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## **San Jose Redevelopment Proposes Two-Year Spending Plan**

***\$285 million proposed for neighborhood improvements,  
affordable housing, and economic development initiatives***

*San José* ---- The San Jose Redevelopment Agency released its proposed budget for the current and next fiscal years that recommends investing more than \$110 million in current commitments, including the revitalization project at Story and King roads and the CIM mixed-use retail and housing project in Downtown San Jose.

Additionally, the proposed redevelopment budget includes nearly \$50 million for Strong Neighborhood Initiative projects and \$10 million for other neighborhood improvements. The SNI investments include \$35 million in the first year of the budget, in addition to the \$19 million already spent since January.

Also in the first year of the budget, the Redevelopment Agency proposes \$44 million for affordable housing throughout San Jose, which covers the Agency's commitment to set aside 20 percent of its budget for affordable housing and its Parkland Dedication Ordinance (PDO) fee contributions.

"Although these are very challenging economic times, we will do all we can to maintain our redevelopment commitments to create jobs, build affordable homes, and strengthen our neighborhoods and downtown," said Mayor Ron Gonzales. "These continuing investments are necessary for long-term prosperity and quality of life, and they will keep us in a good position when the economy turns around."

The two-year spending plan relies primarily on current cash reserves and revenues and assumes no new issuance of redevelopment bonds. The Agency's five-year funding forecast projects a two percent decrease in property tax increment revenue next year and then an average increase of 7.5 percent over the remaining three years.

**- more -**

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 state budget take-away of local government revenues and the final property tax assessments from the County Assessor, the Agency deferred action on its longer-term budget plan until this summer.

The proposed budget also recommends alternate financial resources, such as the state-approved loan pool currently under consideration by the Governor and borrowing \$3.4 million from the city’s Parking Fund reserve for each of the next two years. The Loan Pool could help the Agency with its obligation to allocate local revenues to the state budget, currently estimated at \$18.7 million for the current and next fiscal years.

In light of the continuing recession, the Redevelopment Agency also bolstered its cash reserves over the past year by reducing capital expenditures by \$40 million and increasing resources by refinancing bonds at lower interest rates.

Assessed property values in San José redevelopment areas have declined by an estimated 11.5 percent this year, compared to a drop of 10 percent last year. This represents about a \$4 billion loss in property value over the last two years, mostly in the high tech industrial and commercial zones of San José. As a result, Agency property tax revenue in the coming fiscal year will drop from the \$168 million originally projected to an estimated \$148 million.

“We have learned to do more with less,” said Harry Mavrogenes, interim San Jose Redevelopment Agency Executive Director. “Despite the decline in property values and the continuing losses to the state, we continue to seek innovative ways to improve quality of life for the community and opportunities for businesses.”

The Redevelopment Agency Board is expected to consider the proposed spending plan in September.

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