

Rededication of “Boomerang Funds” to Affordable Housing

Summary and Benefits:

With the dissolution of Redevelopment Agencies (RDA), the State of California deprived local jurisdictions of their largest and most significant source of local funding for affordable homes. Across the state redevelopment was responsible for over \$1 billion in direct funding for affordable housing with its 20% tax increment set-aside. These local funds often served as “first in” money that could be leveraged to acquire other sources of funding. Some Bay Area affordable housing developers report that over 75% of their projects in recent years involved some level of RDA funding. A portion of those former tax increment funds come back to local jurisdictions as both a one-time lump sum from their former Low and Moderate Income Housing Fund (LMIHF) and an ongoing bump to their property tax. Counties receive such funds from each former redevelopment agency within the county. These have been referred to as “Boomerang Funds.”

Potential Policies:

- Consider dedication of 100% of the one-time lump sum distribution of former Low and Moderate Income Housing Fund money back into funding for affordable housing.
- Dedication of at least 20% of the ongoing year-over-year tax-increment distributions now realized as increased property tax distributions back into funding for affordable housing.

Model Ordinances/Useful Sources:

- County of San Mateo, Administrative Report, *Use of Unrestricted General Funds Derived from One-Time Distribution of Housing Trust Funds of Former Redevelopment Agencies*, Link: <http://sanmateo.siretechnologies.com/sirepub/cache/2/e43oowhzorkxrqv2mzj3sagw/2976401302014051731203.PDF>
- County of Santa Clara, Resolution, *Resolution establishing a policy regarding the use of new revenues from the dissolution of redevelopment agencies*, Link: http://sccgov.iqm2.com/Citizens/Detail_LegiFile.aspx?ID=68014
- City of Oakland, Ordinance establishing set aside of boomerang funds. Link: <https://oakland.legistar.com/View.ashx?M=F&ID=2644368&GUID=D42A5E35-CC52-4D92-802B-ADE4629D4CE2>