

THE END OF AN EMINENT DOMAIN FIGHT

Pfizer to Leave Kelo Case Site in New London

BY SCOTT BULLOCK

Pfizer, Inc. moved to New London, Connecticut in 2001 as part of a project that involved massive corporate welfare and that led to the abuse of eminent domain, culminating in the landmark U.S. Supreme Court case, *Kelo v. City of New London*. In spite of this, Pfizer announced on November 9, 2009 that the company will be closing its research and development headquarters in New London.

Under the original plan, New London provided the land to Pfizer at a nominal cost and also provided environmental cleanup to the site, which had previously contained an old mill. The plan also called for redevelopment of an area near the Pfizer headquarters called Fort Trumbull, a working class neighborhood which housed approximately 70-80 homes, as well as a few smaller businesses and an abandoned Navy base. The plan called for this area to be replaced by an upscale hotel, office buildings, and new housing. According to the plan, this redeveloped area would take advantage of the opportunities presented by the new Pfizer facility and would complement that facility, leading to job growth and increased taxes for New London. The State agreed to provide \$78 million for the project. Pfizer received an 80% tax abatement for 10 years. The State agreed to pay 40% of the abated taxes to New London.

Seven families refused to sell their homes, and the city and the New London Development Corporation (NLDC) filed eminent domain actions. Represented by my organization, the Institute for Justice, the homeowners opposed the condemnations. The case reached the U.S. Supreme Court in 2005. In a 5-4 decision, the Supreme Court held that taking property for “economic development” does not violate the U.S. Constitution’s Takings Clause.

Due to the overwhelming backlash to the *Kelo* ruling, 43 states have now reformed their laws to better protect property owners. These reforms vary—some virtually prohibit eminent domain in redevelopment projects; most eliminate the use of eminent domain for economic development; many limited condemnation for blight or redevelopment projects; and some made only minor or procedural changes to eminent domain statutes. Unfortunately, Connecticut was one of the states that made the most minor changes.

What’s more, seven state high courts have stepped in post-*Kelo* to protect the rights of homeowners against eminent

domain abuse. The high courts of Hawaii, Ohio, Oklahoma, Pennsylvania, Missouri, New Jersey and Rhode Island have all ruled in favor of property owners and against eminent domain for private gain. Also, as a result of the ruling, the general public is now much more informed about eminent domain for private development, and polls consistently show that an overwhelming majority of the public is opposed to it.

Meanwhile, in New London, there had been no new construction on any of the land that had already been acquired. After the decision, the remaining residents of New London were forced out. The Fort Trumbull site was completely cleared and it has remained empty ever since. After much controversy and many extensions of time to the chosen developer, the city terminated the development agreement. No new developer has been chosen. The proposed Coast Guard museum for the area has been put on indefinite hold. The area, apart from having some new roads and utility lines, has become home to a feral cat colony, birds and weeds.

And now, just before its 80% tax abatement expires, Pfizer is moving out too. The city and the NLDC blame the economy. But the redevelopment plan was failing even before the real estate downturn. With its massive taxpayer subsidies and catering to one large corporation, the plan was never market driven. But even if the economy alone were to blame, that is all the more reason why taxpayer dollars should not be put at risk in speculative and risky development schemes.

For years, the disastrous Fort Trumbull project will be Exhibit A in demonstrating the folly of government plans that involve corporate welfare and that abuse eminent domain for private development. Hopefully, city officials, planners, and developers will take the Fort Trumbull experience to heart and pursue revitalization efforts only through voluntary, not coercive, means.



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