



City of Palo Alto

City Council Staff Report

(ID # 5172)

Report Type: Consent Calendar

Meeting Date: 10/27/2014

Summary Title: Housing Trust Silicon Valley - Budget Amendment Ordinance

Title: Approval of Budget Ordinance Amendment for \$200,000 in Financial Contribution to the Housing Trust Silicon Valley

From: City Manager

Lead Department: Planning and Community Environment

Recommendation

Staff recommends that Council adopt the attached Budget Amendment Ordinance (Attachment A) to support use of \$200,000 from the Residential Housing In-Lieu Fund (Fund 233) by the Housing Trust Silicon Valley for Fiscal Year 2015.

Executive Summary

On June 16, 2014 (Staff Report 4783), the City Council approved an amendment to an existing agreement with the Housing Trust Silicon Valley (HTSV), formerly known as the Housing Trust Santa Clara County, to provide a \$200,000 financial contribution to the HTSV. The contribution is intended to support activities aimed at increasing affordable housing opportunities.

In the same June 16 action, the Council approved an associated Budget Amendment Ordinance (BAO 5253), however, the BAO was designated for FY 2014 and due to a clerical error the appropriation was not utilized before the end of the fiscal year. Therefore the appropriation lapsed and the unused funds for the financial contribution are still in the fund balance of the Residential Housing-in-Lieu Fund. Therefore, a Fiscal Year 2015 Budget Amendment Ordinance is necessary in order to fund the HTSV request for this budget year. Since the Council has already approved the amendment to the existing agreement, only approval of the BAO is necessary to reappropriate the \$200,000. Please note that the Council is not allocating additional funds as part of this request.

The City of Palo Alto has provided a total of \$950,000 in financial contributions since the inception of the HTSV in 2000 to increase affordable housing opportunities in Palo Alto. HTSV has invested over \$4.6 million in Palo Alto through its homeless/special needs, multi-family residential loan programs, and first-time homebuyer assistance program. No General Fund monies are being used for this housing activity. Only Housing funds comprised of developer

impact fees are used to contribute to HTSV and these Housing funds are restricted for the development of affordable housing and no other purpose.

Background

In 2000, the Housing Trust Silicon Valley was created to provide additional financial resources to address the County’s affordable housing deficit. The HTSV’s initial funding endowment of \$20 million was met in two years and included contributions from public jurisdictions in the County, major employers and private foundations.

On October 23, 2000, the City Council approved a contribution of \$500,000 from the City’s Residential Housing In-Lieu Fund, with the provision that the City’s fund be used exclusively for qualifying affordable housing projects located within Palo Alto. The City provided additional funding in the amount of \$150,000 in 2004, and in 2009 and 2010, the City contributed \$100,000 each of those years. On December 13, 2010, the City Council approved an allocation of \$100,000 from the Residential Housing In-Lieu Fund for a City contribution to HTSV. On April 23, 2012, the Council approved another \$200,000 contribution to HTSV. HTSV anticipates a higher number of loans at higher amounts in the upcoming year, based on developer feedback. HTSV will also be awarding higher amounts for predevelopment loans.

The City’s participation in the Housing Trust has increased the available housing funding for a number of Palo Alto projects, including its loan of \$600,000 for the Palo Alto Housing Corporation’s acquisition of 2811-2825 Alma St. and \$555,000 for the rehabilitation of Stevenson House. Since the execution of the Agreement with the City, the HTSV has loaned or committed approximately \$4.6 million to non-profit housing developers for various projects in Palo Alto as shown below.

Project Name	Number of Units	HTSV Loan Amount
Opportunity Center	89	\$ 650,000
Oak Court Apartments	53	\$ 400,000
Fabian Way Senior Housing	56	\$ 689,439
Tree House Apartments	35	\$ 500,000
801 Alma Family Housing	50	\$ 500,000
2811 Alma Street	6	\$ 600,000
Stevenson House	120	\$ 555,000
Stevenson House (funds committed)		\$ 750,000
Total	409	\$ 4,644,439

In addition, the HTSV invested close to \$111,000 assisting 17 households purchase homes in Palo Alto through its first-time homebuyer program. Assisted households had an average income of \$58,466, and the average home purchase price was \$239,443.

Resource Impact

Sufficient fund balance is available in the Residential Housing In-Lieu Fund (Fund 233) for the contribution of \$200,000, which was already approved by City Council on June 16, 2014. When approved in June 2014, due to a clerical error, the funds were not encumbered for the loan during the remainder of Fiscal Year 2014. Since the funds were not utilized in Fiscal Year 2014, they are available in the Residential-in-Lieu Fund balance and need to be appropriated for the financial contribution with this Budget Amendment Ordinance. The \$200,000 will be transferred immediately to the HTSV after approval of the Budget Amendment Ordinance. No General Fund monies are being used for this housing activity.

Policy Implications

The recommendation furthers Comprehensive Plan policies that support addressing housing needs on a regional basis and working with outside agencies and other jurisdictions to develop and implement housing programs.

Environmental Review

This action is not considered a project subject to the California Environmental Quality Act, as it would not cause a physical change in the environment.

Attachments:

- Attachment A: Budget Amendment Ordinance - Housing Trust Silicon Valley (DOCX)

ORDINANCE NO. XXXX

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO AMENDING THE BUDGET FOR FISCAL YEAR 2015 TO PROVIDE ADDITIONAL APPROPRIATION OF \$200,000 IN THE RESIDENTIAL HOUSING IN-LIEU FEE FUND (FUND 233) FOR THE HOUSING TRUST SILICON VALLEY (HTSV) AFFORDABLE HOUSING GRANT PROGRAM.

The Council of the City of Palo Alto does ordain as follows:

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 12 of Article III of the Charter of the City of Palo Alto, the Council on June 16, 2014 did adopt a budget for Fiscal Year 2015; and

B. The City's Housing Reserve Guidelines require that funds be used to expand, preserve, or improve the supply of low and moderate housing in the City as defined by the City's Comprehensive Plan.

C. The City desires to expand, preserve, or improve affordable housing for persons and families of low and moderate income in the City of Palo Alto.

D. On June 16, 2014 the City Council voted to amend the Fiscal Year 2014 budget for this action but due to a clerical error the funds were not encumbered and the appropriation was not utilized before the end of the fiscal year, resulting in the appropriation returning to fund balance.

E. A contribution of \$200,000 from the Residential Housing In-Lieu Fee Fund balance will be transferred to the Housing Trust of Silicon Valley to provide financial assistance for qualifying affordable housing projects located within the City of Palo Alto.

SECTION 2. The sum of Two Hundred Thousand Dollars (\$200,000) is hereby appropriated to the Housing Trust of

Silicon Valley for affordable housing projects within the City of Palo Alto and the ending fund balance in the Residential Housing In-Lieu Fund is decreased by Two Hundred Thousand Dollars (\$200,000).

SECTION 3. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 4. The Council of the City of Palo Alto hereby finds that this is not a project under the California Environmental Quality Act and, therefore, no environmental impact assessment is necessary.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

City Attorney

Director of Planning &
Community Environment

Director of Administrative
Services