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ANCHOR: MIKE WALLACE

MIKE WALLACE, co-host: Just about everyone knows that under a process called 'eminent domain,' the government can and does seize private property for public use, to build a road or a courthouse. But did you know the government can also seize your land for private use if they can prove that doing it will serve what is called 'the public good'? Cities across the country have been using eminent domain to force people off their land so that private developers can build more expensive homes and offices which will pay more in property taxes than the buildings they are replacing?

Under eminent domain, the government buys your property, paying you what is determined to be fair market value. But now, people who don't want to sell their homes at any price just to see their land go to another private owner are fighting back.

Mr. JIM SALEET: The bottom line is this is morally wrong what they're doing here. This is our home, and we're going to stay here. And I'm going to fight them tooth and nail. I've just begun to fight.

(Footage of Wallace with the Saleets; Saleets' home)

WALLACE: (Voiceover) Jim and JoAnn Saleet are refusing to sell the home they've lived in for 38 years in a quiet neighborhood of single-family houses in Lakewood, Ohio, just outside Cleveland. The city of Lakewood is trying to use eminent domain to force the Saleets out to make way for more expensive condominiums. But the Saleets are, in effect, telling the town, 'Hell no, they won't go.'



(Footage of Saleets' walking, holding hands)



Mr. SALEET: (Voiceover) We talked about this when we were dating.

I used to point to the houses and say, 'JoAnn, one of these days we're going to have one of these houses.' And I meant it. And I worked hard.

WALLACE: What'd you do?

Mr. SALEET: I worked in the pharmaceutical industry. And we worked very hard for this and paid it off. And we said, 'Oh, we've got it.' We paid off our home, I retired, and now we're going to spend the rest of our days here and pass this on to our children.

(Footage of Mayor Cain at work; Saleets' home and neighboring houses; apartment buildings and businesses in Lakewood; Cain at work)

WALLACE: (Voiceover) But Lakewood's mayor, Madeline Cain, has other plans. She wants to tear down the Saleets' home, plus 55 homes around it, along with four apartment buildings and more than a dozen businesses, so that private developers can build high-priced condominiums and a high-end shopping mall, and thus raise Lakewood's property tax base.

Mayor MADELINE CAIN: This is a project that...

(Footage of Mayor Cain; town meeting)

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WALLACE: (Voiceover) The mayor told us she sought out a developer for the project because Lakewood's aging tax base has been shrinking, and the city simply needs more money.

Mayor CAIN: This is about Lakewood's future. Lakewood cannot survive without a strengthened tax base. Is it right to consider this a public good? Absolutely.

WALLACE: What you're saying, effectively, is that the Saleets' neighborhood has to be sacrificed for the greater good of the city of Lakewood.

Mayor CAIN: I guess I'm saying that that neighborhood is being asked to—and it's difficult and it's unfortunate that they are being asked to give up their homes.

Mr. SALEET: They want this whole area because of the view of the park.

WALLACE: Well, it's a beautiful view.

Mr. SALEET: It is an awesome view.

(Footage of park)

Mr. SALEET: (Voiceover) They know it's gorgeous, and they want it. It's that simple.

WALLACE: (Voiceover) This whole area is called Scenic Park. But that's the problem.

Because it is so scenic, it's a prime place to build up-scale condominiums. With great views over the Rocky River, those condos will be a cinch to sell.

(Footage of homes in Saleets' neighborhood)

WALLACE: (Voiceover) But the condos can't go up unless the city can remove the Saleets and their neighbors through eminent domain. And to legally invoke eminent domain, the city had to certify that this Scenic Park area is really, quote, "blighted."



Mr. SALEET: We're not blighted. This is an area that we absolutely love. This is a close-knit, beautiful neighborhood. It's what America's all about. And, Mike, you don't know how humiliating this is to have people tell you, you live in a blighted area, and how degrading this is.

WALLACE: You're the mayor. You know the place. Tell me what is blighted about that area.

Mayor CAIN: The term 'blighted' is a statutory word. It is—it really doesn't have a lot to do with whether or not your home is painted. It is a legal...

WALLACE: What does it have to do with? What do...

Mayor CAIN: ...statutory term...

WALLACE: Meaning?

Mayor CAIN: ...that is used to describe an area. And the question is whether or not that area can be used for a higher and better use. Whether that area...

WALLACE: Wait, wait, wait. What does that mean? 'A higher and better use.' What's higher and better than a home?

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Mayor CAIN: The term 'blight' is used to describe whether or not the structures generally in an area meet today's standards.

