



How Does Boomerang Work?

Draft: September 12, 2014

In Alameda County there were 12 Redevelopment Agencies (RDA's) prior to their dissolution by the State in 2011. These 12 RDA's received \$268 Million in tax increment revenue in 2011, of which \$59 Million was set aside for Affordable Housing.

These taxes are still collected, but are distributed differently and no longer distributed exclusively to the redevelopment agencies. Instead, tax increment funds not needed for State-approved pre-existing obligations are distributed among the various taxing entities, with portions going to Schools, Special Districts, and both the City the RDA was located in and the County, as Taxing Entities.

As an example of how these funds are now spread, the data from the chart below comes from semi-annual reports prepared by the County Auditor-Controller and submitted to the State Department of Finance. The information from this Chart comes from both the first and second installment reports for FY 2013-14. The funds are broken down by former RDA, so it is clear how much tax increment was generated from each agency, the amounts used for enforceable obligations, and the amounts left as residual funds ("Boomerang") and allocated among the taxing entities.

Alameda County Residual Property Tax Revenue							
FY 13/14 First and Second Installments of Property Tax Distributions							
Reference Row	Row 6	Row 27	Row 39	Row 46	Row 48	Row 49	
Boomerang Distribution							
Former RDA	Total Tax Increment	Net Available (after pass through and State and County Admin)	Less ROPS Payments to Successor Agencies *	Residual (Boomerang) for Distribution	City "Boomerang"	County "Boomerang"	Other Taxing Entities (Special Districts, K-14 Education & ERAF) "Boomerang"
Alameda County	22,110,517	16,514,848	9,462,653	7,052,195	409,108	1,358,176	5,284,911
Alameda City	15,620,308	12,844,593	8,076,432	4,768,161	1,315,242	669,721	2,783,159
Albany	452,457	331,541	-	331,541	90,212	54,170	187,158
Berkeley	2,225,480	1,821,420	1,199,226	622,194	232,186	119,691	270,317
Emeryville	35,438,810	28,921,366	17,288,367	11,632,999	2,724,432	2,012,825	6,895,742
Fremont	37,570,168	23,497,565	199,458	23,298,107	5,486,230	1,580,993	16,230,884
Hayward	13,656,483	11,420,719	4,508,106	6,912,613	1,256,732	1,507,324	4,148,557
Livermore	5,732,547	4,647,949	2,438,330	2,209,619	503,611	319,867	1,386,141
Newark	68,967	31,172	7,005	24,167	4,205	4,691	15,271
Oakland	116,466,224	98,314,477	73,684,376	24,630,101	9,744,606	4,217,625	10,667,870
San Leandro	7,965,513	6,598,636	5,127,318	1,471,318	231,871	447,499	791,948
San Leandro & UC Jt Project Area	14,789,262	8,625,449	3,852,295	4,773,154	504,352	16,423	4,252,379
Union City	20,554,152	13,810,128	12,248,382	1,561,746	342,815	-	1,218,931
County-wide Total	292,650,888	227,379,863	138,091,948	89,287,915	22,845,602	12,309,005	54,133,308
				100%	26%	14%	61%
* Amounts distributed to former redevelopment agencies for enforceable obligations as approved by DOF (includes debt service on bonds and contracts)							
Source: HCD 9/2014 from State Controllers ROPS Redevelopment Property Tax Trust Fund (RPTTF) Allocation Cycle Report: 13-14B & 14-15 A							
FY 13/14 First and Second Installments							

As you shown above, the total tax increment collected in FY 2013-14 is higher than the last year of Redevelopment (\$292 Mil as opposed to \$262 Mil in 2011). This is due to increases in the assessed valuation within the former redevelopment areas. After deductions for State and County Administrative costs and pre-existing mandatory pass-

through payments to taxing entities, there was \$227 Mil. From this amount, \$138 million was used to make payments on enforceable obligations pursuant to State-approved Recognized Obligation Payment Schedules (ROPS). The remaining residual balance is the Boomerang Funding (\$89.2 Mil). This Boomerang is distributed to all of the taxing entities. Each of the Cities where the former Redevelopment Agencies were located receives a portion of the funding, representing approximately 26% of the Boomerang, as does the County for the County's former Redevelopment Agency in the Unincorporated County (\$409k in FY 13/14). In addition, as a Taxing Entity, the County also receives a portion of the tax increment from all the other former RDA's, increasing the County's portion to a significant amount of the total Residual Tax Increment (14% of the Boomerang or \$12.3 Mil in FY 13/14).

Over time, two things will happen. First, the total amount of taxes collected will increase as the property tax base increases. Second, the amount that is used for ROPS (\$138 Mil in FY 14/15) will gradually be reduced as obligations of the former RDAs are satisfied. In the above example, if the ROPS obligations were completely paid off, then the amount distributed to the taxing entities would be \$227.3 Mil. If the County received 14% as a Taxing Entity, its increased share would be \$31.8 Mil, rather than the \$12.3 Mil in FY 13/14.

It may 20 years or more for the ROPS to be completely paid off. In the meantime, the Board must decide how much of the County's "Boomerang" funds will be set aside for Affordable Housing.

Housing Funding

The outstanding question remaining before the Board of Supervisors is to determine the amount of funding that will be set aside for Affordable Housing from the County's portion of the Boomerang funds. To date, the BOS has approved a minimum of \$2 Million per year. The BOS will revisit the amount per year ongoing.