Sunnyvale’s RDA History

March, 2012
City Limits
Central Core Redevelopment Project Area
California Community Redevelopment Law (CRL)

- Under CRL Agencies are granted Two Powers Not Otherwise Available to Cities
  1. Power to Acquire Property for the Purpose of Resale to a Private Developer for Economic Purposes
  2. Tax Increment Financing for the Purpose of Paying Back Funds Borrowed for Land Acquisition and Public Infrastructure Improvements
Legal Authority for Tax Increment

“...that portion of the levied taxes each year...shall be paid into a special fund of the redevelopment agency to pay the principal of and interest on loans, moneys, advanced to or indebtedness...incurred by the redevelopment agency to finance or refinance...the redevelopment project.”

-State Constitution Article XVI, Section 6
Sunnyvale Town Center

- Assist in the Development of Town Center
  (a) Land Assembly
  (b) Financing of Infrastructure Improvements

Photo courtesy of merchantcircle.com
Mathilda Parking Structure
Start Up Costs

- Tax Allocation Bonds (TABs)
- Lease Revenue Bonds/Certificates of Participation (COPs)
- 1977 Repayment Contract with the City (1977 City Loan)
Proposition 13

- Assessed Values Decreased to 1975 Value
- Restricted Annual Increases
- Prohibited Reassessment Until
  (a) Change of Ownership
  (b) Completion of New Construction
Proposition 13 Impact

- Tax Increment Revenue Insufficient to Pay Debt Service
- General Fund Loans Money to Pay Debt Service
  (a) 1977 City Loan Obligation Subordinate to Debt Service
Tax Increment vs. Debt Service - 1975-2003
# Tax Increment vs. Debt Service

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Increment</th>
<th>Debt Service</th>
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<tbody>
<tr>
<td>1978</td>
<td>$0</td>
<td>$1,749,447</td>
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<tr>
<td>1979</td>
<td>$138,436</td>
<td>$2,644,480</td>
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<tr>
<td>1990</td>
<td>$1,680,933</td>
<td>$2,584,675</td>
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<td>2000</td>
<td>$2,361,829</td>
<td>$1,883,669</td>
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<td>2004</td>
<td>$3,782,516</td>
<td>$1,746,572</td>
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<tr>
<td>2005</td>
<td>$3,385,495</td>
<td>$1,779,749</td>
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<tr>
<td>2006</td>
<td>$3,393,944</td>
<td>$1,771,054</td>
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<tr>
<td>2007</td>
<td>$4,991,612</td>
<td>$1,822,166</td>
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<td>2008</td>
<td>$4,944,483</td>
<td>$1,826,151</td>
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<td>2009</td>
<td>$8,264,077</td>
<td>$1,818,221</td>
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<td>2010</td>
<td>$7,706,864</td>
<td>$1,817,429</td>
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<tr>
<td>2011</td>
<td>$9,675,964</td>
<td>$1,812,962</td>
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</tbody>
</table>
1986 – New Statutory Obligation

- Set Aside 20% of Tax Increment for Affordable Housing on Pre-1977 Plans
- Exemption Findings Through FY 1992/93
- Deferred Deposits Starting FY 1993/94 Until pre-1986 Debt Obligation are Paid Off
City Loan Impact

- 100% of Tax Increment Required to Make Payments on Pre-1986 Debt Obligations
- Tracking Pre-1986 and Post-1986 Obligations
Pass-Through Payments

- The pass-through legislation requires redevelopment agencies to share or pass-through a portion of their property tax increment to affected local taxing agencies, including school districts.

- The pass-through legislation applies only to redevelopment projects which were adopted or amended in 1994 or later.
Town Center Redevelopment
1998-2012

- American Mall Properties
- Fourth Quarter Properties (Forum Development Group)
- Downtown Sunnyvale Mixed Use (RREEF and Sand Hill Properties)
American Mall Properties

1999 – City Approved Expansion

- Land Swap

- 2002 - Completed Construction of New Parking Structure (Sunnyvale and Iowa) Mello Roos CFD

- 2002 – AMP Filed for Bankruptcy Protection
Fourth Quarter Properties

- Approval of Development Agreement (DDOPA)
  - (a) Replace Mathilda Parking Structure
  - (b) Extension of Murphy and McKinley Avenues
  - (c) Build and Maintain “Redwood Square”
  - (d) Annual Payments Equal to the New Secured Property Tax Generated by the Development

