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### **SR Avenue-area business owners sue city Group alleges fraud, abuse of power, failure to prove areas blighted in Gateways redevelopment project**

By [Kerry Benefield](#)

THE PRESS DEMOCRAT

A group of Santa Rosa Avenue-area business owners sued Santa Rosa on Friday, alleging fraud and abuse of power in the establishment of the city's Gateways redevelopment project.

The suit in Sonoma County Superior Court said city officials acted in bad faith and failed to prove the area is substantially blighted when they established an 1,100-acre redevelopment zone that includes Coddington and portions of downtown and Santa Rosa Avenue.

Members of the Santa Rosa Area Business Association, formerly the Santa Rosa Avenue Area Business Association, have for months expressed concern over the city's ability to use the redevelopment district to declare areas blighted and take their property via eminent domain.

"The requirements for blight ... it has been so prevalent, so substantial that it characterizes the whole area, and it just doesn't," said the group's attorney, William Brooks of San Jose.

The group is trying to invalidate the City Council's June 20 vote to establish the district, which gives the city the right to condemn private property.

The suit comes on the heels of the group's failed effort last month to garner the 7,500 signatures needed to put a referendum to overturn the establishment of the district before voters in November.

City Manager Jeff Kolin said late Friday he hadn't yet seen the suit but is confident the city will prevail.

"We took steps to make sure that single-family, owner-occupied residential property is excluded from eminent domain. We worked with various neighborhoods who had expressed concerns about being in the project and removed them," he said.

Kolin said the suit was driven by "a few individuals who seem to have some philosophical opposition to government, redevelopment and eminent domain," adding the suit "has the potential for slowing us down and delaying our ability to assist the local businesses in the area with revitalization."

The area is expected to generate about \$427 million in tax revenue over the next 45 years, according to the city.

Properties included in a redevelopment zone benefit from a funding mechanism called "tax increment financing," which basically allows the city to use increased property tax revenue generated within the area to finance area improvements.

But that same funding device keeps tax dollars from flowing into city, county and school coffers because the money becomes dedicated to just the redevelopment district, Brooks said.

"It freezes the level of service by freezing the taxes that come from the properties," he said.

Kay Tokerud, a plaintiff named in the suit and a property owner in the Juilliard Park neighborhood that was removed from the district, said the city's definition of blight doesn't make sense.

"We felt the area didn't meet the legal definition of a blighted area," she said.

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