

# **Mayor's Redevelopment Agency Budget Message Workshop**

# San José Redevelopment Agency State Take

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- \$75 million total take by State
- 2009-2010 budget impact of \$62 million; payment due May 10, 2010
- 2010-2011 budget impact of \$13 million; payment due May 10, 2011

# State Law's "Death Penalty"

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Prevents the Agency from:

- Entering into any new contracts
- Seeking Additional debt
- Spending more than 75% of its current spending budget
- Use of the Agency's 20% Housing Funds

# Challenges/Solutions to be Discussed

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- Housing
- Uncertainties/Establish Project Priorities
- Encumbered/Committed Projects
- Other Ideas
- Next Steps

# Housing

# Housing

## Redevelopment Agency Director Proposal

	<u>2009-2010</u>	<u>2010-2011</u>
Source of Fund		
City Housing Bond	\$40 M	\$35 M
Use of Fund		
ERAF Payment	\$62M	\$13 M

# Housing

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	TOTAL
New Construction	\$63,998,702	\$8,228,801	\$8,835,000	\$8,835,000	\$8,009,353	\$10,509,353	\$108,416,209
Rehabilitation	\$7,428,300	\$5,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$4,500,000	\$30,928,300
First Time Homebuyers	\$20,965,000	\$10,500,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$47,465,000
Homeless Programs	\$6,677,600	\$4,606,600	\$1,242,600	\$1,242,600	\$1,242,600	\$1,242,600	\$16,254,600
Grant Programs	\$6,181,800	\$2,203,000	\$796,000	\$796,000	\$796,000	\$796,000	\$11,568,800
<b>TOTAL</b>	<b>\$105,251,402.00</b>	<b>\$31,038,401.00</b>	<b>\$19,373,600.00</b>	<b>\$19,373,600.00</b>	<b>\$18,547,953.00</b>	<b>\$21,047,953.00</b>	<b>\$214,632,909.00</b>

**In addition, this chart does not include the \$75 million payback from RDA, \$90 million in Administrative Expenses, and \$200 million in debt service.**

# Alternatives to Housing Borrow

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- Borrowing from other City funds (eg. Park Trust Fund, Sewage Treatment Connection Fee Fund, Ice Center Fund, other funds)
- Housing Department borrows funds to cover RDA Obligations (State Payment)
- Reduce Capital and Operating Expenditures by 60% over 2 years
- Accept the death penalty

# **Uncertainties/Establish Project Priorities**

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- Projections for Tax Increment Rev Growth
- Bond Market
- Further State Takes
- County of Santa Clara
- JP Morgan Obligations

# Uncertainties/Establish Project Priorities

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- Uncertainties mean a phased spending plan
- Circle your Top 5 Priorities

# **Encumbered/Committed Projects**

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	<u>In Millions</u>
• Edenvale Community Center	\$9.9
• Convention Center Expansion Phase I	6.2
• San Pedro Square Urban Market	6.0
• Brocade Communications Systems	4.0
• Civic Auditorium	3.1
• CIM (DDA)	1.9
• Facade Improvement Program	1.4

# Other Ideas

# Next Steps

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- **November 20 – Mayor’s Budget Message Release**
- **December 8 – Approval/Discussion of Budget Message**
- **December 8 – Approval of RDA Budget**
- **December 15 – Final Adoption of RDA Budget**