

The Redevelopment Agency of the City of San José

January 12, 2006

Ms. Jeannie Mar
Vice President
Corporate Trust Services
Wells Fargo Bank
707 Wilshire Boulevard, 17th Floor
Los Angeles, CA 90017

Dear Jeannie:

SUBJECT: Continuing Disclosure for San Jose Redevelopment Project Housing
Set-Aside Bonds - Series 1997, 2003, and 2005 (main CUSIP
798147)

Pursuant to the Continuing Disclosure Agreement for the Merged Area Redevelopment
Project Housing Set-Aside Bonds, I hereby submit the following required Annual Report
for fiscal year ended June 30, 2005:

1. Agency's Comprehensive Annual Financial Report for the fiscal year ended June
30, 2005 is available at the Agency's web site at:
<http://www.sjredevelopment.org/Finance/financialinfo.htm>
2. Schedule of ten largest payers of secured property taxes.

This information is provided in the Agency's Comprehensive Annual Financial
Report under Statistical Section, Table 5, page 76
(<http://www.sjredevelopment.org/Finance/financialinfo.htm>)

3. Table of historical assessed values and housing set-aside amounts (Table I).
4. Projected housing set-aside amounts and debt service coverage (Table II).
5. Pending appeals of ten largest payers of secured property taxes:

For fiscal year 2004-2005, out of the top ten taxpayers, Cisco Systems has 40
appeals pertaining to real property with a current assessed value of \$1.4 billion and
is requesting a \$309 million reduction. Spieker Properties LP has 14 appeals to
real property with a current assessed value of \$343 million and is requesting \$39
million reduction, Irvine Community Development Company has 5 appeals
pertaining to real property with a current assessed value of \$145 million and is
requesting a \$22 million reduction, Sobrato Companies has 6 appeals pertaining to

real property with a current assessed value of \$126 million and is requesting a \$37 million reduction, Adobe Systems, Inc. has 1 appeal pertaining to real property with a current assessed value of \$87 million and is requesting a \$32 million reduction, CarrAmerica has 16 appeals pertaining to real property with a current assessed value of \$234 million and is requesting a \$117 million reduction, Agilent Technologies, Inc. has 3 appeals pertaining to real property with a current assessed value of \$181 million and is requesting a \$127 million reduction, Novellus Systems, Inc has 12 appeals pertaining to real property with a current assessed value of \$169 million and is requesting a \$90 million reduction. Many of these taxpayers appeal property tax valuations on an annual basis.

6. Description of parity debt (date, amount, term, rating, insurance) issued by the Agency in the fiscal year to which the Annual Report pertains:

Parity Debt Issued: *Housing Set-Aside Tax Allocation 2005 Series A and B, and Housing Set-Aside Tax Allocation Variable Rate Demand Bonds 2005 Series C and D*

Date Issued: *June 30, 2005*

Amount: *\$10,445,000 for Series A, \$119,275,000 for Series B, \$33,075,000 for Series C and \$33,075,000 for Series D*

Term: *Serially due thru 2035 (30 years)*

Rating: *AAA for Series A and B, and Aa2/VMIG-1/AA-AAA1+ for Series C and D*

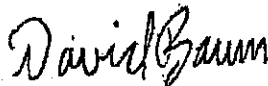
Insurance/Security: *FGIC for Series A and B, and Bank of New York letter of credit for Series C and D*

7. Form of Certificate (Annual Review of Tax Revenues) of the Redevelopment Agency of the City of San Jose pursuant to Bond Indenture (this information was also provided to you on December 1, 2005)

As the Dissemination Agent for the Housing Bonds, please be informed that in compliance with the Continuing Disclosure Agreement we will electronically submit the above information on or before the February 1, 2006 due date to the Municipal Advisory Council of Texas thru its web site at www.DisclosureUSA.org for dissemination to NRMSIRs and SIDs, if any.

If you have any questions, please do not hesitate to give me call at (408) 795-1819.

