



# Sunnyvale's RDA History

*March, 2012*

# City Limits





# 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





# 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



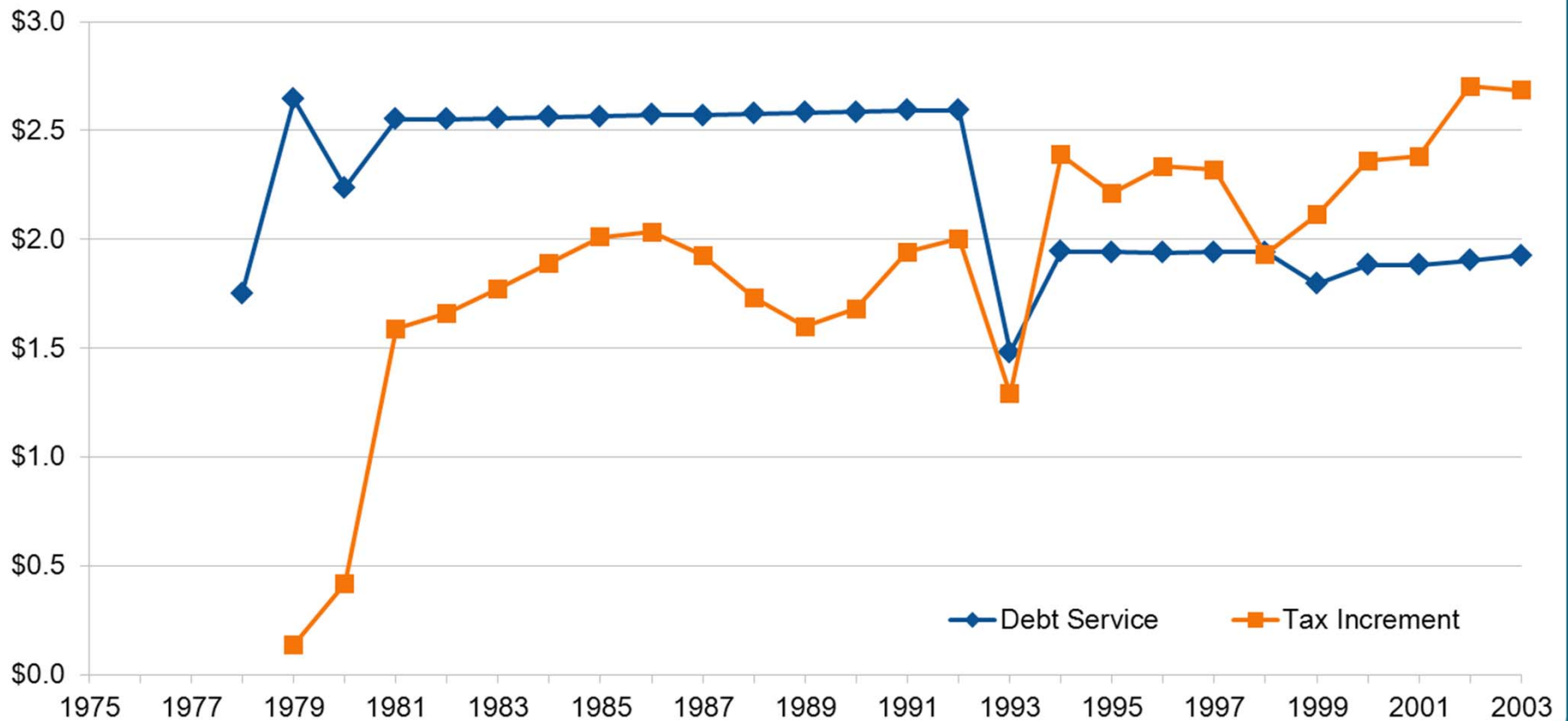
# Proposition 13 Impact

- ✦ 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



Millions



# Tax Increment vs. Debt Service



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

# 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

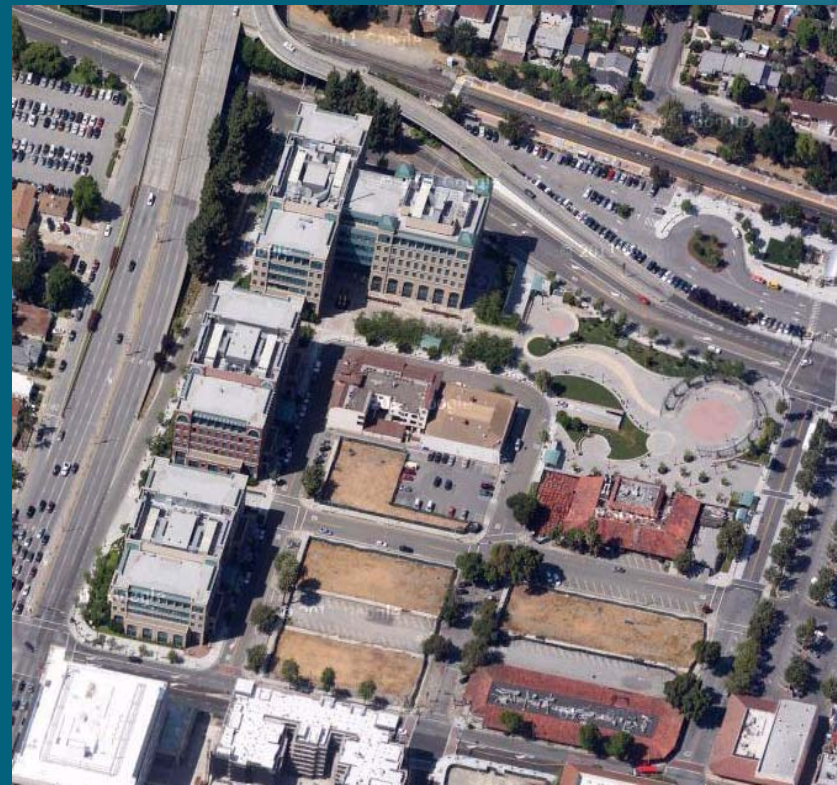
- ✦ Target Store Complete Renovation
- ✦ Infrastructure Improvements Completed
- ✦ 2009 – Target Grand Opening



