

Update on Fiscal Analysis of Land Use

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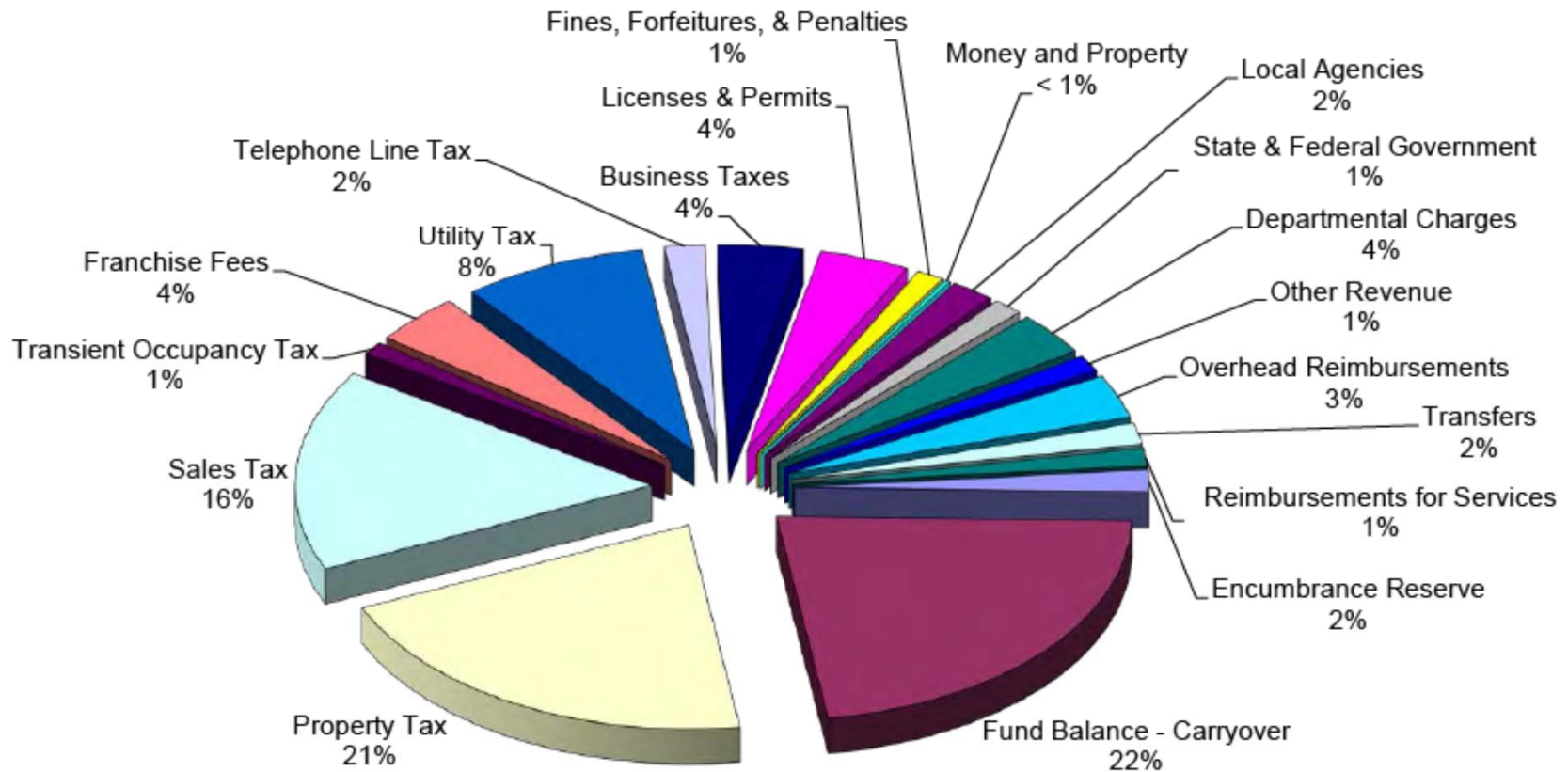
John Lang, Chief Economist
City of San José