WALLACE: And it's the city that sets those standards. So Lakewood set a standard for blight that would include most of the homes in the neighborhood. The home could be considered blighted if it doesn't have the following:

Mr. SALEET: Three bedrooms, two baths, an attached two-car garage and central air. Now this community's over 100 years old. Who has all those things?

WALLACE: You mean it's blighted if it doesn't have three bedrooms?

Mr. SALEET: Those things I just told you, that's the criteria. And it's ridiculous.

WALLACE: You don't have central air.

Mrs. JOANNE SALEET: No. And we don't need it because of the air. We always have a breeze whipping through here.

WALLACE: Sure.

Mr. SALEET: We're right off Lake Erie.

Mrs. SALEET: It's beautiful. I would...

Mr. SALEET: The breeze comes right through here all the time. We counted all the attached garages in Lakewood. There's 20 in the whole city.

Mrs. SALEET: We counted 20 and a...

Mr. SALEET: And by the way, we got up at a meeting and told the mayor and all seven council members their houses are blighted, according to this criteria.



WALLACE: My understanding is that using the criteria that are in place, more than 90 percent of the houses in Lakewood could be deemed blighted, including the houses of the mayor and of every one of the city council members. True? Do you have two bathrooms?



Mayor CAIN: No.

WALLACE: Blight. Two-car garage?

Mayor CAIN: No.

WALLACE: Blight. Is the garage attached?

Mayor CAIN: No.

WALLACE: Blight. And your lot size is under 5,000 square feet?

Mayor CAIN: Oh, well under.

WALLACE: You've called that area a 'cute little neighborhood.' You didn't call it a 'cute little blighted neighborhood.' I mean, you and I know that it's not a blighted neighborhood.

Mayor CAIN: I would never personally walk that neighborhood and indicate that that neighborhood is not attractive or—I mean, I would never say that.

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WALLACE: It's a cute little neighborhood.

Mayor CAIN: It is a cute little neighborhood. You'll get me to say it on the record. It is a cute little neighborhood.

(Footage of neighborhood)

WALLACE: (Voiceover) Cute, maybe, but without those new condos it won't produce enough property taxes to satisfy the mayor and the city council.

Mr. SALEET: That's no excuse for taking my home.

Mrs. SALEET: It's not...

Mr. SALEET: My home is not for sale. And if my home isn't safe, nobody's home is safe in the whole country—not only Ohio, but this is rampant all over the country. It's like a plague.

Ms. DANA BERLINER: This is a nationwide epidemic. We have documented more than 10,000 instances of government taking property from one person to give it to another in just the last five years.

WALLACE: (Voiceover) Dana Berliner and Scott Bullock are attorneys at a libertarian non-profit group called The Institute for Justice, which has filed suit on behalf of the Saleets against the city of Lakewood. They claim that taking private property this way is unconstitutional.

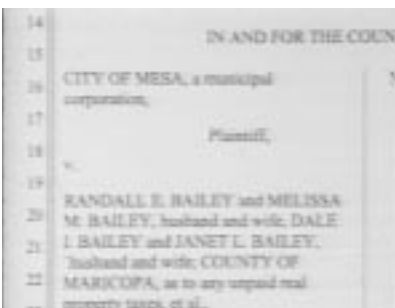


Mr. SCOTT BULLOCK: It is fundamentally wrong and contrary to the Constitution for the government to take property from one private owner and hand it over to another private owner, just because the government thinks that person is going to make more productive use of the land.

Ms. BERLINER: Everyone knows that property can be taken for a road, but nobody thinks that property can be taken to give it to their neighbor or the large business down the street for their economic benefit. People are shocked when they hear that this is going on around the country.

WALLACE: (Voiceover) And it's not just people's homes that are the targets in these eminent domain cases. The Institute for Justice has also filed suit against the city of Mesa, Arizona, to save Randy Bailey's brake repair shop, the shop he got from his father and hopes someday to pass on to his son. The city of Mesa, citing the need for redevelopment, is trying to force Bailey to relocate to make way for an Ace Hardware store that would look better and pay more taxes.

Mr. RANDY BAILEY: Redevelopment to me is a—you know, work with the existing people there and redevelop.



WALLACE: Right.

Mr. BAILEY: Not 'You get out. We're bringing this guy in.'

(Footage of Bailey's Brake Service shop)

WALLACE: (Voiceover) Bailey's Brake Service has been on this corner for more than 30 years.

Mr. BAILEY: In Mesa, this is the corner—Main Street and Country Club.

Mr. BAILEY: (Voiceover) There's not a better corner in this city.

WALLACE: And business has been pretty good down the years?

