectural, historical, or cultural merit.\textsuperscript{93} The same documents also list 9 projects in Downtown that have been rehabilitated and used for housing.\textsuperscript{94} Hollywood Blvd and Franklin Ave Redevelopment Project, drafted in 2010, though located outside of the CBD, further demonstrates the integration of preservation in the agency by adhering to the Secretary of the Interior’s Standards for Rehabilitation.\textsuperscript{95} The document not only references the Standards as the document to be referenced throughout the historic project, but it consists of a whole section on Preservation. The section consists of: Architectural and Historical Resources Definition, Historic Designation, Determination of Appropriate Reuse, Rehabilitation, and/or Preservation Method, and hiring Professionals with Rehabilitation Experience.\textsuperscript{96}

What has proven to be most significant in the analysis of redevelopment agencies has been the stabilization of neighborhoods and the realization in part of the agencies. In 2010, Glenn F. Wasserman, CRA/LA’s Chief Operating Officer, was quoted as saying,

\begin{flushleft}
\textsuperscript{93} Central Business District Redevelopment Project Amended (Los Angeles, 2007), 5.\textsuperscript{94} See Appendix D\textsuperscript{95} United States, Community Redevelopment Agency of Los Angeles, Hollywood Boulevard District and Franklin Avenue Design District, Urban Design Standards and Guidelines (Los Angeles: CRA/LA, 2011), 22.\textsuperscript{96} Ibid.,25.\end{flushleft}
“CRA/LA’s commitment to preservation is an important part of our agency’s culture… We’ve seen the benefits of preservation and how it contributes to the stabilization and revitalization our communities.”

Seen as an important economic engine, Wasserman mentioned CRA/LA’s focus in preservation in the last 20 years was based on studies conducted nationwide regarding its benefits. In order to appeal to new investors and later attracting residents to proposed developments, the Agency realized it was more viable to invest in designated historic districts, since their studies showed property values went up by 20 percent. In California, a 2008 study found that properties with a historic designation had values 16 percent higher than those without the designation. The Agency not only saw the benefits of preservation for themselves and pockets, but also for the nearby economy. They also have focused on bringing in more jobs by way of their rehabilitation projects. Rehabilitation projects create 43 to 49 new jobs per $1 million spent compared to only 40 jobs for the same amount spent on new construction.

CRA/LA has successfully in the past 20 years proven itself not only as a powerful entity in regards to redevelopment, but also in historic preservation. Far-evolved from its roots as a small federally funded organization with sights set on the destruction of older communities; its strived in creating jobs, stabilizing communities, and revitalizing communities by using preservation. Its usage of


98 Ibid.
preservation served as a catalyst for restoration and creation of a booming Downtown within the last 15 years. In the hands of CRA/LA, preservation tools and incentives thrived throughout the city. Though unrelated, city incentives, such as ARO, could have not been as successful and realized to their full extent had it not been for the help of CRA/LA. The Agency, akin to their potential, was able to merge and solve two unrelated problems; the preservation of fading structures and the economic revitalization of failing neighborhoods.
Chapter 7 Conclusion

It is unfortunate the lack insight government had in regards to the abolishment of redevelopment agencies in California. With their mind’s set on a quick fix, they’ve not only killed one of the major economic engines in the state, but also risk losing the state’s cultural heritage and its immense economic benefits. Though redevelopment agencies have had their share of bad press and questionable practices, their work done in preservation in the last 20 years has proven their understanding of cultural heritage and its myriad of economic and social benefits. The Central Business District stands as a beacon of not only the action taken by early preservation advocates after the loss of Bunker Hill, but also the evolution of CRA/LA. Though the City’s Cultural Heritage Ordinance was ground breaking and overshadowed by New York’s Landmarks Preservation Committee, the continuous caretaking of these sites could not have been realized without the help of an organization like CRA/LA.