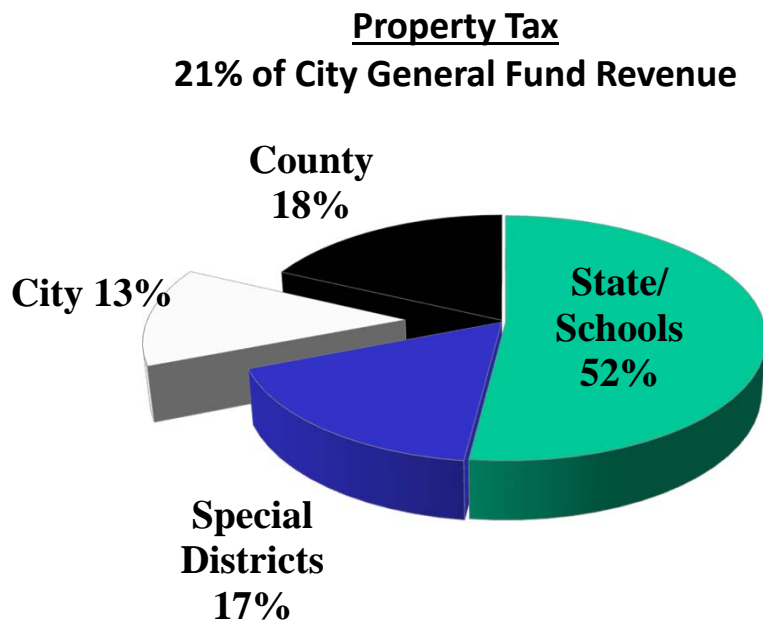
Overview of Presentation

- City's revenue picture
- Jobs per employed resident
- Land use breakdown
- Fiscal Impact background
- Fiscal Impact findings

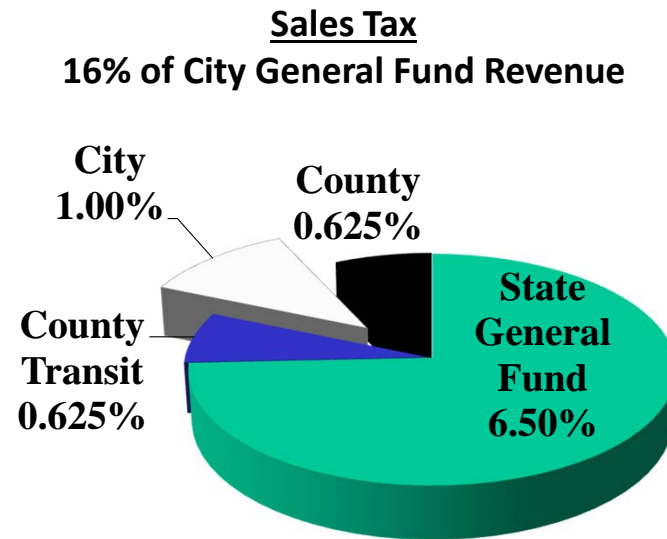
54% of City's General Fund Revenue Comes From Economic Development Activity



