

## SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

The Mission of the former Redevelopment Agency *was* to promote and collaborate for the sound development and redevelopment of blighted areas by revitalizing the physical, economic, and social conditions to support the general welfare and enhance the quality of life in the community

## SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY

The former San José Redevelopment Agency (RDA) was a public, government organization created in 1956 by the City Council. It was a separate legal entity from the City which had the goal of revitalizing blighted project areas in the City.

The Agency issued bonds to finance projects in Redevelopment Areas. Most of the Agency's funding came from tax increments. In addition to debt service and other redevelopment activities, 20 percent of tax increment revenues was dedicated to low- or moderate-income housing.

Tax increment financing was a method of paying for redevelopment projects by issuing bonds based on anticipated future gains in tax revenue in identified redevelopment areas. Increases in property tax revenues then became tax increments, which were (and will continue to be) used to make bond payments for redevelopment projects.

Upon the elimination of the RDA, effective January 31, 2012, the Successor Agency to the Redevelopment Agency of the City of San Jose (SARA) took responsibility for the dissolution process and wind down of the former RDA. Upon creation on February 1, 2012, the SARA recorded the receipt of the former RDA's:

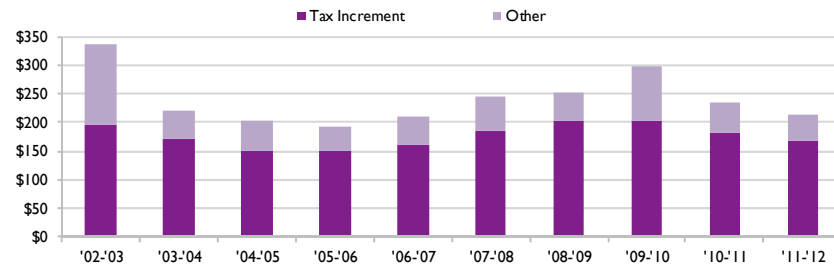
- Assets: \$376.3 million
- Liabilities: \$2.48 billion
- Unencumbered cash of the City's Housing Activities Fund: \$6.9 million

Certain loans made between the City and the RDA totaling \$35.3 million were invalidated. The SARA's debt obligations totaled approximately \$2.38 billion as of June 30, 2012.

### Elimination of the RDA

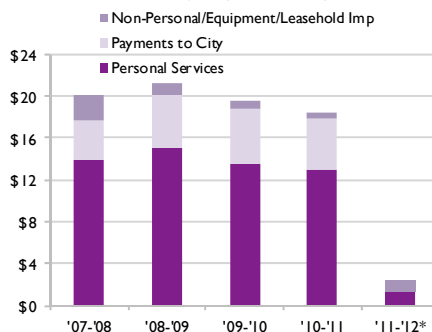
Pursuant to State Assembly Bill XI 26 and subsequent California Supreme Court decision, Redevelopment Agencies were dissolved effective February 1, 2012. State Assembly Bill AB 1484 provided that all assets, properties, contracts, leases, books, records, buildings and equipment be transferred from the RDA to the Successor Agency to the Redevelopment Agency of the City of San José (SARA).

10-Year Redevelopment Agency Revenues (\$millions)

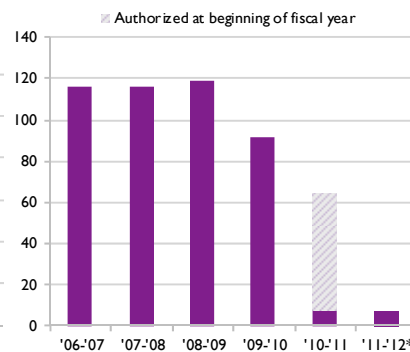


\* Operating budget figures capture operations but do not capture all the expenditures for delivering services. Between July 1, 2011 and January 31, 2012, the RDA also had oversight over approximately \$122 million in additional expenditures.

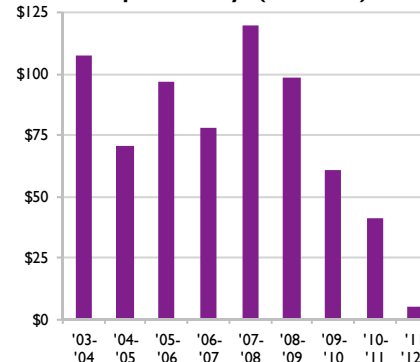
RDA and SARA Operating Budget (\$millions)



RDA and SARA Authorized



Capital Outlays (\$millions)



Total Debt (\$billions)



\* RDA and SARA operating budget and authorized positions for FY 2011-12 come from details in the RDA and SARA CAFR's for that year, not from the City's Budget Office, like the data from previous years. SARA staff are also captured in the City Manager's budget for 2011-12.

114 \*\* Capital Outlays for FY 2011-12 all occurred before the dissolution of the RDA on February 1, 2012.