Designation of buildings and their recognition are obviously important in the field, but that isn’t always enough. Is designating an old building, as beautiful as it may be, a success when it’s left abandoned and unused? Older buildings are more likely to be in an undesirable, blighted area, especially in cities like Los Angeles where urban sprawl continuously entices the wealthier population into the suburbs. Unlike cities like San Francisco and New York, whose city boundaries have clearly been set by geographical constraints decades ago, most of the cities in the United States are like Los Angeles; abundant in land and sprawl potential. Due to this, companies and residents alike have focused on the
new, rather than dealing with maintenance and retrofitting of existing historic structures. So even if we designated all of downtown Los Angeles, what good would it do if businesses and residents are disenfranchised by the area? Most of the success in redevelopment and rehabilitation, as well as the revitalization of the business district is largely due to CRA’s efforts; making downtown a desirable place to live. All preservation efforts would be lost if the buildings are unappealing to anyone. For many years and even today, older theaters and large department stores stood vacant in downtown. It was CRA’s incentives and focus on adaptive reuse that attracted investors back into the area. Furthermore, the city’s Adaptive Reuse Ordinance, though successful, could not have appealed to so many investors had it not been with the aid of CRA.

The financial crisis facing California is of obvious concern to all living in the state and one can understand the Governor’s agitation to solve issue at hand, the abolishment of CRA will only be a short lived solution to the grave problem. As tempting as the 5 billion dollars in revenue the agencies bring in, the Governor and the Supreme Court are missing the bigger picture. That money brought in by the agencies will not continue to grow now that the agencies are extinct. The money comes in due to continuous reinvestment in other communities. If reinvestment in blighted areas ceases, so will the money. The Governor’s brash decision will eventually hurt California. The once blighted areas stand the chance of falling back into disrepair once reinvestment disappears. Furthermore, the agencies didn’t just bring in 5 billion dollars in property tax; they also created thousands of jobs throughout the state. The
abolishment of these agencies not only exterminates job associated to new construction, but it also does with the numerous industries associated with preservation work.

It’s as if history repeats itself. Redevelopment agencies have been criticized for years for their lack of oversight and their seemingly evolving definition of blight. But what must be understood is that the majority of these agencies originally weren’t founded to combat high rates of blight in California cities, but rather, it was a survival tactic against Proposition 13. Prop 13 left cities in desperate need for money after its resident’s near-sightedness. Though the state has seen a diminution in city funding, city officials were prompted to create redevelopment agencies to cover the financial black hole its own residents had created. In essence, redevelopment agencies have served as a scapegoat for the decision made in 1978. Thanks to redevelopment agencies, California residents have yet to experience the results of their ill-thought-out decision.

Having been founded as a way to cover up the loss of funding after Prop 13, it comes as no surprise why early redevelopment agency tactics focused on other forms of revitalization. In essence, they were run by desperate city officials, prompting new ways to make up for their tax revenue loss.

Though it is to be understood that these agencies were never intended to do preservation work, Bunker Hill the prime example, these agencies had in the past years come full circle in their practice. As we’ve become more aware and concerned with sustainability, as preservation’s voice has become stronger, redevelopment agencies have evolved along. Preservation was born from urban
renewal, in essence, they have also been intertwined. It seemed as though these two polar opposite entities had finally reached a compromise, aiding each other’s fight. Both entities had helped preserve California’s cultural heritage, while keeping the state financially afloat.

Having been taken over by successor agencies starting February 1, 2012, the task at hand in terms of preservation is figuring out what will happen to the numerous historic properties owned by these agencies. Part of the successor agency’s task is to liquidate all assets. Whether or not one might agree that these agencies conducted proper preservation work, they at least had preservation guidelines and were in the eye of the public. If these properties get sold off at auction, there will be more of monitoring their care. One can only hope that the new owners will value the heritage of these historic buildings, but for all we know, these properties can end up abandoned in hopes of condemnation like so many property owners have done in the past. As mentioned before, it would be vital to conduct a survey of all properties currently in possession of the CRAs throughout the state.

