CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

News Release

San Jose Redevelopment Agency

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San Jose Redevelopment Agency Proposes 2005-07 budget

$206 Million Proposed for Capital Improvements

San José ---- The San Jose Redevelopment Agency released its proposed budget for the current and next fiscal years that recommends investing more than $206 million to enhance neighborhoods, build affordable housing and spur job growth in San José.

Additionally, the proposed redevelopment budget includes $41 million for Strong Neighborhood Initiative (SNI) projects and $20 million for other neighborhood improvements. The SNI investments augment approximately $14 million spent in SNI during the past year.

Also in the two-year budget, the Redevelopment Agency proposes $65 million for affordable housing throughout San José, which covers the Agency's commitment to set aside 20 percent of its budget for affordable housing and Parkland Dedication Ordinance (PDO) fee contributions.

"This budget means we can keep working with our residents to strengthen their neighborhoods, improve quality of life in our community, and invest in the long-term prosperity for the people of San José," said Mayor Ron Gonzales.

The two-year spending plan relies primarily on current cash reserves and revenues and assumes no new issuance of redevelopment bonds. The Agency has hired Spectrum Economics for the second year to forecast the Agency's revenue growth. The five-year funding forecast projects a one percent increase in property tax increment revenue this year and then an average annual increase of 7.7 percent over the remaining four years.

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In May, the Redevelopment Agency released a proposed one-year capital improvement program and operating budget that allowed projects already underway to continue. Because of uncertainty caused by the final property tax assessments from the County Assessor and the state budget, the Agency deferred action on its longer-term budget plan until this summer**.**

In light of the Redevelopment Agency Board approvals for the North San Jose 2030 Strategy in June, the budget proposes a first year expenditure of $3.9 million to immediately begin design for the major infrastructure necessary to accommodate the project development in this vibrant area.

The Redevelopment Agency also bolstered its cash reserves over the past year by refinancing bonds to generate $8 million cash flow savings, liquidating $6.7 million of ongoing contracts and reducing operating expenditures by $1.8 million.

Assessed property values in San José redevelopment areas have increased by an estimated one percent this year, compared to a drop of 11.5 percent last year. This represents about $121 million more assessed value over last year, due mainly to new multifamily housing assessments. As a result, Agency property tax revenue in the coming fiscal year will increase approximately $1 million to an estimated $149 million.

"The economic news this year is very encouraging in that it allows us to plan for significant projects that will benefit the citizens of San José" said Harry Mavrogenes, San Jose Redevelopment Agency Executive Director. "We really feel that we have turned the corner."

The San José City Council, sitting as the Redevelopment Agency Board of Directors, will consider the proposed budget on Monday, August 22.

The San Jose Redevelopment Agency is dedicated to improving the quality of life for all who live and work in San José. Together the City and the Redevelopment Agency facilitate and oversee comprehensive programs for development to revitalize the City's Downtown, neighborhoods, and industrial areas.

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