

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

	2014-2015 Adopted	2015-2016 Adopted	Change
Contractual Community Services	\$ 1,356,267	\$ 1,310,097	(3.4%)
Community Development Improvements	\$ 5,086,800	\$ 6,622,438	30.2%
Administration, Fair Housing, & Planning	\$ 1,782,101	\$ 1,792,405	0.6%
Section 108 Debt Service	\$ 2,058,789	\$ 2,159,737	4.9%

Budget Highlights 2015-2016

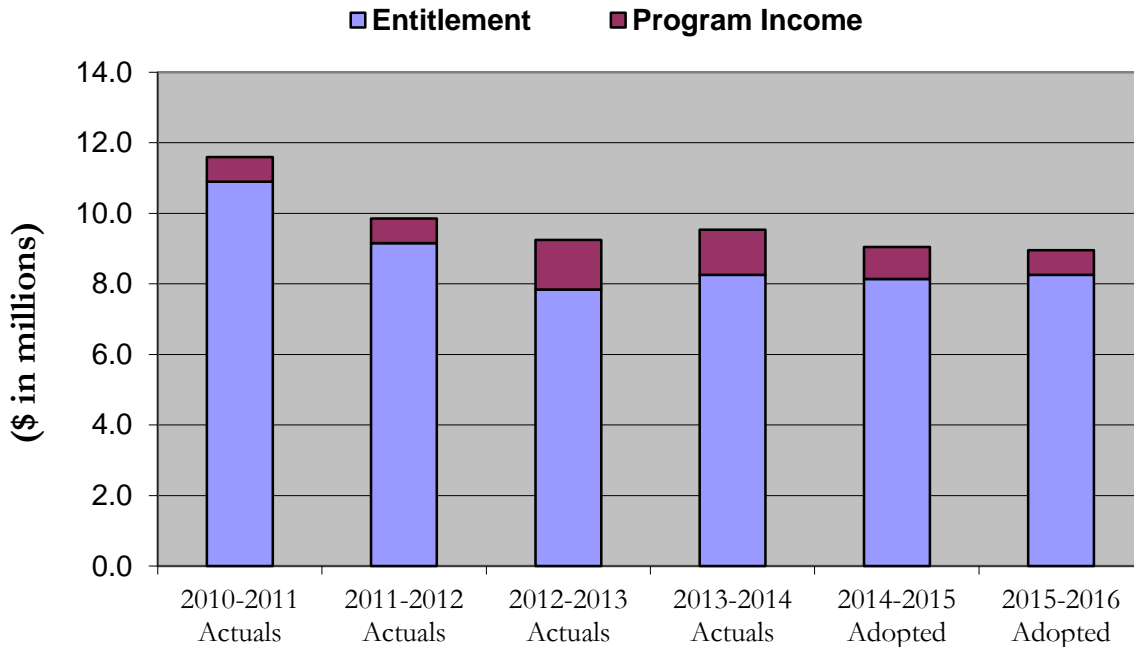
- ❑ In 2015-2016, the annual CDBG entitlement award is \$8.3 million. The City’s annual entitlement has increased by 1.4% from the 2014-2015 level of \$8.1 million.

❑ In 2015-2016, \$1.4 million in Community Development Improvement funds will be dedicated to three place-based neighborhood-focused strategy projects. 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, neighborhood engagement, and fair housing services.

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

Budget Byte

CDBG FUNDING



Community Development Block Grant

Fund Overview

The City's Community Development Block Grant (CDBG) program budget is based on a 2015 entitlement grant of \$8.3 million, which is a 1.4% increase from the 2014-2015 level of \$8.1 million. Annual program income from repayment of prior CDBG housing rehabilitation and revolving loans is estimated at \$700,000. Of the total \$11.9 million expenditures programmed in the 2015-2016 budget, approximately \$1.3 million will be available for public service programs through the Contractual Community Services (CCS) category, approximately \$6.6 million will be available for Community Development Improvements (CDI) including property acquisition, 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 payment (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 2015-2016, 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 2016-2017, as it is currently anticipated that there will not be sufficient property tax increment revenues to make the payment that year as well.

Community Development Improvements

The City's Code Enforcement program and \$100,000 for the Illegal Dumping Rapid Response pilot program are funded in the CDI category. In addition, funding has been increased to \$775,000 each for two non-profits to provide minor repair grants to lower-income homeowners, and to provide job readiness training for homeless individuals including using homeless individuals to provide cleaning and maintenance support in the Downtown. Library improvements totaling \$295,900 will be made at several locations including the teen space at Biblioteca Latinoamericana, and installation of technology bars at four branch libraries in low-moderate income neighborhoods. Funding of \$660,000 has been allocated for the planned purchase of vacant land from the Successor Agency to the San Jose Redevelopment Agency for a potential future affordable housing development project, subject to City Council approval. 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 invest approximately \$1.4 million to support three place-based construction projects. These funds will provide for various infrastructure enhancements including ADA pedestrian ramp improvements, pedestrian safety and accessibility enhancements near King Road, and the relocation of utilities such as fire hydrants and utility boxes. In addition, \$1.2 million is allocated for neighborhood infrastructure investment improvement projects such as the Bill Wilson Drop-In Center, Boccardo Center, and Recovery Café rehabilitation projects.