San José only receives 13% of every dollar of Property and 1% of Sales Tax



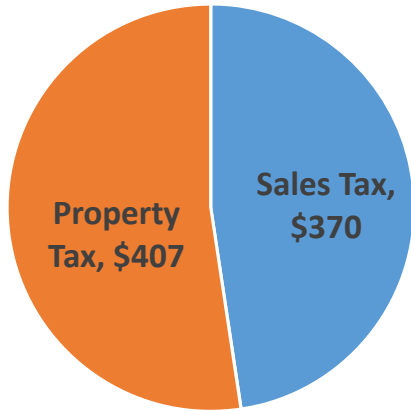
~\$223M to City in FY 14/15



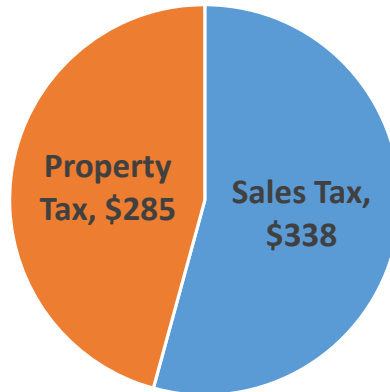
~\$180M to City in FY 14/15

San José has both the Lowest Sales and Property Tax Per Capita

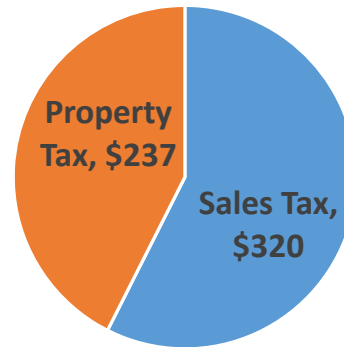
Palo Alto \$777



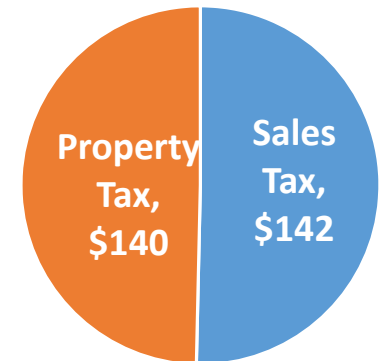
Cupertino \$623



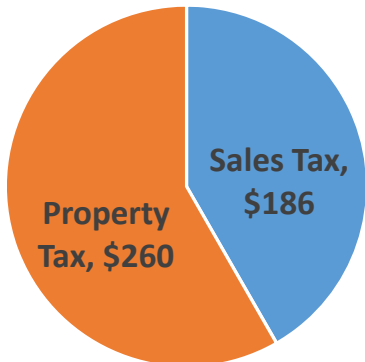
Santa Clara \$557



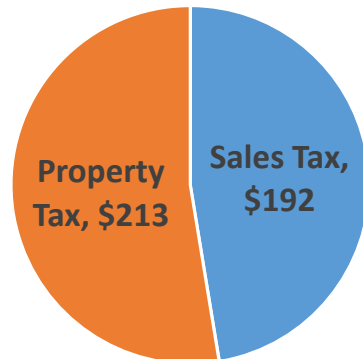
San José \$282