Sincerely,



David Baum
Chief Financial Officer

CC: Patricia Deignan, Agency Chief Deputy Counsel
Attachments

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 MERGED AREA REDEVELOPMENT PROJECT
 Actual Assessed Value and Housing Set-Aside Amount
 Fiscal Years 1984-1985 through 2004-2005**

Table I

Fiscal Year	Actual Assessed Value (1)	Tax Allocation	Supplemental Assessment	Total Tax Increment	Housing Set-Aside
1984/85	\$ 2,837,105,000	\$ 34,642,774	\$ 197,664	34,840,438	\$ 6,968,088
1985/86	3,456,929,000	42,558,214	1,886,475	44,444,689	8,888,938
1986/87	4,202,613,000	47,283,475	2,584,010	49,867,485	9,973,497
1987/88	4,406,847,000	49,001,869	1,809,274	50,811,143	10,162,229
1988/89	5,066,800,000	57,043,205	1,362,140	58,405,345	11,681,069
1989/90	5,410,430,000	61,841,034	1,146,698	62,987,732	12,597,546
1990/91	5,848,605,000	64,789,744	1,542,369	66,332,113	13,266,423
1991/92	6,237,299,000	68,969,865	1,061,533	70,031,398	14,006,280
1992/93	6,421,209,000	69,579,880	1,470,116	71,049,996	14,209,999
1993/94	6,492,990,000	69,755,126	767,950	70,523,076	14,104,615
1994/95	6,034,449,000	65,369,460	923,349	66,292,809	13,258,562
1995/96	6,282,826,000	67,877,862	355,213	68,233,075	13,646,615
1996/97	6,951,525,000	74,371,699	1,650,373	76,022,072	15,204,414
1997/98	8,223,179,091	91,113,164	5,100,111	96,213,275	19,242,856
1998/99	9,933,973,046	106,298,489	5,918,307	112,216,796	22,443,359
1999/00	11,273,810,711	119,982,229	9,699,245	129,681,474	25,936,295
2000/01	12,684,748,178	134,649,256	7,502,078	142,151,334	28,430,267
2001/02	16,775,688,837	175,926,065	12,533,009	188,459,074	37,691,815
2002/03	17,635,836,531	187,447,745	10,577,850	198,025,595	39,605,119
2003/04	15,865,534,711	168,015,004	2,193,031	170,208,035	34,041,607
2004/05	13,943,724,073	148,329,398	1,647,080	149,976,478	29,995,295

(1) Net of base year assessed value.

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE
 MERGED AREA REDEVELOPMENT PROJECT
 Projected Housing Set-Aside and Debt Service Coverage

Table II

Year-end	Housing Set-aside	Combined Senior Lien Debt Service	Debt Service Coverage
8/1/2005	29,753,334	7,004,928	4.25
8/1/2006	29,753,334	15,207,980	1.96
8/1/2007	29,753,334	15,208,892	1.96
8/1/2008	29,753,334	15,206,920	1.96
8/1/2009	29,753,334	15,204,964	1.96
8/1/2010	29,753,334	15,207,954	1.96
8/1/2011	29,753,334	15,203,911	1.96
8/1/2012	29,753,334	15,206,695	1.96
8/1/2013	29,753,334	15,207,865	1.96
8/1/2014	29,753,334	15,204,078	1.96
8/1/2015	29,753,334	15,204,898	1.96
8/1/2016	29,753,334	15,208,881	1.96
8/1/2017	29,753,334	15,204,551	1.96
8/1/2018	29,753,334	15,207,509	1.96
8/1/2019	29,753,334	15,204,105	1.96
8/1/2020	29,753,334	15,206,905	1.96
8/1/2021	29,753,334	15,207,853	1.96
8/1/2022	27,500,238	14,228,611	1.93
8/1/2023	27,500,238	14,224,662	1.93
8/1/2024	27,500,238	14,227,379	1.93
8/1/2025	27,500,238	14,225,304	1.93
8/1/2026	27,500,238	14,225,997	1.93
8/1/2027	22,223,175	11,499,229	1.93
8/1/2028	21,897,303	11,328,649	1.93
8/1/2029	17,980,874	9,301,219	1.93
8/1/2030	17,980,874	9,303,909	1.93
8/1/2031	17,980,874	9,300,314	1.93
8/1/2032	11,638,679	6,019,333	1.93
8/1/2033	11,638,679	6,023,689	1.93
8/1/2034	9,954,588	5,147,484	1.93
8/1/2035	1,420,137	732,947	1.94

**FORM OF CERTIFICATE OF THE REDEVELOPMENT AGENCY OF
THE CITY OF SAN JOSE PURSUANT TO SECTION 6.02 OF THE SIXTH
SUPPLEMENTAL INDENTURE RELATING TO ITS
HOUSING SET-ASIDE TAX ALLOCATION BONDS
(SERIES 2003 J & K and SERIES 2005 A, B, C & D)**

The undersigned, the Chief Financial Officer of the Redevelopment Agency of the City of San José (the "Agency"), hereby certifies, pursuant to Section 6.02 of the Trust Indenture dated as of July 1, 2003 and June 1, 2005 (the "Indenture") by and between the Agency and Wells Fargo Bank National Association, as trustee (the "Trustee"), hereby certifies as follows:

(i) The amount of Tax Increment Revenue and Housing Set-Aside Amounts received by the Agency through Fiscal Year 2004-05 and Fiscal Year 2003-04 under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on the amount of tax increment revenue that can be allocated to the Agency) is \$2,053,072,824 and \$1,903,096,346, respectively.

