MARCH 2019 NEWSLETTER AT-A-GLANCE

- San Jose's Opportunity Zones
- Construction Tax Changes Effective 3/31/2019
- Clean Energy for Businesses in San Jose
- Hayes Mansion Sale Completed by City
- "Future of Downtown San Jose" - Business Journal Event
- SJ Public Library Helps Job-Seekers & Entrepreneurs
- Events

OPPORTUNITY ZONES

San Jose initiates dialogue on Opportunity Zones

San José's Zones in Context

There's a lot of buzz right now around Opportunity Zones - a new federal tax incentive for investment in lower-income communities. With 11 designated Census tracts, San Jose has the most Zones in Silicon Valley, and investors have responded by looking for deals throughout the new Zones, especially in Downtown.

But what does the Opportunity Zone designation really mean? How does it align with the city's goals and priorities for housing development, equitable growth, and economic activity?

We probed these and other questions at a Feb. 4 workshop that convened tax experts, state officials, investors, nonprofits, businesses, and other stakeholders. Because we filmed the event, we're able to make the conversation available to anyone looking to better understand the issues at play, see link below.

As a City, San Jose doesn't have a formal implementation role under the Opportunity Zone statute, which was included in the 2017 Tax Cuts and Jobs Act. But we are keenly interested in facilitating investment that helps fulfill the City's General Plan, grows housing opportunities, activates transit, and increases jobs.

In the blogpost, you can access additional information on San Jose's Opportunity Zones with the following resources:

- Michael Novogradac's presentation explaining the ins and outs of Opportunity Zones
- The presentation from the State of California's GoBiz office. Make sure you check out the State's site - ca.gov - for some great resources.
- The OED information packet on San Jose Opportunity Zone

View the whole event by clicking the image on the right.
CONSTRUCTION TAX UPDATE

San Jose changes in construction tax effective 3/31/19

What’s in your office?

As early as 2003, the City saw the challenges in categorizing these uses, and created new categories that spanned the gap. Because of the way our tax code works, the City has always included sunset provisions in these categories so we can go back and make changes.

The latest of these changes, which used a definition of “office, research and development” to identify high tech users as “industrial,” expired in March, 2017. City staff brought forward a plan to create a new category that treated all types of office the same, regardless of whether it is tech, finance or some other general business office, and tax them at a reduced 2% rate.

Rather than implementing the change right away, the City Council gave a two-year extension to the previous program to allow projects that had already been planned to move forward. On March 31, that current program will discontinue and the new 2% office rate will go into effect. Details on what was behind the changes are available in the blogpost.

CLEAN ENERGY

San Jose offers clean energy options for businesses

San José Clean Energy (SJCE) is the new Community Choice Energy program providing cleaner and cheaper electricity generation services to residents and businesses in San Jose. A guest blogpost by Mark Bachman of Clean Energy San Jose provides helpful details.

Operated by the City, SJCE is a local not-for-profit utility, and is highly responsive to customer needs and flexible in creating solutions.

SJCE will procure a cleaner power mix than PG&E, with more renewable energy and a 1% discount on generation charges to start. This means that energy prices have a small downward pressure, and companies will have much of their work reducing and eventually eliminating scope 2 emissions done for them.

In addition to receiving cleaner, cheaper power, there are more ways that businesses can benefit from SJCE service. SJCE’s account services team is dedicated to supporting commercial customers.
REAL ESTATE UPDATE

City completes sale of Hayes Mansion

In February, 2019, the City of San José announced the successful completion of the sale of Hayes Mansion to JMA Ventures LLC, for $30 million. The City Council previously approved the sale on June 26, 2018, and escrow closed on January 5, 2019. The sale allows the City to eliminate all outstanding long-term bond debt against the Hayes Mansion, eliminates the City’s ongoing General Fund subsidy for debt service, and pays the outstanding Devcon loan of $1.2 million.