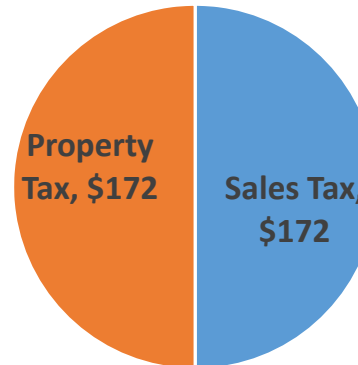
Mountain View \$446



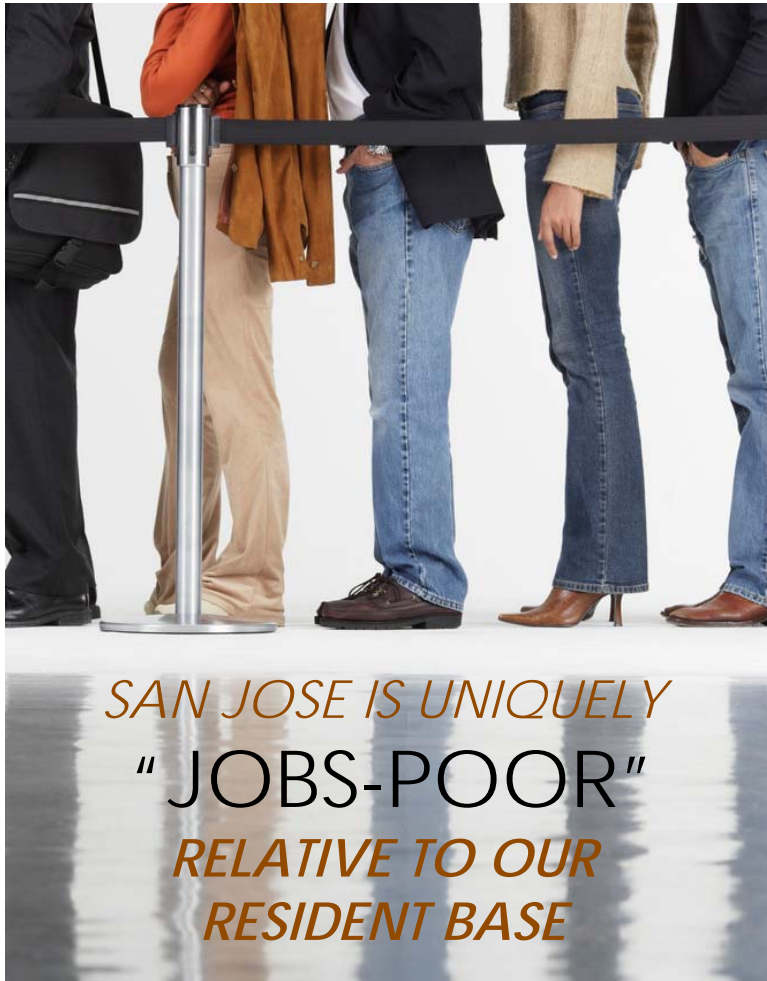
Sunnyvale \$405



Fremont \$344



Jobs in San José

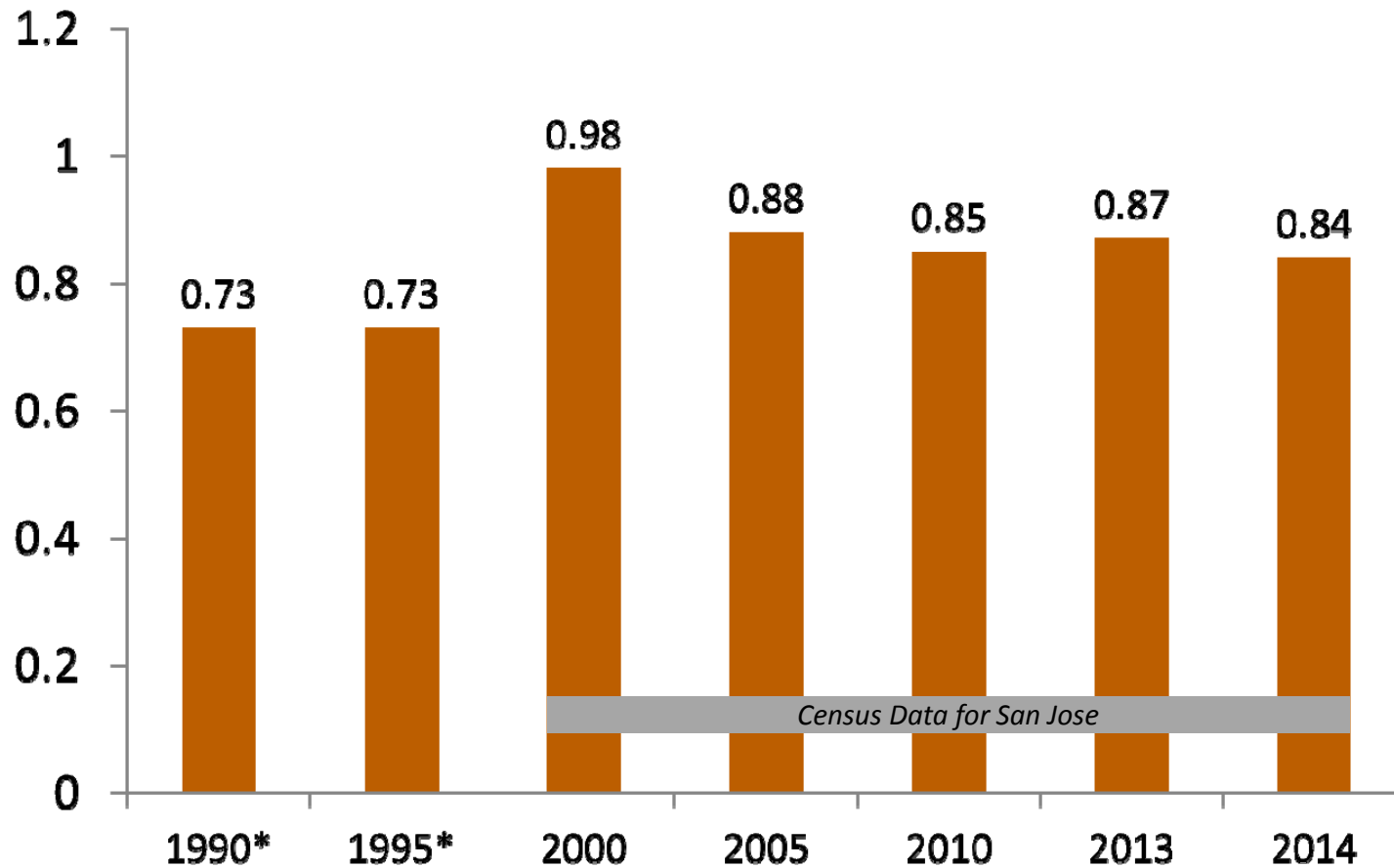


Jobs to Employed Resident INDICATOR

- Fiscal fitness