Based on the sudden decision to abolish the agencies, it would be rather unfeasible to quickly comprise an agency that would have enough power to survey the whole state before properties are auctioned off. Though each city and redevelopment agency throughout the state selected different entities as their successor agencies; CRA/LA and its preservation efforts may not come to a complete stop. Successor agencies, as specified in the bylaws, are given the ability to advocate for the retention or completion of projects. There are currently
many projects in the pipeline, though yet unclear due to recent events, there’s a
glimmer of hope. Having witnessed the amount of economic benefits the city has
experienced by way of CRA and its extensive rehabilitation work, it would be in
the successor’s best interest to retain the proposed projects.
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H.R. 33000, Congressional Record (1945) (enacted).


Appendix A: Bunker Hill

Figure 4 Bunker Hill Aerial View 1939 (USC Digital Archives)

Figure 5 Bunker Hill Aerial View 1965 (USC Digital Archives)
Figure 6 Bunker Hill Aerial View 1972 (USC Digital Archives)

Figure 7 Bunker Hill Aerial View 2010 (CRA/LA)
Figure 8 Bunker Hill Redevelopment Study 1950 (USC Digital Archives)

Figure 9 609 South Grand Avenue. Date Unknown (USC Digital Archives)
Figure 10 Tax Revenue in Bunker Hill, Date Unknown (USC Digital Archives)
Figure 11 South Bunker Hill Survey 1958 (CRA/LA)

Figure 12 South Bunker Hill Survey Legend 1958 (CRA/LA)
Figure 13 Bunker Hill Survey Map, 1958 (CRA/LA)

Figure 14 Bunker Hill Survey Map, 1958 (CRA/LA)
Figure 15 Bunker Hill Survey Map, 1958 (CRA/LA)

Figure 16 Bunker Hill Survey Map, 1958 (CRA/LA)
Area Included in Bunker Hill Redevelopment Project

Plans for Dream City Waiting for Signal to Start Work

Figure 17 LA Times Feb 10 1959 (CRA/LA)
Figure 18 Bunker Hill Project Proposed 1960 (CRA/LA)

Figure 19 Bunker Hill Project Proposed 1962 (CRA/LA)
Figure 20 Salt box and Castle 1969 (CRA/LA)
Figure 21 The Saltbox 1969 (CRA/LA)

Figure 22 The Castle 1968 (CRA/LA)
Figure 23 3rd and Hill 1901 (USC Digital Archives)

Figure 24 3rd and Hill 1930s (USC Digital Archives)
Figure 29 4th and Hill 1939 (USC Digital Archives)

Figure 30 4th and Hill 1939 (USC Digital Archives)
Figure 33 Bunker Hill before urban renewal date unknown (CRA/LA)

Figure 34 Bunker Hill 1969 (USC Digital Archives)
Figure 35 Bunker Hill 1970 (USC Digital Archives)

Figure 36 Bunker Hill before Urban Renewal Date Unknown (CRA/LA)
Figure 37 Bunker Hill after Urban Renewal 2010 (CRA/LA)

Figure 38 Bunker Hill before Urban Renewal Date Unknown (CRA/LA)
Figure 39 Bunker Hill after Urban Renewal 2010 (CRA/LA)
Appendix B: Center Business District

Figure 40 Grand Central Market before Adaptive Reuse (CRA/LA)

Figure 41 Grand Central Market after Adaptive Reuse (CRA/LA)
Figure 42 Theatre Center before Addition 1983 (CRA/LA)

Figure 43 Theatre Center after Addition (CRA/LA)
Appendix C: Center Business District Amended

Figure 44 Rivers Hotel before Renovation (CRA/LA)

Figure 45 Rivers Hotel after Renovation (CRA/LA)
Figure 46 New Terminal before Renovation (CRA/LA)

Figure 47 New Terminal after Renovation (CRA/LA)
# Appendix D

## CRA/LA Adaptive Reuse Historic Preservation Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Type</th>
<th>Land Use</th>
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<td>Grand Lofts (Western Auto Supply)</td>
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## CRA/LA Assisted Historic Preservation Projects

