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Redevelopment's last days in San Jose?

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By Audrey Dilling

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If you've been following the state budget negotiations, then one of the words you may have heard over and over again is "redevelopment." To save \$1.7 billion, Governor Jerry Brown has proposed eliminating California's redevelopment agencies - there are more than 400 of them. Governor Brown sees them as expendable, but we wanted to explore what they've done for cities around the state. KALW's Audrey Dilling reports from San Jose.

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AUDREY DILLING: I'm standing outside the [Children's Discovery Museum](#) in downtown San Jose. The building looks like what would happen if someone shook out the contents of a giant geometry book - it's a pile of squares and triangles.

BILL EKERN: The museum is the purple box that you see from Interstate 280 and Highway 87. It's very angular. It sits in the middle of what is known as Discovery Meadow, which is alongside the Guadalupe River.

Bill Ekern works with the [San Jose Redevelopment Agency](#), which helped open the museum in 1990.

EKERN: Our goal was to encourage the next generation and the very youngest people to come into the downtown. And it does that through the science...

Inside, the museum holds wall-to-wall experiments that teach kids about physics and ecology - or at least it lets them do things they don't normally get to do at home. Twin sisters Teela and Alyssa Hamner take the opportunity to chuck handfuls of metal washers into a giant funnel.

TEELA HAMNER: We're doing this game thing and we put them here and we slide down and you see if they go there on our side.

DILLING: Oh, so they're falling through, so they can go either way.

Right now, redevelopment agencies around California are kind of like Teela and Alyssa Hamner - they're watching for votes in the legislature to see if they come down on their side. The current draft of the next state budget includes two bills that would eliminate redevelopment agencies entirely.

San Jose State political science professor Terry Christensen says that's called attention to the value of agencies that once reshaped California's major cities.

TERRY CHRISTENSEN: Well redevelopment agencies started back in the '50s as a federal urban renewal program. San Jose's agency was formed then in the mid-'50s. And in San Jose it was a response to retail moving out of downtown.

Christensen says developers needed the government's help to make big projects happen.

CHRISTENSEN: They ran into difficulty because old downtowns were usually divided up into many small property holders, so to put together a square block you might need to get 20 people to sell you their land and that didn't happen.

That's where having a redevelopment agency came in handy. Redevelopers can do something that private developers can't. They can force property-owners to sell them land thanks to a special power called [eminent domain](#). If they deem a property to be "blighted," they can purchase it at fair market value.

CHRISTENSEN: So, forming a redevelopment agency enables you to force purchase of land through eminent domain and gives you some funds to buy that land. Maybe you sell it to Macy's, maybe you give it to them as a subsidy. Or you use the funds to build a sports pavilion, a Children's Discovery Museum, or Plaza de Cesar Chavez.

And that's what happened. All over downtown San Jose, redevelopment projects like the tech museum, a new library, the Fairmont hotel, office buildings, a new convention center and more sprouted up.

CHRISTENSEN: Ultimately I don't think we'd have much downtown, if it weren't for redevelopment. Downtown would just be the hole in the donut.

Bill Ekern took me to the site of one of the latest redevelopment projects in downtown San Jose, the [San Pedro Market](#).

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EKERN: We're on San Pedro Street in the middle of San Pedro Square and there are currently two older buildings undergoing structural restoration and renovation in order to build up an interior and urban market.

DILLING: Do you feel like San Jose has anything like this downtown?

EKERN: No. Not even close. This is a very bold and unique vision. I think it's going to ... it's relying on creating activity and creating a sense of retail buzz, which is a real challenge.

Another challenge to opening up shop downtown is the fact that not a whole lot of people live there.

EKERN: You need people. You need people that are living 24 hours. If you don't have a 24-hour sensibility, then you can't get retail, because it goes dark too often. Retail is, I think, probably the bravest thing anyone can do. It's just a total gamble to go forward.

One thing redevelopment agencies do, Ekern says, is try to get investors and businesses to take that gamble by alleviating a portion of the financial risk.

EKERN: We're seed money. We look for the private investors to come in. Most of our deals, we're maybe a tenth of the money that goes into the project or even less in large numbers of the deals.

And if all goes according to plan, redevelopment projects will improve the areas around them, driving local property values up along with property taxes. The redevelopment agency collects the increased tax revenue. And that's the part that has some people upset, like Marc Morris of [Better Sense San Jose](#), a local group opposed to some redevelopment practices.

MARC MORRIS: And so it's being diverted from spending potentially on schools. It's being diverted from spending on police and fire protection. It's been diverted from all the other good things that general fund money can be used for like park maintenance, street cleaning, street maintenance...

And, Morris says, the problem is not just that the redevelopment agency takes money from San Jose, but it's how it spends that money. He agrees the agency has done some good things...

MORRIS: But really in the scheme of things they spent a pretty small amount of their budget on those things relative to the large-scale vanity projects that they spent, wastefully we think, a lot of money on things like City Hall in downtown San Jose was a giant expenditure of money that went way over budget. They spent hundreds of millions of dollars on that.

A state [report](#) released earlier this year declared redevelopment funds all over the state were misused. In San Jose, the redevelopment chief recently announced his resignation. Professor Terry Christensen thinks redevelopment agencies' days are numbered.

CHRISTENSEN: There's very little political support beyond elected officials and a few developers elsewhere, but Republicans are not ready right now to vote to eliminate them. But they're within one vote, I think, in both the House and the Senate of having enough votes. So I think they're probably doomed.

Redevelopment agencies weren't supposed to be around forever, says Christensen, but he doesn't think their work is done yet - at least not in San Jose. And that's not why Governor Brown proposed eliminating them in the first place - he just wants their money to be used elsewhere.

Since surviving by just one vote earlier in the spring, redevelopment agencies have suggested a compromise. They say they're willing to give twenty percent of their money voluntarily to local schools in exchange for an extended lifespan. The bills to eliminate them are still part of the latest draft of the budget so their fate could still come down to a vote. And at this point, that could go either way.

In San Jose, I'm Audrey Dilling, for Crosscurrents.

How would you vote, if you got the chance? Would you retire redevelopment agencies, or rework the way they are run? Let us know on our [Facebook page](#).


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EarlRichards 12:25 AM on June 9, 2011

If the RDA funds are not saved, then, the funds will probably end-up, either directly or indirectly, into an offshore bank account in the Cayman Islands, owned by a bunch of Goldman Sachs/Wall Street dirtbags.

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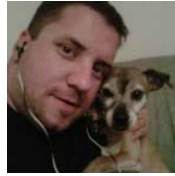
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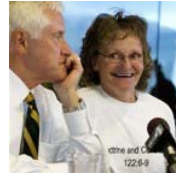
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