Contractual Community Services

Seven projects, totaling \$1.3 million, from non-profit agencies offering services to San José residents will be funded in 2015-2016. Programs funded under this category offer a variety of services to the

Community Development Block Grant

Fund Overview

community, including senior and homeless services, school readiness/third grade literacy, place-based neighborhood engagement activities, and a portion of fair housing services.

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 support services, such as environmental review.

Funding allocations within each CDBG category are contained within the “2015-2016 Consolidated Annual Action Plan”. Two public hearings were held on April 9, 2015, and April 21, 2015, to discuss the “2015-2016 Consolidated Annual Action Plan”. The 2015-2016 Consolidated Annual Action Plan included the CDBG funding allocations and were approved by the City Council on May 5, 2015. The following information summarizes the funding allocations according to each category. Details of each allocation are contained in the “2015-2016 Consolidated Annual Action Plan” that can be found at <http://www.sanjoseca.gov/DocumentCenter/View/41708>.

	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 7,459,825	\$ 6,452,817	\$ 9,481,772	46.9%
CDBG Entitlement	8,259,161	8,141,778	8,259,253	1.4%
Developer Payments	209,672	225,000	250,000	11.1%
Housing Rehabilitation Loan Program Income	973,489	600,000	350,000	(41.7%)
Other Loan Repayment	93,943	300,000	100,000	(66.7%)
Total	\$ 16,996,090	\$ 15,719,595	\$ 18,441,025	17.3%
Dollars by Fund				
Community Development Improvements	\$ 2,943,099	\$ 5,086,800	\$ 6,622,438	30.2%
Contractual Community Services	1,393,656	1,356,267	1,310,097	(3.4%)
Administration, Fair Housing & Planning	1,577,855	1,782,101	1,792,405	0.6%
Section 108 Debt Service	1,571,340	2,058,789	2,159,737	4.9%
Ending Fund Balance	9,510,140	5,435,638	6,556,348	20.6%
Total	\$ 16,996,090	\$ 15,719,595	\$ 18,441,025	17.3%

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 2015-2016 is \$1,310,097. By policy, the City makes all of these funds available to local non-profit organizations.

Budget Category Summary

	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Adopted 3	% Change (2 to 3)
Contractual Community Services	\$ 1,393,656	\$ 1,356,267	\$ 1,310,097	(3.4%)
Total	\$ 1,393,656	\$ 1,356,267	\$ 1,310,097	(3.4%)

The following projects are included for funding in the 2015-2016 Adopted Budget in the CCS category.

Adopted Allocation	2015-2016 Amount
Homeless Services (New Request for Proposals)	\$ 872,197
Meals on Wheels (The Health Trust)	100,650
Senior Isolation to Inclusion Project (Catholic Charities of Santa Clara County)	100,650
Fair Housing (Law Foundation)	86,600
School Readiness/Third Grade Literacy Project (Catholic Charities of Santa Clara County)	50,000
School Readiness/Third Grade Literacy Project (San José State University Research Foundation)	50,000
School Readiness/Third Grade Literacy Project (Somos-Mayfair, Inc.)	50,000
Total Contractual Community Services	\$ 1,310,097

Community Development Block Grant

Budget Category: Community Development Improvements

Budget Category Overview

The largest portion of the City’s CDBG funds is allocated to the Community Development Improvements (CDI) category. The non-construction projects in this category include housing rehabilitation, minor home repair, job readiness training, and code enforcement 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 projects.

Budget Category Summary

Community Development Improvements	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Adopted 3	% Change (2 to 3)
CDI Non-Construction	\$ 2,039,927	\$ 2,583,601	\$ 4,203,882	62.7%
CDI Construction	903,172	2,503,199	2,418,556	(3.4%)
Total	\$ 2,943,099	\$ 5,086,800	\$ 6,622,438	30.2%

The following projects are included for funding in the 2015-2016 Adopted Budget from the CDI category.

Adopted Allocation	Amount
CDI Non-Construction	
Proactive Blight Elimination and Illegal Dumping Rapid Response Pilot Program (Planning, Building and Code Enforcement Department)	\$ 1,451,538
Job Readiness Training Project (Downtown Streets Team)	775,000
Emergency, Critical, and Minor Housing Repair Services for Low-Income San José Seniors and Families (Rebuilding Together Silicon Valley)	775,000
Total CDI Non-Construction	\$ 3,001,538
CDI Construction	
Place-Based Projects (Department of Transportation)	\$ 2,665,000
Land Acquisition	\$ 660,000
Library Facility Improvements	295,900
Total CDI Construction	\$ 3,620,900
Total Community Development Improvements	\$ 6,622,438

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

	2013-2014 Actual 1	2014-2015 Adopted 2	2015-2016 Adopted 3	% Change (2 to 3)
Administration, Fair Housing, and Planning	\$ 1,577,855	\$ 1,782,101	\$ 1,792,405	0.6%
Total	\$ 1,577,855	\$ 1,782,101	\$ 1,792,405	0.6%

The following projects are included for funding in the 2015-2016 Adopted Budget from the Administration, Fair Housing, and Planning category.

Adopted Allocation	2015-2016 Amount
Program Development and Monitoring (Housing Department)	\$ 1,451,850
Fair Housing Consortium Project (Law Foundation of Silicon Valley)	310,000
Legal Services (Office of the City Attorney)	20,555
Environmental Review Services (Planning, Building and Code Enforcement Department)	10,000
Total Administration, Fair Housing and Planning	\$ 1,792,405

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