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PR13:11
For Immediate Release:
3/21/2013

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Controller Completes Review of San Jose RDA

SACRAMENTO – State Controller John Chiang today announced completing his [review](#) of the City of San Jose's Redevelopment Agency (RDA), finding that \$148.1 million in properties, cash and other assets were inappropriately transferred from the agency before it was shut down. That includes more than \$108.1 million in land and improvements sent to the City, \$29.1 million in property transfers to the San Jose Diridon Development Authority and \$10.9 million in cash transfers to the City Housing Agency. The City has already reversed the \$10.9 million in cash transfers.

"The Governor and Legislature made it clear that redevelopment assets need to go toward retiring RDA debt and funding critical services at the local level," Chiang said. "Our reviews in San Jose and elsewhere are meant to ensure that happens."

The legislation that ended redevelopment also required that any RDA asset transferred to a public agency after January 1, 2011, must go the RDA's "successor" agency, unless it was contractually committed to a third party by June 28 of that year.

The successor agency, governed by a locally-appointed oversight board, must then use the asset to retire RDA debt and redistribute excess cash to fund schools, public safety, and other local services.

The oversight board can return an asset, if the board determines that the asset serves a governmental purpose. The City of San Jose argued that many of the properties served governmental purposes, but that argument ignores existing law which states that only local oversight boards – with the concurrence of the State Department of Finance – can make such a determination.

The City also argued that many property transfers were legitimized by third-party agreements. But those agreements came in November of 2011, five months after the Governor and Legislature adopted the law ending redevelopment, which established the June 28 cutoff.

The City did not take issue with the review identifying \$10,881,000 in inappropriate cash transfers to the City Housing Agency, and has already returned the funds to the successor agency.

The Controller's RDA asset reviews are mandated by law, and 28 such reviews have been completed at this time. The Controller will perform reviews of all remaining redevelopment agencies across the State.

Read more about the Controller's role in conducting asset reviews , and see a list of completed reviews .

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