

*Dissolution of the San José
Redevelopment Agency
and Establishment of a Successor Agency*

January 24, 2012

Item 9.1

*Joint Meeting of the Redevelopment Agency Board, the City of San José
City Council, and the City of San José acting as the Successor Agency to
the Redevelopment Agency of the City of San José*

Assembly Bill X1 26

- Dissolves Redevelopment Agencies effective January 31, 2012
- Designates Successor Agencies to wind down redevelopment and pay debt
- Designates Oversight Boards to oversee Successor Agencies
- Requires additional review from State Agencies, including the State Department of Finance
- Allows the City to elect to retain housing assets and functions

Outcomes From Today's Actions

- City will formally assume responsibility as Successor Agency to the former Redevelopment Agency
- All Low and Mod Housing assets and functions will transfer to the City
- Administrative actions will be taken to facilitate a smooth dissolution

Successor Agency Responsibilities

- Wind Down the Affairs of the Agency
 - Make payments on enforceable obligations
 - Manage enforceable contracts and agreements
 - Complete existing projects
 - Dispose of assets
- Staff the Oversight Board
- Successor Agency can use up to 5% of its Tax Increment for Administration (reduced to 3% after the first year)

Structure of the Successor Agency

- Recommendations:
 - Separate legal entity
 - City Manager as Executive Officer
 - Retain necessary agency staff

Oversight Board Responsibilities

- Oversee the dissolution of the Former Agency, including:
 - The disposition of assets
 - Termination or renegotiation of existing agreements
 - Approving payments in accordance with an approved payment schedule, including payments for outstanding bonds
 - Approval of the Successor Agency administrative budget

Structure of the Oversight Board

- Seven-member Board with Members:
 - One Appointed by the Mayor
 - One Employee Representative Appointed by the Mayor
 - One Appointed by the Board of Supervisors
 - One Public Representative Appointed by the Board of Supervisors
 - One Appointed by the Santa Clara Valley Water District
 - One Appointed by the Chancellor of the California Community Colleges
 - One appointed by the County Board of Education

Housing Agency Responsibilities

- Retain the housing assets and functions of the former Redevelopment Agency
 - Manage existing portfolio of housing loans
 - Manage projects under construction
- No new 20% revenue for projects or administration
 - Administrative costs come from loan repayments

Budget Actions

- Establish Funds for:
 - Successor Agency
 - Successor Housing Agency
- Establish Appropriations for:
 - Newly Established Funds
 - Other Housing Department Funds

Actions Needed by the Redevelopment Agency Board

- Adopt Resolutions to:
 - Formally dissolve the San Jose Redevelopment Agency
 - Transfer Agency assets to the City as the Successor Agency
 - Transfer housing assets and functions to the City as the Successor Housing Agency

Actions Needed by the City Council

- Adopt Resolutions to:
 - Designate the City as the Successor Agency
 - Elect to retain the City’s housing assets and functions
 - Establish a new “Affordable Housing Investment Fund”
- Adopt 2011-12 Appropriation Ordinance and Funding Sources Resolution amendments to adjust various Housing Department funds

Actions Needed by the City as Successor Agency

- Adopt resolutions:
 - Establishing a “Redevelopment Obligation Retirement Fund”
 - Appointing the City Manager as the Executive Officer of the Successor Agency
 - Designating the Low and Mod Housing Fund as a Successor Agency Fund
- Adopt 2011-12 Appropriation Ordinance and Funding Sources Resolution amendments in the Redevelopment Obligation Retirement Fund

Next Steps

- January 31- Redevelopment Board approval of the Enforceable Obligation Payment Schedule and Agency Budget Actions
- January 31-City Council approval of amendments to the housing asset list
- February 1– Dissolution
- March 1– Successor Agency completion of the Recognized Obligation Payment Schedule
- May 1– Oversight Board must meet by this date