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<tr>
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<td>Stock Exchange nightclub</td>
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<tr>
<td>Banco Popular/H.W. Hellman Bldg</td>
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</tr>
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</table>
Index

A
AB x 126, 34
AB1x26 Dissolution Key Dates, 38
Active municipal redevelopment agencies, 2
Adaptive Reuse Ordinance, 2, 64
Affordable housing, 6, 21, 31, 32, 33, 46, 51, 53, 54, 57, 63
ARO. See Adaptive Reuse Ordinance,
Assembly Bill x 126, 2, 28, 34

B
Blighted, 1
Blighted area, 17
Brown, Jerry, 28
Bunker Hill, 26, 31, 40, 41, 42, 43, 44, 45, 47, 48, 49, 50, 51, 52, 53, 58, 59, 60
Bunker Hill Urban Renewal Project, 47
Bureau of the Census, 8

C
California’s Community Redevelopment Act, 14
CBD. See Central Business District
Central Business District, 46, 52
Central City East, 53, 56, 63
City’s Cultural Heritage Ordinance, 60
City’s Municipal Art Commission, 60
Community Redevelopment Act of 1945, 15, 16, 23
Community Redevelopment Agency, ii, 4, 5, 14, 38, 40, 47
Community Redevelopment Agency of Los Angeles, ii, 4, 14, 40
Community Redevelopment Law, 25
Condemnation, 23
CRA/LA, iii, 5, 6, 7, 33, 37, 38, 39, 40, 41, 42, 47, 48, 49, 50, 54, 57, 58, 61, 63, 64, 65, 66, 67, 69, 70
Criticism and Abolishment of Redevelopment Agencies, 31

E
Economy, 9
Eminent domain, 22
Evolution of redevelopment agencies, 4

G
G.I., 17
Gold Rush, 9

H
Heritage Square, 60
Housing Act of 1949, 14, 19, 21

I
Incentives, 1, 5, 27, 58, 64, 65, 68, 69, 70
Indirect preservation, 1

J
Jacobs, Jane, 4

K
Kelo v. City of New London, 23

L
LA Conservancy, 5, 6
Landmarks Law, 4
Landmarks movement. See Landmarks Preservation Commission
Landmarks Preservation Commission, 4
Los Angeles, iii, 2, 5, 6, 8, 9, 10, 11, 12, 14, 20, 26, 38, 41, 42, 43, 44, 46, 49, 51, 52, 53, 58, 60, 61, 62, 64, 65, 70
Los Angeles Public Library, 51

M
Main Street, 5, 52, 53
Migrants, 9
Migration, 8, 10
Mills Act, 1

N
National Housing Act, 15
Neubecker, Dave, iii, 41, 42, 64, 70
Oklahoma, 10

Pei, I.M., 48
Pen Station. See preservation movement
Population shifts, 8
Preservation movement, 3
Project area, 25
Project Area Committee, 26
Project Financing, 27
Prop 13, 24, 32
Property taxes, 3, 24, 27, 32, 35, 36

RDA, 25, 26, 27, 34
Redevelopment, 16
Redevelopment Projects, 25
Residents, 3, 8, 10, 14, 24, 25, 28, 29, 46, 47, 50,
56, 57, 65, 67, 70
Revitalize, 5, 7, 54, 64

San Fernando Valley, 10
San Pedro, 10, 53
Shift in the transportation, 10

Slums, 5, 14, 19, 20
Southern California, 10, 32, 52
Speculation, 9, 45
SRO Hotel Rehab Program, 57
State budget, 28
Structure of Redevelopment Agencies, 23

Tax-increment financing, 15, 29
The Castle, 60
The Fair Deal, 20
The Great Depression, 9
The Salt Box, 60
TIF, 32, 34, See tax increment financing
Truman, 20

Urban decay, 14, 57
Urban renewal, 3, 15, 18, 23, 32, 40, 41, 42, 50,
58

Wasserman, Glenn F., 67
Williamson Act, 1
Wilshire Center/Korea Town Redevelopment
Project Area, 58
World War II, 9, 15, 46