

2014-2015

OPERATING BUDGET

**SELECTED SPECIAL
FUNDS SUMMARIES**

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FUNDS SUMMARIES**

Community Development Block Grant Fund

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T*o provide funding for local community projects and services which further the objectives of the federal Community Development Block Grant (CDBG) program. The national objectives of the program are to provide assistance to persons of low- and moderate-income, prevent or eliminate slums and blight, or meet an urgent community development need.*

CDBG funds are granted to programs and projects carried out by local non-profit organizations and by City departments. By federal regulation, up to fifteen percent of the City's CDBG grant and program income may be allocated to public service activities. By City policy, all of these funds are provided to non-profit organizations that provide community services including but not limited to: fair housing activities, services for seniors, childhood education, and employment services.

Up to twenty percent of the CDBG grant and program income may be used for administration, fair housing, and planning activities. The remainder of the CDBG funds are allocated to community development activities and construction, and awarded to non-profit organizations and City departments for activities such as capital projects, housing improvements, neighborhood revitalization, code enforcement, job creation, and economic development.

Community Development Block Grant

Budget Summary

	2013-2014 Adopted	2014-2015 Adopted	Change
Contractual Community Services	\$ 1,289,740	\$ 1,356,267	5.2%
Community Development Improvements	\$ 6,150,168	\$ 5,086,800	(17.3%)
Administration, Fair Housing, & Planning	\$ 1,627,346	\$ 1,782,101	9.5%
Section 108 Debt Service	\$ 2,178,381	\$ 2,058,789	(5.5%)

Budget Highlights 2014-2015

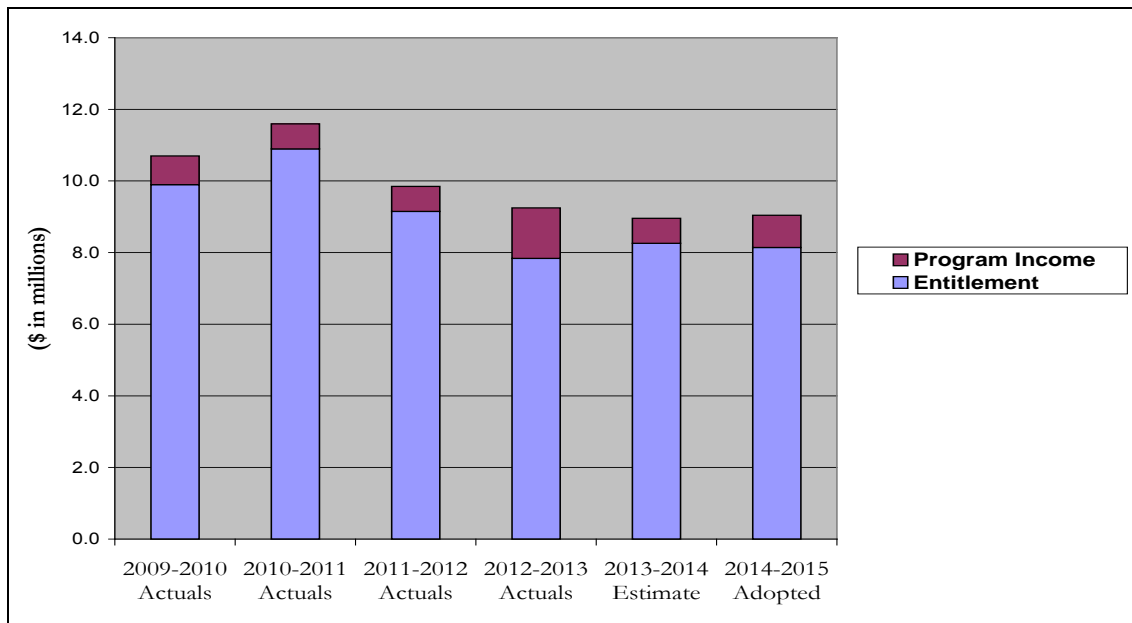
- ❑ In 2014-2015, the annual CDBG entitlement award is \$8.1 million. The City’s annual entitlement has decreased by 1.4% from the revised 2013-2014 level of \$8.3 million.

