

2012-2013

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: emergency and homeless assistance; legal services; services for seniors, youth and persons with disabilities; fair housing activities; and employment services.

Up to twenty percent of the CDBG allocation 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

	2011-2012 Adopted	2012-2013 Adopted	Change
Contractual Community Services	\$ 1,460,811	\$ 1,266,042	(13.3%)
Community Development Improvements	\$ 9,173,629	\$ 6,071,547	(33.8%)
Administration, Fair Housing & Planning	\$ 1,970,168	\$ 1,733,361	(12.0%)
Recovery Act - CDBG Fund	\$ 416,198	\$ 0	(100.0%)
Section 108 Debt Service	\$ 2,175,603	\$ 1,870,928	(14.0%)

Budget Highlights 2012-2013

- In 2012-2013, the annual CDBG entitlement award is \$7.8 million. The City's annual entitlement has decreased by 14% from the 2011-2012 level of \$9.2 million.

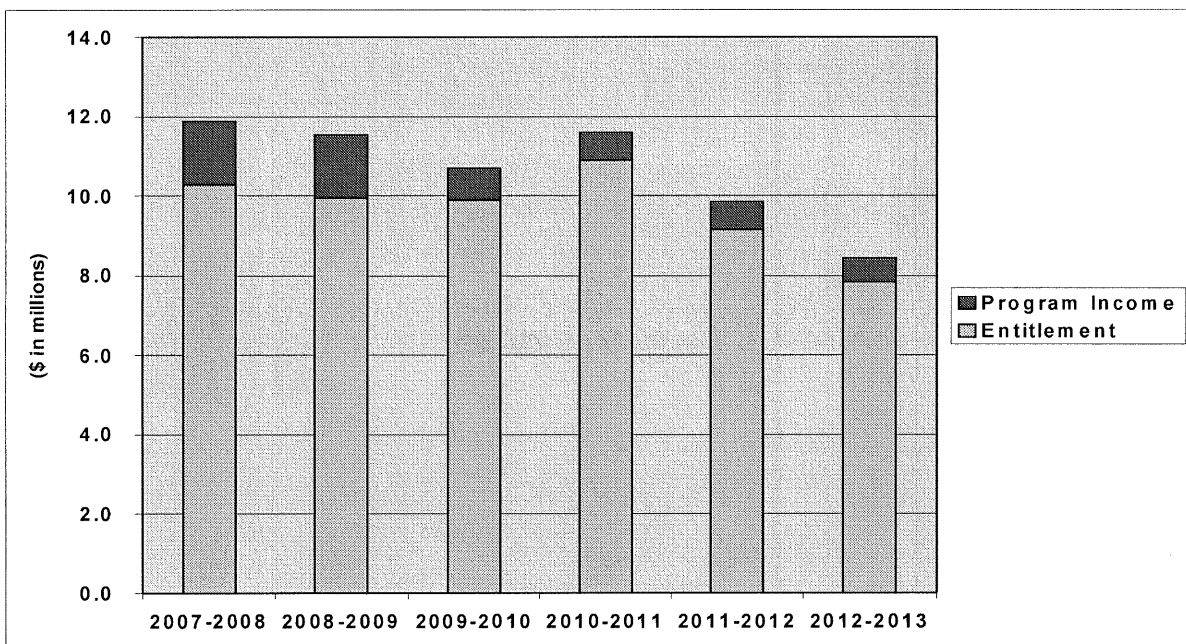
In 2012-2013, the majority of the Community Development Improvement funds will be dedicated to a place-based, neighborhood-focused strategy. The three place-based neighborhoods are Mayfair, Santee, and Five Wounds/Brookwood Terrace.
- Approximately \$1.3 million will be allocated to Contractual Community Services for senior and homeless services, school readiness/third grade literacy, and foreclosure prevention assistance.

CDBG will pay principal and interest payments of approximately \$1.9 million for the CDBG-guaranteed Section 108 economic development loans.

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CDBG FUNDING



Community Development Block Grant

Fund Overview

The City's Community Development Block Grant (CDBG) program budget is based on a 2012 entitlement grant of \$7.8 million. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at \$600,000, a slight decline from previous collection levels. In addition, the program is anticipated to receive approximately \$350,000 in developer payments. Of the total \$10.9 million expenditures programmed in the 2012-2013 budget, approximately \$1.3 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately \$6.1 million will be available for Community Development Improvements (CDI), and approximately \$1.7 million will be allocated to Administration, Fair Housing, and Planning activities. In addition, CDBG will fund the Section 108 debt service payments (approximately \$1.9 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 SARA revenue available to cover the debt service payment in 2012-2013, 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 again in 2013-2014, as it is currently anticipated that there will not be sufficient revenues in SARA to make the payment that year as well.