- Mix of land uses
- Quality of life
- Commute traffic patterns

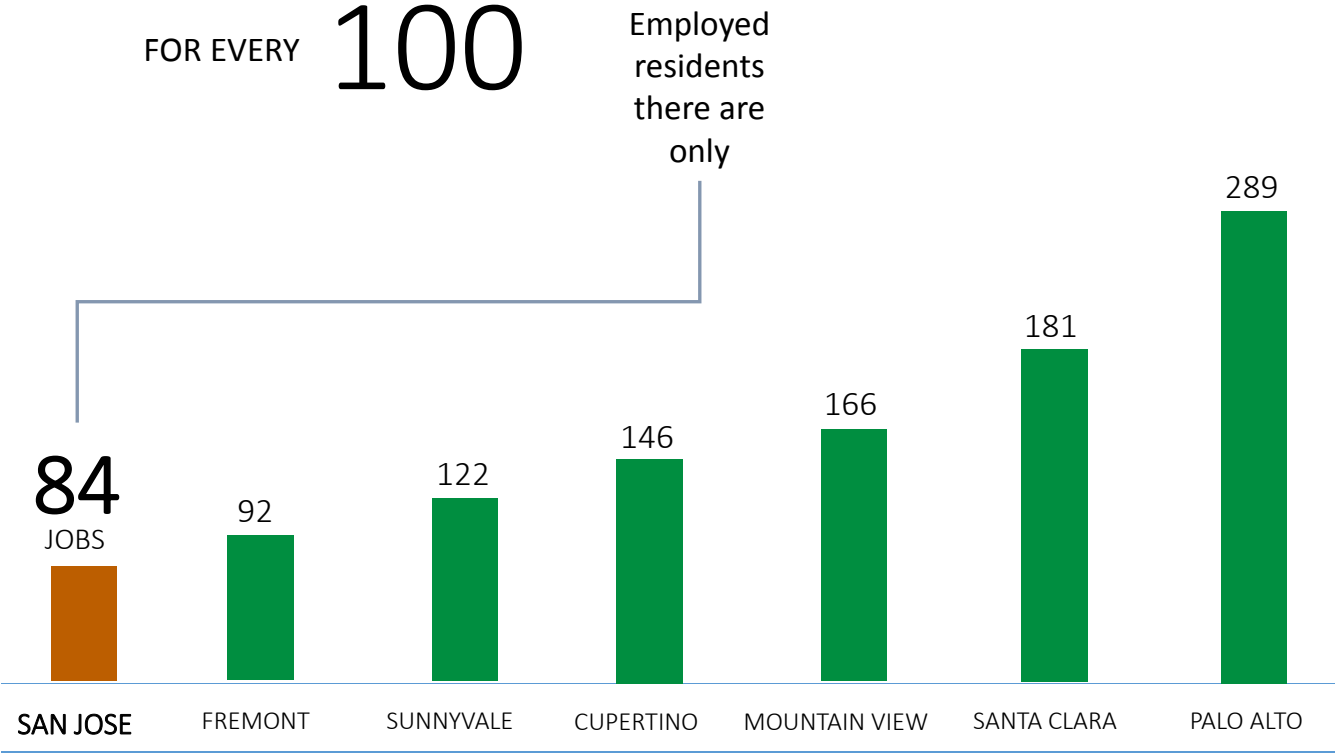


Jobs Per Employed Resident Historically Unbalanced in San José



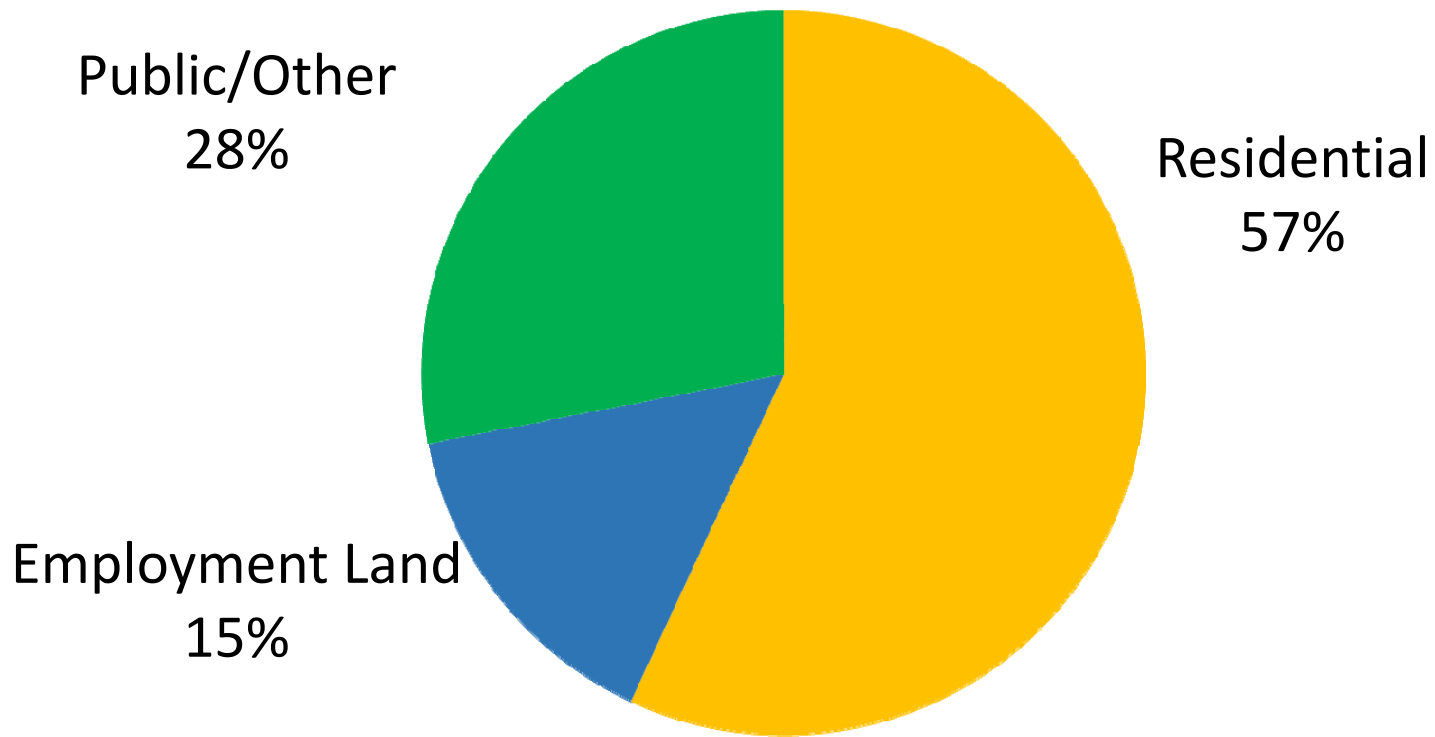
Source: ABAG*, Census, Census American Community Survey