- 2005 – Unable to Obtain Financing (Bank Took Control)
Fourth Quarter Properties (Second Chance)

- 2005 - Properties Transferred Back to Forum Development Group (Fourth Quarter Property)
- Demolition of Mathilda Parking Structure
- 2006 – Slow Down
- 2007 – Property Sold to RREEF and Sand Hill Properties (Downtown Sunnyvale Mixed Use)
Downtown Sunnyvale Mixed Use

- 2007 - Approval of Development Agreement (ARDDOPA)
  (a) Addition of a 200 Room Hotel
- Ground Water Clean Up
- 2008 – Economic Turmoil
- 2009 - Construction Stopped
Receiver

- 2009 - Bank Starts Foreclosure Process
- Superior Court Appoints Receiver
- Modification Agreement (2010 ADDOPA)
- Restart Construction (Nokia Lease, Apple Lease)
- 2010 – Marketed for Sale
Town Center Site Plan
Town Center Development
Bank Owns Property

- 2011 – Property Sold at Auction
- Bank Acquired the Property
- 2012 - To Be Continued…
New Target Store

- Target Store Complete Renovation
- Infrastructure Improvements Completed
- 2009 – Target Grand Opening
Mozart Office Development

- 460,000 sqft of Office
- Four Levels of Underground Parking
- Plaza Del Sol
Plaza Del Sol
2003 Repayment Agreement

- Administration Cost Since 1986
- Capital Expenditures Since 1986 (Plaza Loan)
- Town Center Development Agreement
Assets

- RDA Assets
  - Plaza del Sol
    - Public Use
  - Town Center Project Parcels
    - Long Term Land Leases
    - Part of Development Agreement
Future Agenda Items and Meeting Schedule
Future Agenda Items

- Adopt Recognized Obligation Payment Schedule (ROPS)
  - January to June 2012
  - July to December 2012

- Asset Transfer
Recognized Obligation Payment Schedule

- Oversight Board to Adopt Recognized Obligation Payment Schedule (ROPS) 1/1/12 – 6/30/12
  1. ROPS Audited by County
  2. Oversight Board Adopts ROPS
  3. Send Adopted ROPS to State Controller and State Department of Finance by April 15th

- Oversight Board to Adopt Recognized Obligation Payment Schedule (ROPS) 7/1/12 – 12/30/12
  1. Oversight Board Adopts Second ROPS
  2. Send Adopted ROPS to State Controller and State Department of Finance by May 11th
## Outstanding Agency Debt Obligations

<table>
<thead>
<tr>
<th>Agency Debt Obligations</th>
<th>Total Outstanding Debt as of 06/30/11</th>
<th>Total Projected Repayment</th>
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<tbody>
<tr>
<td><strong>Bonded Debt:</strong></td>
<td></td>
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<tr>
<td>Central Core Tax Allocation Bonds</td>
<td>$5,670,000</td>
<td>$7,235,082</td>
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<tr>
<td>Parking Facility Certificates of Participation</td>
<td>$10,975,000</td>
<td>$14,625,954</td>
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<td><strong>Contractual Agreements:</strong></td>
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<tr>
<td>Remediation (2010 ADDOPA)</td>
<td>$537,660</td>
<td>$1,868,146</td>
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<tr>
<td>General Fund Loans to RDA:</td>
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<tr>
<td>1977 City Loan</td>
<td>$29,809,743</td>
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<tr>
<td>1986 Adm. Advance Loan</td>
<td>$29,734,109</td>
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<tr>
<td>Plaza Loan from City</td>
<td>$2,686,271</td>
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<tr>
<td>Housing Fund Deficit</td>
<td>$14,673,336</td>
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Clean Up Legislation

- **AB 1585**
  - Preserving Affordable Housing Funding
  - Redefines Startup Costs
  - Oversight Board Review of Certain City Loans
  - Responsible Asset Disposal
  - Successor Agency as Separate Legal Body
Assets

“Dispose of assets of the former redevelopment agency as directed by the oversight board; provided however, that the oversight board may instead direct the successor agency to transfer ownership of certain assets…”
Meeting Schedule

- West Conference Room 3:00PM – 5:00PM
  - April 5th
  - April 26th
  - May 24th
  - June 21st