“Successfully transferring ownership and securing world-class management of the historic Hayes Mansion has been a City goal for many years,” said Nanci Klein, Director of Real Estate and Assistant Director of Economic Development for the City of San José. “We are delighted that the sale to JMA Ventures and assumption of operational management by Interstate Hotels & Resorts will give new life to this important part of San José’s history.”

The purchaser, JMA Ventures, LLC is a San Francisco based full-service investment and development firm focusing on real estate and leisure-lifestyle assets. The operations company, Interstate Hotels & Resorts operates branded full- and select-service hotels, resorts, convention centers, and independent hotels, including 530 properties in 12 countries. For more details, check out the full blogpost.

For more information, contact Loren Haley, RE Development Manager, OED.

DOWNTOWN

Silicon Valley Business Journal focuses on Downtown SJ

At a sellout breakfast summit hosted by the Silicon Valley Business Journal, developers, property owners and City officials shared their views on the future of Downtown.

Mayor Sam Liccardo gave the keynote speech highlighting just how far Downtown has come over the past 15 years. He noted that the City's improvements to public safety, engagement with major property owners, and supporting a more involved and opportunity-rich resident community have contributed to firm foundations for future growth.

Vic Farlie attended and provided a blogpost about the event.

For more information, contact Vic Farlie, Business Development Officer, OED.

WORKFORCE UPDATE

San Jose Public Library helps job-seekers and entrepreneurs

SJPL Works is just one of the assets that makes San Jose Public Library one of the top libraries in the country. The program is described in a guest blogpost for SJ Economy News, by Rick Jensen, Communications Director, San Jose Downtown Association.

San Jose librarians saw a need to provide dedicated support to job-seekers and those wanting to start a small business, which is music to the ears of the San Jose Downtown Association, a business membership organization.
"Through our daily customer interactions, we noticed that there was still a high number of customers who lacked basic skills and tools to gain employment," said Elizabeth Castaneda, former SJDA intern and now marketing and communications manager for San Jose Public Library. "Also, we found that small businesses account for nearly 38 percent of jobs in San Jose and we thought that the library could play an important role around supporting and educating small business owners and budding entrepreneurs."

To learn more about the innovative program, read the [blogpost](#) by Rick Jensen.

For more information, contact Elizabeth Castaneda, Marketing & Comms. Manager, SJPL.

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**EVENTS**

[Please visit March's full event calendar](#). Don't miss out on these featured events.

- **Facebook First Fridays**
  San Jose Museum of Art
  3.1.2019

- **Architectural Intelligence**
  San Jose McEnery Convention Center
  3.1.2019

- **SJ Quakes Downtown Neighborhood Night**
  Avaya Stadium
  3.1.2019

- **Maker's Market in the Park**
  Santana Row
  3.2.2019

- **Symphony Silicon Valley - Tchaikovsky's Fifth Symphony**
  California Theatre
  3.2 through 3.3.2019

- **Si Se Puede - The Struggles of Cesar Chavez**
  Mexican Heritage Plaza
  3.3.2019

- **Cinequest**
  San Jose - Multiple Theater Venues
  3.5 through 3.17.2019

- **2019 Silicon Valley Auto Show**
  San Jose McEnery Convention Center
  3.7 through 3.10.2019

- **Hop & Vine - Festival and Market**
  Santa Clara County Fairgrounds
  3.9.2019

- **Michael Ogilvie: Public Art, Cure and Career**
  SJSU Art Gallery
  3.12.2019

- **Irish Pub Party**
  San Jose Women's Club/Landmark Ballroom
  3.17.2019

- **NVIDIA GTC 2019**
  San Jose McEnery Convention Center
  3.17 through 3.21.2019

- **Faure Piano Quartet**
  Trianon Theater
3.23.2019

The Tragedy of King Richard the Second - Screening
Hammer Theatre Center

3.28.2019

Star Wars - Live in Concert
San Jose Center for the Performing Arts

3.29 through 3.31.2019

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