

**2013-2014**

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**OPERATING BUDGET**

**SELECTED  
SPECIAL 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: homeless assistance; foreclosure assistance; 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

	2012-2013 Adopted	2013-2014 Adopted	Change
Contractual Community Services	\$ 1,266,042	\$ 1,289,740	1.9%
Community Development Improvements	\$ 6,071,547	\$ 6,150,168	1.3%
Administration, Fair Housing, & Planning	\$ 1,733,361	\$ 1,627,346	(6.1%)
Section 108 Debt Service	\$ 1,870,928	\$ 2,178,381	16.4%

## Budget Highlights 2013-2014

- ❑ In 2013-2014, the annual CDBG entitlement award is \$7.4 million. The City's annual entitlement has decreased by 5% from the 2012-2013 level of \$7.8 million due to federal sequestration.

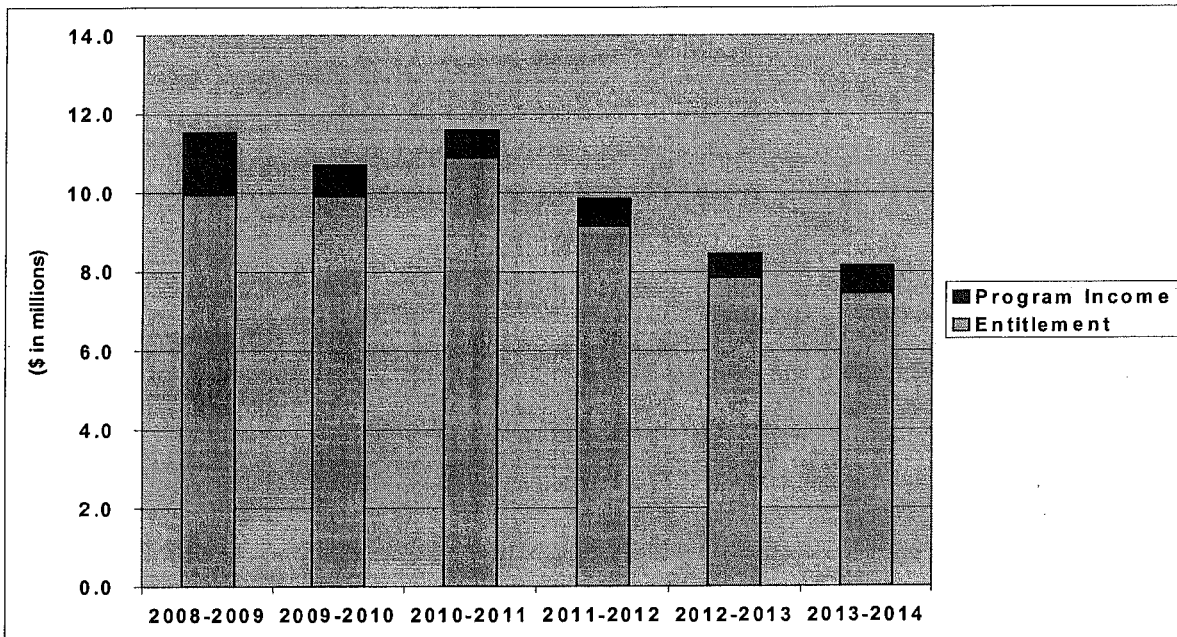
❑ In 2013-2014, the majority of the Community Development Improvement funds will be dedicated to a place-based, neighborhood-focused strategy. The three place-based neighborhoods are Mayfair, Five Wounds/Brookwood Terrace, and Santee.
- ❑ Approximately \$1.3 million will be allocated to Contractual Community Services for senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

❑ CDBG will pay principal and interest payments of approximately \$2.2 million for the CDBG-guaranteed Section 108 economic development loans.

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### CDBG FUNDING



# Community Development Block Grant

## Fund Overview

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The City's Community Development Block Grant (CDBG) program budget is based on a 2013 entitlement grant of \$7.4 million, which is a 5% reduction from the 2012-2013 level of \$7.8 million due to federal sequestration. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at \$700,000, slightly higher than previous collection levels. In addition, the program is anticipated to receive approximately \$443,000 in developer payments. Of the total \$11.2 million expenditures programmed in the 2013-2014 budget, approximately \$1.3 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately \$6.2 million will be available for Community Development Improvements (CDI), and approximately \$1.6 million will be allocated to Administration, Fair Housing, and Planning activities. In addition, CDBG will fund the Section 108 debt service payments (approximately \$2.2 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 2013-2014, CDBG funds are programmed for this payment next year. In addition, a reserve has been established to set aside funds for that debt service payment in 2014-2015, as it is currently anticipated that there will not be sufficient property tax increment revenues to make the payment that year as well.

### Contractual Community Services

Eight projects from non-profit agencies offering services to San José residents will be funded in 2013-2014. Programs funded under this category offer a variety of services to the community, including senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

### Community Development Improvements

Two City programs and projects are funded in the CDI category. 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 be selected to provide job readiness and training for homeless individuals. Finally, CDBG will invest approximately \$2.4 million to support the place-based, neighborhood-focused strategy that was implemented in 2012-2013. This 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 substantial change, and strong community partnerships to sustain that progress. These funds will provide for various infrastructure projects such as LED streetlights, crosswalks and other pedestrian-safety measures, traffic calming, and recreational improvements.

# 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 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 “2013-2014 Consolidated Annual Action Plan.” Six public hearings were held on January 10, 2013, February 14, 2013, March 14, 2013, April 2, 2013, April 9, 2013, and April 11, 2013 to discuss the “2013-2014 Consolidated Annual Action Plan.” The Annual Action Plan, including the CDBG funding allocations was approved by City Council on April 30, 2013. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the “2013-2014 Consolidated Annual Action Plan” that can be found at <http://sanjoseca.gov/index.aspx?nid=1291>.