Contractual Community Services

Seven projects from non-profit agencies offering services to San José residents are funded in 2012-2013. Eligible applicants request funding through a Request for Proposal (RFP) process and attend a mandatory workshop. 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

Three City programs and projects are funded in the CDI category. In addition, two non-profit agencies will receive funding to support minor repair and neighborhood clean-up services. Finally, CDBG will invest approximately \$1.5 million to implement a place-based, neighborhood-focused strategy. This strategy will be initiated 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 community center rehabilitation.

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,

Community Development Block Grant

Fund Overview

Administration, Fair 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 "2012-2013 Consolidated Annual Action Plan." Two public hearings were held on April 3, 2012

and April 12, 2012 to discuss the "2012-2013 Consolidated Annual Action Plan." The Annual Action Plan, including the CDBG funding allocations, was approved by City Council on May 1, 2012. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the "2012-2013 Consolidated Annual Action Plan" that can be found at www.sjhousing.org/report/conplan.html.

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 8,905,220	\$ 8,534,915	\$ 6,303,999	(26.1%)
CDBG Entitlement	10,896,115	9,150,839	7,840,284	(14.3%)
Developer Payments	0	310,015	352,717	13.8%
Housing Rehabilitation Loan Program Income	398,975	525,000	500,000	(4.8%)
Miscellaneous Revenue	249,000	0	0	0.0%
Other Loan Repayment	283,396	175,000	100,000	(42.9%)
Total	\$ 20,732,706	\$ 18,695,769	\$ 15,097,000	(19.2%)
Dollars by Uses				
Contractual Community Services	\$ 1,727,370	\$ 1,460,811	\$ 1,266,042	(13.3%)
Community Development Improvements	5,698,469	9,173,629	6,071,547	(33.8%)
Administration, Fair Housing & Planning	1,899,095	1,970,168	1,733,361	(12.0%)
Recovery Act - CDBG Fund	1,567,258	416,198	0	(100.0%)
Section 108 Debt Service	0	2,175,603	1,870,928	(14.0%)
Ending Fund Balance	9,840,514	3,499,360	4,155,122	18.7%
Total	\$ 20,732,706	\$ 18,695,769	\$ 15,097,000	(19.2%)

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,

school readiness/third grade literacy, and foreclosure prevention assistance. The total available for this category in 2012-2013 is \$1,266,042. By policy, the City makes all of these funds available to local non-profit organizations.

Budget Category Summary

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 1,727,370	\$ 1,460,811	\$ 1,266,042	(13.3%)
Total	\$ 1,727,370	\$ 1,460,811	\$ 1,266,042	(13.3%)

The following projects are included for funding in the 2012-2013 Adopted Budget in the CCS category.

Adopted Allocation	2012-2013 Amount
City-wide Outreach and Shelter Project (EHC LifeBuilders)	\$ 466,042
Foreclosure HELP SCC (Housing Trust of Santa Clara County)	300,000
Meals on Wheels (The Health Trust)	100,000
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara)	100,000
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	100,000
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	100,000
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	100,000
Total Contractual Community Services	\$ 1,266,042

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. In addition, this category includes construction projects or physical improvements. The following table demonstrates the distribution of funding in the CDI category by non-construction and construction categories.

Budget Category Summary

Community Development Improvements	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
CDI Non-Construction	\$ 4,746,853	\$ 7,801,259	\$ 4,522,507	(42.0%)
CDI Construction	951,616	1,372,370	1,549,040	12.9%
Total	\$ 5,698,469	\$ 9,173,629	\$ 6,071,547	(33.8%)

The following projects are included for funding in the 2012-2013 Adopted Budget from the CDI category.

Adopted Allocation	2012-2013 Amount
CDI Non-Construction	
Housing Rehabilitation Single and Multi Family (Housing Department)	\$ 2,625,000
Proactive Blight Elimination (Planning, Building and Code Enforcement)	1,297,507
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	400,000
Neighborhood Clean-Up (Downtown Streets, Inc.)	200,000
Total CDI Non-Construction	\$ 4,522,507
CDI Construction	
Neighborhood Infrastructure Improvements (Diocese of San José, Franklin-School District, Public Works Department, and Transportation Department)	\$ 1,503,679
LED Streetlight Conversion (Transportation Department)	45,361
Total CDI Construction	\$ 1,549,040
Total Community Development Improvements	\$ 6,071,547

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

	2010-2011 Actual 1	2011-2012 Adopted 2	2012-2013 Adopted 3	% Change (2 to 3)
Administration, Fair Housing and Planning	\$ 1,899,095	\$ 1,970,168	\$ 1,733,361	(12.0%)
Total	\$ 1,899,095	\$ 1,970,168	\$ 1,733,361	(12.0%)

The following projects are included for funding in the 2012-2013 Adopted Budget from the Administration, Fair Housing, and Planning category.

Adopted Allocation	2012-2013 Amount
Program Development and Monitoring (Housing Department)	\$ 1,216,761
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	385,000
Legal Services (Office of the City Attorney)	101,600
Environmental Review Services (Planning, Building and Code Enforcement Department)	30,000
Total Administration, Fair Housing and Planning	\$ 1,733,361

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