Jobs Per Employed Resident San José vs. Nearby Cities



Source: Census, American Community Survey 2013/2014

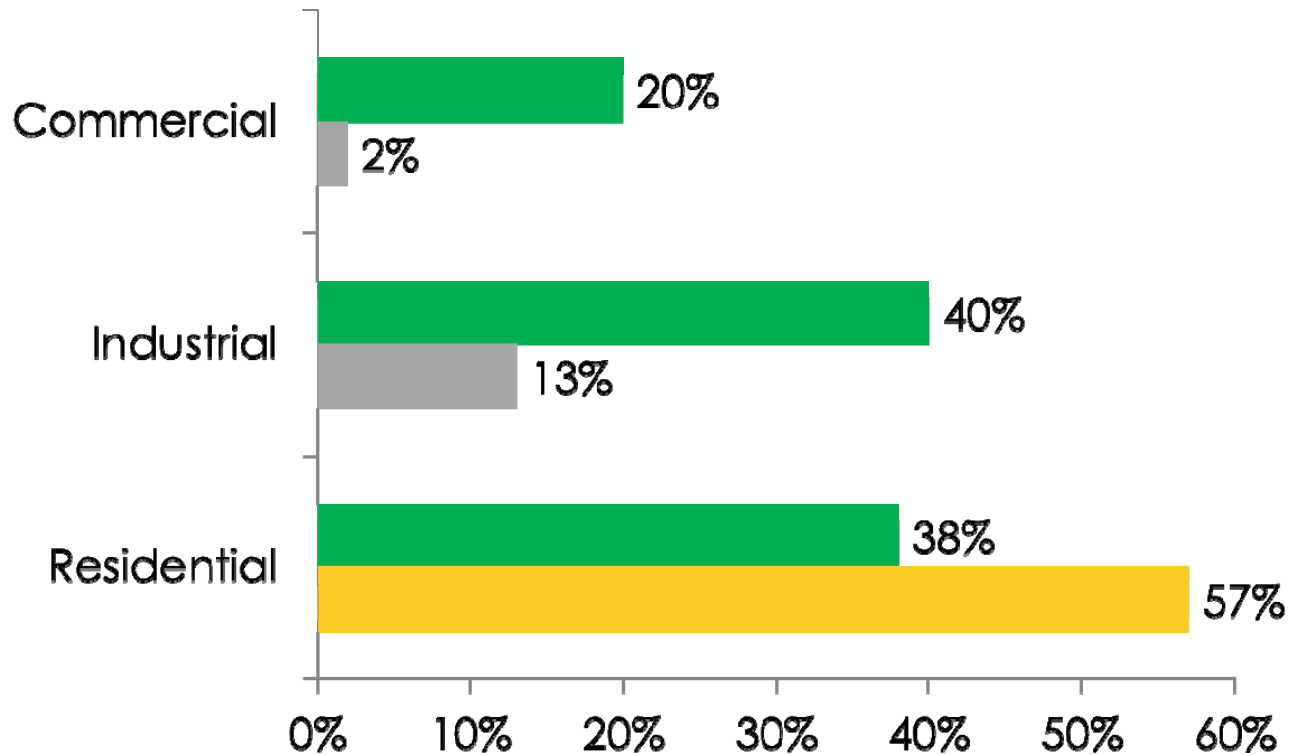
Of Existing Lands, Only 15% is for Employment Uses



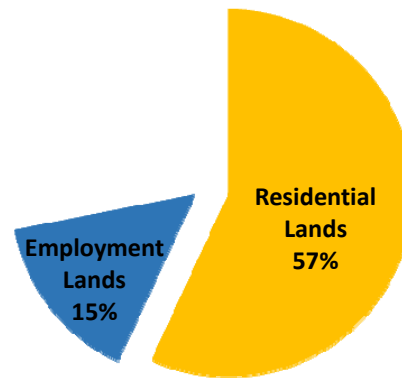
San José's Portfolio of Land Uses, 2015

60% of SJ General Fund Revenue Sourced from 15% of Land

■ Employment Land ■ Residential Land ■ Revenue



Employment Lands Provide Tax Base For Funding Resident Services



Employment Lands
Tax Revenue
- Service Costs

NET BUDGET IMPACT

+ \$124,000,000 est.

