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Mayor Reed Releases Redevelopment Budget Message

SAN JOSÉ, CALIF. – San José Mayor Chuck Reed has released a Budget Message for the San José Redevelopment Agency that calls for a cautious approach given an organization that has been hurt by declines in property values and the state’s raid of \$75 million in funds over a two-year period.

“Given the difficult times we are in, we must focus our resources on projects and programs that spur job creation, increase tax revenues, and induce economic growth,” said Mayor Reed. “Focusing on tax revenue and job-generating development activities in our industrial areas, downtown, neighborhood business districts, and clusters must continue to be our highest priority”

Due to the uncertain nature of these economic times, the Mayor’s Budget Message calls for a cautious approach that includes:

- A phased capital improvement plan;
- A new mid-year budget review in February 2011; and
- Restrictions on the Agency Executive Director’s signature authority.

It covers the Redevelopment Agency Capital and Operating Budget for Fiscal Year 2010-2011 and Three-Year Spending Plan.

The San José Redevelopment Agency, created in 1956, has fueled economic growth and supported neighborhoods in the city’s Redevelopment Project Areas. In recent years, the Agency has faced significant challenges as the property assessments which drive its revenues declined and the State of California took \$62 million in May 2010 and will take \$13 million in May 2011. Over the past year, the Agency has had to lay off valuable employees and drastically reduce its three-year Capital and Operations Program.

“To achieve everything we want will require substantial revenue growth over the next 10 years,” Mayor Reed said. “We need to work together to solve our problems and respond to the challenges ahead. We need to keep our sights clearly on the Agency’s ability to eliminate blight and influence economic growth to create jobs and increase tax increment.”

The City Council, sitting as Redevelopment Agency Board, is scheduled to vote on the Mayor’s Agency Budget Message on Tuesday, October 26. The proposed Agency budget is online at www.sjredevelopment.org. The Mayor’s Agency Budget Message is at www.sanJoseca.gov/mayor/news/memos/10October/MayorRDABudgetMessage_10152010.pdf.