(ii) The amount of Tax Increment Revenue and Housing Set-Aside Amounts remaining available to be received by the Agency under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on tax increment revenue that can be allocated to the Agency) through Fiscal Year 2004-05 and Fiscal Year 2003-04 is \$5,546,927,176 and \$5,696,903,655, respectively.

(iii) (a) The amount of Tax Increment Revenue and Housing Set-Aside Amounts expected to be received for each of the next three Fiscal Years (assuming a 2% increase in each Fiscal Year), is set forth below:

<u>Fiscal Year</u>	<u>Net Tax Increment Revenue⁽¹⁾</u>	<u>Housing Set-Aside Amounts</u>
2005 - 2006	\$ 119,751,726	\$30,088,373
2006 - 2007	\$ 122,146,761	\$30,690,141
2007 - 2008	\$ 124,589,696	\$31,303,944

(b) The amount of Tax Increment Revenue and Housing Set-Aside Amounts remaining available to be received by the Agency under the Merged Area Redevelopment Plans (but not including any tax increment revenue otherwise excluded under the Merged Area Redevelopment Plans' limitation on Tax Increment Revenue that can be allocated to the Agency), after receipt of the revenues identified in (iii) (a) in each of the next three years is set forth below:

<u>Fiscal Year</u>	<u>Tax Increment Revenue Remaining to be Received⁽¹⁾</u>	<u>Housing Set-Aside Revenue Remaining to be Received</u>
2005 - 2006	\$4,295,602,306	\$1,079,297,062
2006 - 2007	\$4,173,455,545	\$1,048,606,921
2007 - 2008	\$4,048,865,849	\$1,017,302,977

(iv) The future cumulative Annual Debt Service is \$388,245,151.

(v) The future cumulative annual debt service on any Subordinated Indebtedness issued under the Subordinate Agreement (assuming, at the time of calculation, an interest rate on such bonds equal to the 5 year average of the 30 day London Inter Bank Offering Rate or, if such average is not available, the 5 year average of the 30 day Treasury Bill rate for so long as those bonds bear interest at an adjustable rate) is \$87,484,982.

(vi) The future annual cumulative debt service under the Credit Agreement or successor credit agreement as provided in Section 6.01 of the Seventh Supplemental Agreement, is \$0.

(vii) The future annual cumulative payments on any other obligations of the Agency payable from Housing Set-Aside Amounts that are subordinate to the Bonds is \$0.

(viii) The sum of (iv), (v), (vi), and (vii) equals \$475,730,133 is less than ninety percent (90%) of the amount set forth in (ii) with respect to Housing Set-Aside Amounts available to be received as of the prior Fiscal Year or the amount set forth in (iii) with respect to the Housing Set-Aside Amounts available to be received during any of the next three Fiscal Years. [In the event the sum of (iv), (v), (vi) and (vii) is greater than ninety percent (90%) of (y) the amount set forth in (ii) with respect to Housing Set-Aside Amounts in the prior Fiscal Year or (d) the amount set forth in (iii) with respect to Housing Set-Aside Amounts during any of the next three Fiscal Years, the Agency must establish an escrow as provided in Section 6.02 of the Indenture or otherwise adopt a plan approved by an Independent Redevelopment Consultant as provided in said Section 6.02].

(ix) The amount of Tax Increment Revenue and Housing Set-Aside Amounts received by the Agency during the Fiscal Year 2004-05 and Fiscal Year 2003-04 was \$149,976,478 and \$170,208,035, respectively.

(x) The amount of Housing Set-Aside, if any, used or escrowed during the prior Fiscal Year for use to pay interest on and principal of and redemption premiums, if any, on the Bonds, was \$5,982,615.

(xi) Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture.

Dated: November 30, 2005

REDEVELOPMENT AGENCY OF THE CITY
OF SAN JOSE

BY: David Baum
David Baum
Chief Financial Officer

⁽¹⁾ Represents total tax increment minus 20% statutory housing set-aside and 1/2 of 1% for statutory AB1290 Pass-Through.