Residential Lands
Tax Revenue
- Service Costs

NET BUDGET IMPACT

- \$110,000,000 est.

Fiscal Impact Analysis Context Related to Four Year General Plan Review

Evaluate significant changes in the planning context and the City's achievement of:

- Planned job and J/ER goals
- Implementation of the Urban Village concept
- Environmental indicators, including greenhouse gas reduction and the Green Vision
- Affordable housing needs

Review: Budget & Economic Environment 2010 Fiscal Analysis Report

City of San José's Budget 2008-2009

- Housing market in turmoil
- San José Redevelopment Agency exists
- Average unemployment rate is 8.6% for the San Jose Metropolitan Area
- 366,000 jobs in San José
- A median home price in San José is \$463,000
- City's General Fund budget is \$1.049 billion
- 6,985 city positions (laid off 7 employees)
- 22 Libraries
- 174 park sites totaling 3,678 acres
- 419,193 Emergency calls

2010 Applied Development Economics' Approach to Research

- Individual Department Interviews
 - Explored service level differences between original General Plan (2020) and a new Envision 2040 General Plan
 - Asked departments if service demands be separated or identified by land use
- Extensive Data Analysis
 - Included tax records- Property, Sales, Transient Occupancy, Business Tax
 - Employment Development Department Job numbers by company/industry (2006-2007)
 - City's Budget documents
- Developed model using aforementioned inputs and information

Budget and Economic Environment 2015 Report

- Budget 2014-2015
 - Economic Growth
 - Redevelopment does not exist
 - Unemployment rate 4.7%
 - 376,000 jobs in San José
 - Median home price in San José is \$782,000
 - General Fund \$1.132 billion
 - 5,759 city positions (1,126 positions less than 2010 report)
 - 23 Libraries
 - 194 park sites, 3,436 acres
 - 549,000 911 Emergency calls

2015 Applied Development Economics' Approach to Research

- Department Interviews
 - Inquired about changes in services delivery and budget
 - Inquired about changes in cost structure
- Extensive Data Analysis with most recent data
 - Tax records- Property, sales tax, Transient Occupancy
 - Employment Development Department Job numbers by company/industry (2013-2014)
 - City's Budget documents
- Updated model with current budget and tax information
 - Developed geographic analysis focusing on density of development (North, Central, South)
 - Sensitivity Analysis on public safety costs for high density residential

Property Tax From Higher Value and More Dense Development Turns Fiscally Positive

	The Axis	The 360	One E. Julian	Morrison Park	Winchester Urban Village	South-western Village
Units/Acre	266	201	43	56	63	49
Net Revenue Per Person/Employee	\$234	\$326	\$90	\$128	\$123	\$158

City's Cost Structure and Revenues Have Changed

Net Revenue Per Per/Employee	Single Family*	Low Density Multi-Family*	Medium Density Multi-Family*	Commercial	Industrial Park	Light/Heavy Industrial	Public/Quasi Public
2010 Report	(\$165)	(\$224)	(\$232)	\$1,002	\$295	\$244	\$35
2015 Report	(\$77)	(\$227)	(\$179)	\$372	\$575	\$42	(\$269)

Net Per DU/1,000 sq. ft.	Single Family*	Low Density Multi-Family*	Medium Density Multi-Family*	Commercial	Industrial Park	Light/Heavy Industrial	Public/Quasi Public
2010 Report	(\$582)	(\$696)	(\$572)	\$2,899	\$679	\$340	(\$76)
2015 Report	(\$255)	(\$681)	(\$421)	\$1,064	\$1,321	\$58	(\$538)

*2010: Low Density is 5.5 du/acre, Medium Density 12 du/acre, High Density is 25 du/acre

Note that 2010 report housing columns were Low Density, Medium and High Density, 2015 Categories, are Single, Low, Medium

Questions?