

CITY OF
HAYWARD
HEART OF THE BAY

Consideration of Options Related to Alternative Voluntary Redevelopment “Opt-In” Program

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July 19, 2011



Presentation Overview

- 1) Review of Governor's January proposal and Agency responses
- 2) Review of Recent State Legislation – ABx1 26 (Dissolution Act) and ABx1 27 (Voluntary Program Act)
- 3) Status of CRA lawsuit
- 4) Actions taken by surrounding agencies
- 5) Process and timeline for Hayward opt-in decision
- 6) Review of Keyser Marston baseline fiscal analysis
- 7) Analysis of Agency assets at risk and General Fund implications under the Dissolution Act
- 8) Possible options for funding FY2012 remittance payment (if choose to opt-in)
- 9) Council/Agency Board questions and discussion



Review of Governor's January Proposal and Agency Responses

January Proposal:

- Eliminate all redevelopment in California effective July 1, 2011; all assets of agencies seized by State and sold off, with sale proceeds going to State
- "Successor agency" takes over all administrative functions of California's 400 redevelopment agencies, including administration of bonds

Agency actions taken in response to January legislative proposal (February/March 2011):

1. Approve cooperative agreement between City and Redevelopment Agency
2. Reactivate Housing Authority and approve cooperative agreement between City and Housing Authority
3. Transfer all RDA-owned properties to the City
4. Use remaining RDA TI fund balance to pay off existing Water and Sewer Fund loans and to allow partial back payment of prior year installments of General Fund loan.



Review of Recent State Legislation

- Between June 28 and June 30, 2011, Governor approves State budget, including trailer bills ABx1 26 (Dissolution Act) and ABx1 27 (Voluntary Program Act)
- Legislation fundamentally restructures California Community Redevelopment Law (CRL) with complicated implications for cities and redevelopment agencies throughout State, including Hayward
- Redevelopment Agencies must determine, prior to October 1, 2011, whether to continue operations under the Voluntary Program Act



ABx1 26 – Dissolution Act

- Immediately suspends and prohibits most redevelopment activities, including:
 - Incurring new or restructuring existing indebtedness
 - Make loans or grants
 - Enter into or amend existing agreements
 - Transfer funds/assets or acquire real property
- If Agency does not “opt-in” under the Voluntary Program by October 1, 2011, dissolution occurs and successor entity established to:
 - Liquidate all assets of the Agency
 - Ensure future payments of enforceable obligations (which specifically do not include agreements between an agency and its sponsoring community)
- Oversight Board established to monitor activities of successor agency – comprised of seven members (only two appointed by Mayor/City Council)



ABx1 27 – Voluntary Program Act

- Redevelopment Agencies can continue to operate after October 1, 2011 if specified payments to State are made beginning in FY2012 and each year of operations thereafter
 - For Hayward, FY2012 payment estimated at \$4.1 million; annual ongoing payments estimated at \$950,000 annually
 - Payments due in equal installments in January and May of each year
- Council must adopt an “opt-in” ordinance prior to October 1 or face dissolution
- Funds from agency remittances distributed primarily to school entities serving agency project areas with minor amounts distributed to fire protection and/or transit districts
 - Intended to generate \$1.7 billion statewide for FY2012 and \$400 million in each subsequent year, but only first year payments affect Prop. 98



Status of CRA Lawsuit and Actions Taken by Surrounding Agencies

1) Status of CRA lawsuit

- Filed on July 18
- Arguments in lawsuit
- Impacts of a “stay”
- Implications for Hayward’s actions

2) Actions taken by surrounding agencies

- Fremont, Alameda County, Livermore have chosen to “opt-in”
- Union City, San Jose likely to “opt-out”; Berkeley, Oakland, San Leandro likely to “opt-in”
- CRA Survey results



Process and Timeline for Hayward Opt-In Decision

July 19 – Council meeting to consider preliminary fiscal and legal analyses of “opt-in” decision

July 26 – Continued Council/Agency Board discussion on “opt-in” decision structured to allow introduction of “opt-in” ordinance, should Council decide to do so

Early August – Adoption of “opt-in” ordinance (possible special meeting on August 9)

** If Council/Agency Board do not choose to “opt-in” on July 26, would still need to schedule a special meeting prior to August 27 to adopt Statement of Enforceable Obligations.