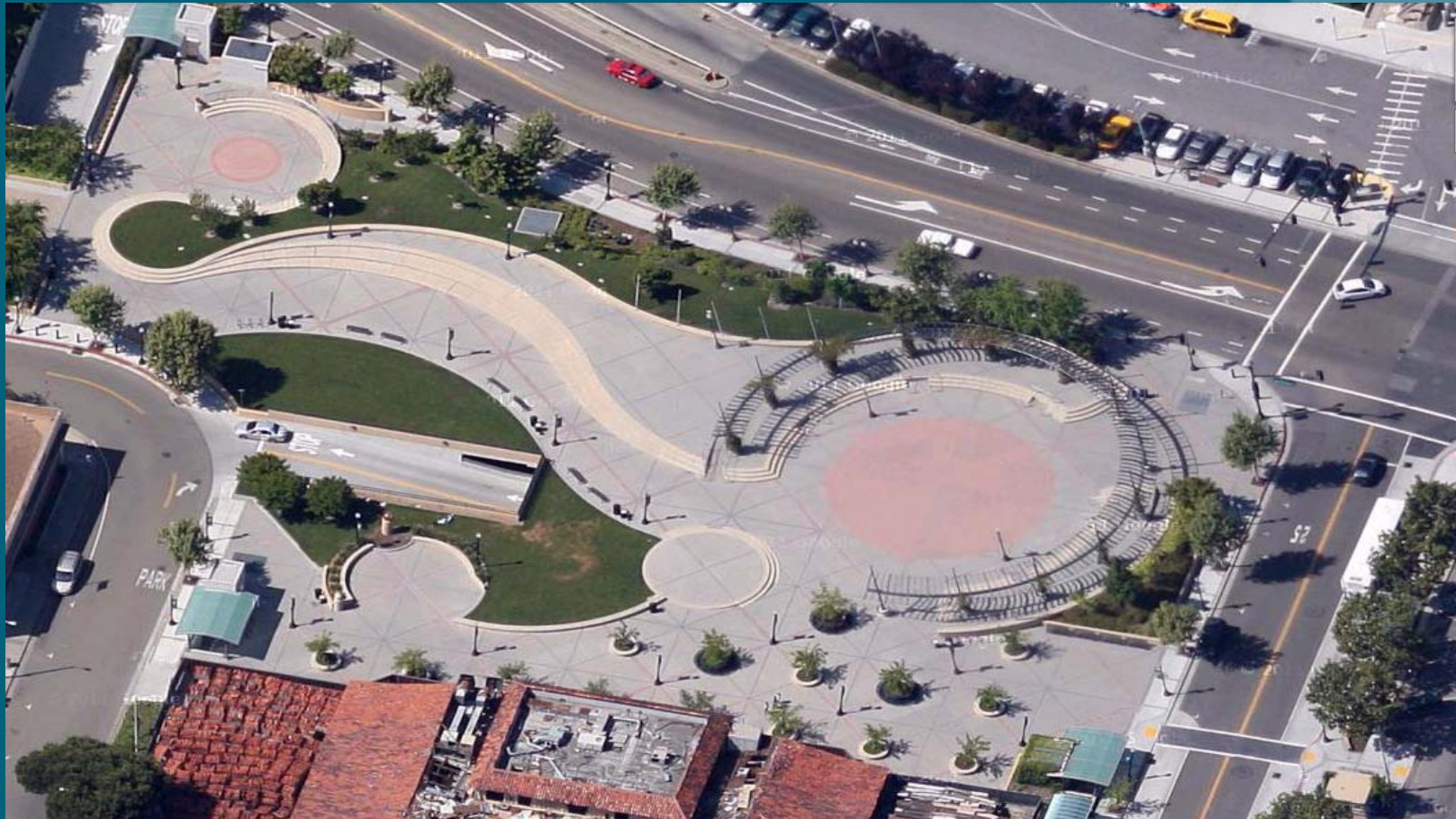


# Mozart Office Development

- ✦ 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 15<sup>th</sup>
  
- ✦ 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 11<sup>th</sup>



# Outstanding Agency Debt Obligations



Agency Debt Obligations	Total Outstanding Debt as of 06/30/11	Total Projected Repayment
<b>Bonded Debt:</b>		
Central Core Tax Allocation Bonds	\$5,670,000	\$7,235,082
Parking Facility Certificates of Participation	\$10,975,000	\$14,625,954
<b>Contractual Agreements:</b>		
Downtown Development Agreement (2010 ADDOPA)	\$4,510,795	\$52,894,951
Remediation (2010 ADDOPA)	\$537,660	\$1,868,146

# Outstanding Agency Debt Obligations



Agency Debt Obligations	Total Outstanding Debt as of 06/30/11
<b>General Fund Loans to RDA:</b>	
1977 City Loan	\$29,809,743
1986 Adm. Advance Loan	\$29,734,109
Plaza Loan from City	\$2,686,271
Housing Fund Deficit	\$14,673,336



# 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 5<sup>th</sup>
  - ✦ April 26<sup>th</sup>
  - ✦ May 24<sup>th</sup>
  - ✦ June 21<sup>st</sup>