❑ In 2014-2015, \$1.3 million in Community Development Improvement funds will be dedicated to place-based, neighborhood-focused strategy projects. The three place-based neighborhoods are Mayfair, Five Wounds/Brookwood Terrace, and Santee.
- ❑ Approximately \$1.4 million will be allocated to Contractual Community Services for senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

❑ CDBG will pay principal and interest payments of approximately \$2.1 million for the CDBG-guaranteed Section 108 debt service obligation.

Budget Byte

CDBG FUNDING



Community Development Block Grant

Fund Overview

The City's Community Development Block Grant (CDBG) program budget is based on a 2014 entitlement grant of \$8.1 million, which is a 1.4% reduction from the 2013-2014 modified level of \$8.3 million. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at \$900,000, slightly higher than 2013-2014 collection levels. Of the total \$10.3 million expenditures programmed in the 2014-2015 budget, approximately \$1.4 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately \$5.1 million will be available for Community Development Improvements (CDI), and approximately \$1.8 million will be allocated to Administration, Fair Housing, and Planning activities. In addition, CDBG will fund the Section 108 debt service payments (approximately \$2.1 million) as a result of the dissolution of the San Jose Redevelopment Agency. Per the agreement between the Federal Department of Housing and Urban Development, if the Successor Agency to the Redevelopment Agency (SARA) is not able to make the debt service payment, CDBG funds are pledged to cover this obligation. Due to the fact that it is projected that there will be insufficient property tax increment revenue available to cover the debt service payment in 2014-2015, CDBG funds are programmed for this payment next year. In addition, a reserve has been established to set aside funds for future debt service payments, as it is currently anticipated that there will not be sufficient property tax increment revenues to make the payment in the near term.

Contractual Community Services

Eight projects, totaling \$1.4 million, from non-profit agencies offering services to San José residents are funded in 2014-2015. Programs funded under this category offer a variety of services to the community, including senior and homeless services and school readiness/third grade literacy programs.

Community Development Improvements

The Community Development Improvements category totals \$5.1 million in 2014-2015, which funds a portion of the City's Code Enforcement program and the Illegal Dumping Rapid Response Pilot program. In addition, one non-profit agency will receive funding to support minor repair grants to lower-income homeowners and a second non-profit agency will provide job readiness and training to homeless individuals and expand the program to allow for homeless individuals to provide cleaning and maintenance support in the Downtown area. The place-based strategy will continue in three neighborhoods (Mayfair, Santee, and Five Wounds/Brookwood Terrace) where there is demonstrated need consistent with the mission of the CDBG program, the opportunity to make capital investments, and strong community partnerships to sustain that progress. CDBG will support ten place-based construction and non-profit rehabilitation projects in 2014-2015. These funds will provide for various infrastructure projects including play structure rehabilitation, an art walk, mobile library acquisition, LED streetlights, and rehabilitation of five non-profit agency facilities that provide services to homeless individuals.

Community Development Block Grant

Fund Overview

Administration, Fair Housing, and Planning

Funds in this category are used to support a variety of projects, including administration of the grants program, fair housing, and planning activities. The Housing, and Planning, Building and Code Enforcement Departments will receive funding for the support services, including environmental review services, they provide to the program.

Funding allocations within each CDBG category are contained within the “2014-2015 Consolidated Annual Action Plan.” Two public hearings were held on April 17, 2014, and April 29, 2014 to discuss the “2014-2015 Consolidated Annual Action Plan.” The Annual Action Plan, including the CDBG funding allocations, was approved by City Council on April 29, 2014. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the “2014-2015 Consolidated Annual Action Plan” that can be found at <http://www.sanjoseca.gov/DocumentCenter/View/28565>.