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Mr. BAILEY: Business has been awesome.

WALLACE: Now what used to be in all of this property? I mean, everything else has disappeared?

Mr. BAILEY: The city come in and—and got immediate possession and started demolishing it, making it dirt.

(Footage of vacant lots around Bailey's Brake Service)



WALLACE: (Voiceover) The city has made dirt out of three restaurants and four businesses that once stood on this five-acre lot.

Mr. BAILEY: And it's not just business properties that they're doing this on. You know, they wiped out eight people's homes over here. You know, your home ain't even safe.

(Footage of Wallace and Bailey)

WALLACE: (Voiceover) Bailey told us his neighbors let the city buy them out, but he's refusing to sell.

Mr. BAILEY: I'm—I'm standing in their way. I'm their thorn in their side.

(Footage of Ken Lenhart at Ace Hardware; Lenhart's store sign; Lenhart)

WALLACE: A thorn in the side of Ken Lenhart, who owns the Ace Hardware store a few blocks away. Lenhart wants a much bigger store. He could have negotiated with Bailey, but instead he convinced the city of Mesa to try to buy Bailey's land through eminent domain and then sell it to him.

Mr. KEN LENHART: The city of Mesa wants to move Mr. Bailey about a block away, and from what I understand it's going to be a new building, new equipment, moving expenses and everything's set up for him. I don't see how Mr. Bailey's going to get hurt.

Mr. BAILEY: You can't replace a business that's been in the same location. This place was built in 1952 as a brake and front end shop. I don't care where you move it in the city of Mesa, it would never be the same.

(Footage of Wallace and Bailey)

WALLACE: (Voiceover) So Bailey went to Lenhart looking for a way to stay on his corner.

Mr. BAILEY: I've tried to go to him and see if we couldn't work something out on this. And he told me, 'No, there ain't room for you there. We're going to let the city just take care of you.'

WALLACE: Did you ever sit down and try to negotiate with him?



Mr. LENHART: No, I never did.

WALLACE: Redevelopment seems to me to make obvious good sense. But the right of eminent domain, to take one man's private property, Randy Bailey, to give it, in effect, to Ken Lenhart for his private property.

Mr. LENHART: It happens all over the country. In practically any town you want to go to, they're redeveloping their town centers.

WALLACE: Right.

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Mr. LENHART: Now are we going to sit in Mesa, Arizona, and have our town center decay? As a citizen of Mesa, I don't want that to happen.

Mr. BAILEY: If I'd have had a 'for sale' sign out there, it'd been a whole different deal. And for them to come in and tell me how much my property's worth, and it—for me to get out because they're bringing in somebody else, when I own the land, is unfounded to me. It don't even sound like the United States.

WALLACE: (Voiceover) And this isn't happening just in small towns.

Right here in New York City, a few blocks away from Times Square, New York state has forced a man to sell land on that corner over there that his family had owned for more than 100 years. And what's going up instead? A courthouse? A school? Nope. The new headquarters of The New York Times.

(Footage of city block in New York City; Mike Wallace with Stratford Wallace; real estate developer's office building)



WALLACE: (Voiceover) It seems the world's most prestigious newspaper wants to build a new home on this block. But Stratford Wallace and the block's other property owners did not want to sell. Wallace told us the newspaper never tried to negotiate with him. Instead, The Times teamed up with a major real estate developer, and together they convinced the state to use eminent domain to force Wallace out by declaring the block blighted.

Mr. STRATFORD WALLACE: I challenge them. This is not—this is not blighted property, nor is this property over here blighted.

(Footage of Supreme Court building; The New York Times office building)

WALLACE: (Voiceover) But New York state's Supreme Court disagreed. The court ruled that the newspaper's new headquarters would eliminate blight, and that even though a private entity—The New York Times—is the main beneficiary, improving the block would benefit the public. New York Times' executives would not talk to us about it on camera.

(Footage of Wallace with the Saleets; Saleets' home; poster on window which reads: Citizen of Lakewood help us fight, stop eminent domain abuse)



WALLACE: (Voiceover) Back in Lakewood, Ohio, Jim and JoAnn Saleet are still waiting for their court decision. Most of their neighbors have agreed to sell if the project goes ahead. But the Saleets, plus a dozen others, are hanging tough.

Mr. SALEET: I thought I bought this place, but I guess I just leased it until the city wants it. That's what makes me very angry. This is my dream home and I'm going to fight for it.

WALLACE: Now the fight is moving to the ballot box. Lakewood residents opposed to the development have gathered enough signatures to force a citywide referendum on it come November.

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