



# Memorandum

**TO:** MAYOR REED

**FROM:** Councilmember Donald Rocha

**SUBJECT:** BUDGET DOCUMENT

**DATE:** May 21, 2014

Approved

*Don Rocha*

Date

*5/21/14*

## RECOMMENDATION

That the following recommendation be enacted.

### Proposal

Program/Project Title: **HUD 108 – CDBG LOAN REPAYMENT BACKFILL**

Amount of City Funding Required: \$2,059,000

Fund Type (i.e. General Fund, C&C funds, etc.): General Parking Fund, Debt Service Payments Reserve (Page XI – 42)

Proposal Description, including anticipated outcomes (describe how change would affect services for San José residents, businesses, community groups, etc.):

This proposal would designate \$2,059,000 for the debt service payment guaranteed by the Community Block Development Grant allocation. This HUD 108 loan was authorized under the former San Jose Redevelopment Agency for the building of the 88 San Fernando luxury high-rise and it's associated parking facility.

Alleviating this burden on the CDBG fund will directly increase the amount of funding available for Community Development Improvement projects in the three place-based neighborhoods:

- Santee
- Mayfair
- Five Wounds/Brookwood Terrace

These funds will allow the City to increase its work with existing community partners to reduce blight, fund infrastructure improvements and deter crime and gang activity. With the Parking Fund's healthy Debt Service Reserve, it is reasonable and responsible to increase our resources for a comprehensive approach to public safety and allow this debt service payment to be made with other available funds. As our tax increment returns, this burden will be redirected once again to the Successor Agency to the San Jose Redevelopment Agency.

**Funding Source**

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Essential Services Reserve (\$2 million)

Other (Program/Project/Fund): General Parking Fund, Debt Service Payments Reserve (Page XI – 42)

Department or Organization: Housing Department

Department or Organization Contact (list contact information for the individual that certified cost estimates contained within your recommendation):

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E-mail address: Margaret.McCahan@sanjoseca.gov

This change is:

  X   One-time             Ongoing

The City Service Area to which the change best relates:

- Community and Economic Development Services
- Environmental and Utility Services
- Neighborhood Services
- Public Safety
- Strategic Support
- Transportation and Aviation Services