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 8,147,224	\$ 8,078,941	\$ 6,452,817	(20.1%)
CDBG Entitlement	7,840,284	7,448,270	8,141,778	9.3%
Developer Payments	0	443,000	225,000	(49.2%)
Housing Rehabilitation Loan Program Income	743,515	500,000	600,000	20.0%
Miscellaneous Revenue	476,875	0	0	0.0%
Other Loan Repayment	188,164	200,000	300,000	50.0%
Total	\$ 17,396,062	\$ 16,670,211	\$ 15,719,595	(5.7%)
Dollars by Fund				
Contractual Community Services	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%
Community Development Improvements	5,419,959	6,150,168	5,086,800	(17.3%)
Administration, Fair Housing & Planning	1,328,364	1,627,346	1,782,101	9.5%
Recovery Act - CDBG Fund	143,668	0	0	0.0%
Section 108 Debt Service	1,866,823	2,178,381	2,058,789	(5.5%)
Ending Fund Balance	7,500,558	5,424,576	5,435,638	0.2%
Total	\$ 17,396,062	\$ 16,670,211	\$ 15,719,595	(5.7%)

Community Development Block Grant

Budget Category: Contractual Community Services

Budget Category Overview

Contractual Community Services (CCS) funds may be used for activities defined as public services under CDBG regulations. These funds support programs that provide services to the community, including senior and homeless assistance, and school readiness/third grade literacy. The total available for this category in 2014-2015 is \$1,356,267. By policy, the City makes all of these funds available to local non-profit organizations.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%
Total	\$ 1,136,690	\$ 1,289,740	\$ 1,356,267	5.2%

The following projects are included for funding in the 2014-2015 Adopted Budget in the CCS category.

Adopted Allocation	2014-2015 Amount
City-wide Outreach and Shelter Project (EHC LifeBuilders)	\$ 546,818
Families and Youth Project (Bill Wilson Center)	148,190
Homeless Services to Youth and Families (Next Door Solutions)	177,189
Meals on Wheels (The Health Trust)	97,717
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	97,717
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara County)	96,212
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	96,212
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	96,212
Total Contractual Community Services	\$ 1,356,267

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Overview

The largest portion of the City’s CDBG funds are allocated to the Community Development Improvements (CDI) category. This category includes non-construction projects including housing rehabilitation, minor home repair, and code enforcement activities. The Housing Department will provide construction management services for a limited number of rehabilitation loans and grants. In addition, this category includes construction projects or physical improvements. The following table provides the distribution of funding in the CDI category by non-construction and construction categories.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Community Development Improvements				
CDI Non-Construction	\$ 4,668,418	\$ 3,725,234	\$ 2,583,601	(30.6%)
CDI Construction	751,541	2,424,934	2,503,199	3.2%
Total	\$ 5,419,959	\$ 6,150,168	\$ 5,086,800	(17.3%)

The following projects are included for funding in the 2014-2015 Adopted Budget from the CDI category.

Adopted Allocation	2014-2015 Amount
CDI Non-Construction	
Proactive Blight Elimination and Illegal Dumping Rapid Response Pilot Program (Planning, Building and Code Enforcement Department)	\$ 1,375,601
Job Readiness Training Project (Downtown Streets Team)	708,000
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	500,000
Total CDI Non-Construction	\$ 2,583,601
CDI Construction	
Neighborhood Infrastructure Improvements (Franklin-McKinley School District, Housing Department, Public Works Department, and Transportation Department)	\$ 1,165,500
Place Based and Non-Profit Rehabilitation Projects (Franklin-McKinley School District, Library Department, Environmental Services Department, Recovery Café, EHC, Bill Wilson)	1,337,699
Total CDI Construction	\$ 2,503,199

Community Development Block Grant

Budget Category: Administration, Fair Housing and Planning

Budget Category Overview

The Administration, Fair Housing and Planning category consists primarily of program administration, fair housing, and planning activities.

Budget Category Summary

	2012-2013 Actual 1	2013-2014 Adopted 2	2014-2015 Adopted 3	% Change (2 to 3)
Administration, Fair Housing, and Planning	\$ 1,328,364	\$ 1,627,346	\$ 1,782,101	9.5%
Total	\$ 1,328,364	\$ 1,627,346	\$ 1,782,101	9.5%

The following projects are included for funding in the 2014-2015 Adopted Budget from the Administration, Fair Housing, and Planning category.

Adopted Allocation	2014-2015 Amount
Program Development and Monitoring (Housing Department)	\$ 1,265,730
Planning Studies (Housing Department)	100,000
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	385,000
Legal Services (Office of the City Attorney)	21,371
Environmental Review Services (Planning, Building and Code Enforcement Department)	10,000
Total Administration, Fair Housing and Planning	\$ 1,782,101

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