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Future of Lafayette Redevelopment is Uncertain

By Cathy Tyson

The City Council has to decide the fate of the Redevelopment Agency (RDA) before Halloween. At the moment, after an in-house report and a thorough review by an independent analyst, the Council is undecided.

At issue is choosing to pay over \$414,000 this year and approximately \$100,000 in subsequent years to continue to have a Redevelopment agency.

With two bills - AB 26 and AB 27, the "Dissolution Bill" and the "Continuation Bill", the state of California is adjusting all Redevelopment agencies, as part of fiscal year 2011 - 2012 budget. AB 27, "Allows for cities to continue their Redevelopment agencies provided they pay a large upfront 'ransom' as well as ongoing payments to the State annually," said Tracy Robinson, Administrative Services Director, in a staff report.

However the California Redevelopment Agency is suing to block those measures; the case, being heard by the California Supreme Court, has not yet been decided. If the matter is deemed unconstitutional, no decision is necessary and the RDA will stay as is.

If this seems rather like déjà vu, recall that the state pulled \$1.1 million from Lafayette's RDA for an "Educational Revenue Augmentation Fund" just a few years ago. In response, voters in Lafayette and across California approved Proposition 22 in November 2010 to stop the state from pulling funds from redevelopment again.

Redevelopment agencies are funded through a portion of property taxes and help local municipalities eliminate blight and develop projects that benefit a targeted area and its economy, such as affordable housing and job creation.

Neither Orinda nor Moraga have RDAs.

Lafayette's RDA was formed in 1995. Since then the Lafayette Library and Learning Center, the Veterans Memorial Building, improvements to Lafayette Plaza, undergrounding utilities in the downtown and enhancements along the Mt. Diablo corridor have been made possible through the RDA.

The choices before the City Council are three-fold: Dissolve the RDA, make ransom payments to continue the RDA, or in case the legislation is deemed unconstitutional, continue the RDA as is.

To help clarify all of the impacts of the choices at hand, Don Fraser, a Redevelopment and Financial consultant, was brought on board. "With or without the Continuation Payments required under AB 27, the financial situation of the Agency is stretched thin. The 2011-12 tax increment revenues of the Agency will provide sufficient revenue to meet its Senior Obligations. These include deposits to the housing fund, bond debt service obligations, and pass through payments," wrote Fraser in a report to the City Council.

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