Review of Keyser Marston Baseline Fiscal Analysis

Disposition of Tax Increment Revenues (Dollars in \$Millions/Net Present Value through TI Receipt Limit of Agency – FY2047)

	RDA Continues ¹	RDA Dissolves ²	Delta
Net Non-Housing Redevelopment Revenue	\$56	\$4	(\$52)
Housing Set-Aside Revenue	\$46	n/a	(\$46)
Property Taxes Redistributed to General Fund	n/a	\$15	\$15
Total	\$102	\$19	(\$83)

Note 1: Potentially retain assets on Slides 11-12

Note 2: Potentially forfeit assets on Slides 11-12



Three Year Revenue Comparison with and without RDA (\$ in thousands)

	FY12 RDA Continues ¹	FY 12 RDA Dissolves ²	FY13 RDA Continues ¹	FY13 RDA Dissolves ²	FY14 RDA Continues ¹	FY14 RDA Dissolves ²
Net Non-Housing Redevelopment Revenue	\$1,969	\$0	\$2,012	\$0	\$2,056	\$0
Housing Set-Aside Revenue	\$3,683	\$0	\$2,913	\$0	\$3,107	\$0
Property Taxes Redistributed to General Fund	\$0	\$690	\$0	\$723	\$0	\$753
Total	\$5,652	\$690	\$4,925	\$723	\$5,163	\$753

Note 1: Potentially retain assets on Slides 11-12

Note 2: Potentially forfeit assets on Slides 11-12



Analysis and Est. Value of Agency Assets at Risk if the Agency Dissolves

Non-Housing Assets (\$11.8M):

- 1) Cash balances and anticipated revenues (\$1.8M)
- 2) Burbank Residual Site land sale (\$4M)
- 3) Land held by City for re-sale/redevelopment (\$6M+)
(Not including Burbank)
- 4) Disposition of other public facilities (TBD)
- 5) Other contracts/activities subject to termination (TBD)

Housing Assets (\$8.4M):

- 1) Cash and CIP balances (\$1.7M)
- 2) Eden Housing South Hayward BART project loan (\$4.3M)
- 3) 238 Settlement Agreement funds (\$2.4M)
- 4) Affordable Housing sites held by City (TBD)



Analysis of General Fund Implications if the Agency Dissolves

- General Fund Loan to RDA (\$7.8M outstanding balance; \$800,000 annual payments)
- Agency Employees/City Employees supporting Agency activities (\$200,000 annually)
- Annual cost allocation from RDA to General Fund (\$400,000 annually)

Estimated annual total loss = (\$1.4 million)

Redistributed Prop Tax Revenue = \$690,000

Estimated Net Annual Loss to General Fund = (\$710,000)

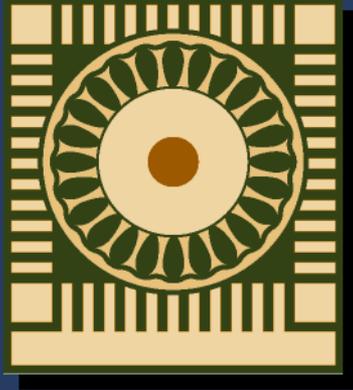


Possible options for funding FY2012 remittance payment

Estimated FY2012 Remittance Payment = \$4.1 million (due in two installments: ½ due in January and ½ due in May 2012)

- Withhold FY2012 TI deposit to Low/Mod Housing Fund (est. \$2.2M)
- Estimated Agency TI cash balance (est. \$500K)
- Borrow funds from Enterprise Fund reserves
- Borrow funds from General Fund reserves (not recommended)
- Other





Questions/Discussion