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Adopted 3	% Change (2 to 3)
<b>Dollars by Sources</b>				
Beginning Fund Balance	\$ 9,840,514	\$ 6,303,999	\$ 8,078,941	28.2%
CDBG Entitlement	9,151,034	7,840,284	7,448,270	(5.0%)
Developer Payments	0	352,717	443,000	25.6%
Housing Rehabilitation Loan Program Income	394,260	500,000	500,000	0.0%
Miscellaneous Revenue	213	0	0	N/A
Other Loan Repayment	173,548	100,000	200,000	100.0%
<b>Total</b>	<b>\$ 19,559,569</b>	<b>\$ 15,097,000</b>	<b>\$ 16,670,211</b>	<b>10.4%</b>
<b>Dollars by Uses</b>				
Contractual Community Services	\$ 1,450,574	\$ 1,266,042	\$ 1,289,740	1.9%
Community Development Improvements	6,015,687	6,071,547	6,150,168	1.3%
Administration, Fair Housing & Planning	1,451,556	1,733,361	1,627,346	(6.1%)
Recovery Act - CDBG Fund	535,923	0	0	N/A
Section 108 Debt Service	1,891,423	1,870,928	2,178,381	16.4%
Transfers	67,182	0	0	N/A
Ending Fund Balance	8,147,224	4,155,122	5,424,576	30.6%
<b>Total</b>	<b>\$ 19,559,569</b>	<b>\$ 15,097,000</b>	<b>\$ 16,670,211</b>	<b>10.4%</b>

# Community Development Block Grant

## Budget Category: Contractual Community Services

### Budget Category Overview

**C**ontractual 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, school readiness/third grade literacy, and foreclosure prevention assistance. The total available for this category in 2013-2014 is \$1,289,740. By policy, the City makes all of these funds available to local non-profit organizations.

### Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 1,450,574	\$ 1,266,042	\$ 1,289,740	1.9%
<b>Total</b>	<b>\$ 1,450,574</b>	<b>\$ 1,266,042</b>	<b>\$ 1,289,740</b>	<b>1.9%</b>

The following projects are included for funding in the 2013-2014 Adopted Budget in the CCS category.

<b>Adopted Allocation</b>	<b>2013-2014 Amount</b>
City-wide Outreach and Shelter Project (EHC LifeBuilders)	\$ 559,694
Homeless Services to Youth and Families (Next Door Solutions)	184,561
Meals on Wheels (The Health Trust)	100,000
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	100,000
Foreclosure HELP SCC (Housing Trust of Santa Clara County)	50,000
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara County)	98,495
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	98,495
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	98,495
<b>Total Contractual Community Services</b>	<b>\$ 1,289,740</b>

# 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 and repair and code enforcement activities. The Housing Department will provide construction management services for rehabilitation loans and grants as approved in 2012-2013. To the extent feasible and based on the availability of funding, the Housing Department will seek opportunities to fund rehabilitation activities. 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

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Adopted 3	% Change (2 to 3)
<b>Community Development Improvements</b>				
CDI Non-Construction	\$ 4,373,348	\$ 4,522,507	\$ 3,725,234	(17.6%)
CDI Construction	1,642,339	1,549,040	2,424,934	56.5%
<b>Total</b>	<b>\$ 6,015,687</b>	<b>\$ 6,071,547</b>	<b>\$ 6,150,168</b>	<b>1.3%</b>

The following projects are included for funding in the 2013-2014 Adopted Budget from the CDI category.

<b>Adopted Allocation</b>	<b>2013-2014 Amount</b>
CDI Non-Construction	
Housing Rehabilitation Single and Multi Family (Housing Department)	\$ 1,560,000
Proactive Blight Elimination (Planning, Building and Code Enforcement)	1,165,234
Job Readiness Training Project (Downtown Streets Team)	600,000
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	400,000
<b>Total CDI Non-Construction</b>	<b>\$ 3,725,234</b>
CDI Construction	
Neighborhood Infrastructure Improvements (Diocese of San José, Franklin-School District, Public Works Department, and Transportation Department)	\$ 2,424,934
<b>Total CDI Construction</b>	<b>\$ 2,424,934</b>
<b>Total Community Development Improvements</b>	<b>\$ 6,150,168</b>

# Community Development Block Grant

## Budget Category: Administration, Fair Housing and Planning

### Budget Category Overview

**T**he Administration, Fair Housing and Planning category consists primarily of program Administration, Fair Housing, and Planning activities.

### Budget Category Summary

	2011-2012 Actual 1	2012-2013 Adopted 2	2013-2014 Adopted 3	% Change (2 to 3)
Administration, Fair Housing, and Planning	\$ 1,451,556	\$ 1,733,361	\$ 1,627,346	(6.1%)
<b>Total</b>	<b>\$ 1,451,556</b>	<b>\$ 1,733,361</b>	<b>\$ 1,627,346</b>	<b>(6.1%)</b>

The following projects are included for funding in the 2013-2014 Adopted Budget from the Administration, Fair Housing, and Planning category.

<b>Adopted</b>	<b>2013-2014 Amount</b>
Program Development and Monitoring (Housing Department)	\$ 1,178,622
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	385,000
Legal Services (Office of the City Attorney)	35,224
Environmental Review Services (Planning, Building and Code Enforcement Department)	28,500
<b>Total Administration, Fair Housing and Planning</b>	<b>\$ 1,627,346</b>



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