TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER  DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: SEPTEMBER 27, 2004  CMR: 404:04

SUBJECT: APPROVAL OF AN AGREEMENT IN THE AMOUNT OF $113,672 WITH PALO ALTO HOUSING CORPORATION AND PAHC APARTMENTS, INC. FOR FUNDS ALLOCATED DURING FISCAL YEAR 2003/04 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (SECOND AGREEMENT)

RECOMMENDATION
Staff recommends that the City Council approve and authorize the City Manager or his designee to execute the attached second agreement in the amount of $113,672 with Palo Alto Housing Corporation and PAHC Apartments, Inc. to replace the domestic water supply system at Oak Manor Townhouses located at 630 Los Robles Avenue.

BACKGROUND
PAHC applied for fiscal year 2003/04 Community Development Block Grant (CDBG) funding to assist in replacing the water supply system at Oak Manor Townhouses on behalf of PAHC Apartments, Inc. On May 12, 2003, the City Council approved allocating $113,672 in fiscal year 2003/04 CDBG funds to the Oak Manor domestic water system project. The agreement was previously approved by the City Council on March 22, 2004. However, after City Council approval, some minor errors were discovered in the agreement.

DISCUSSION
The attached second agreement reflects the changes that were made to the original agreement. The revisions include changing the name of the entity from Palo Alto Housing Corporation Apartments, Inc. to PAHC Apartments, Inc. and making changes to the use, occupancy and rent restrictions to correspond with the restrictions in the original agreement.
RESOURCE IMPACT
The $113,672 of the agreement will be funded with federal CDBG funds provided through the U.S. Department of Housing and Urban Development (HUD). Repayment of the loan will not be required unless the property is sold or the program terminated or changed to a use that has not been approved by the City prior to July 1, 2033.

POLICY IMPLICATION
The revisions to the original contract do not represent any change to City policies.

ENVIRONMENTAL REVIEW
HUD environmental regulations for the CDBG program is contained in 24 CFR 58 “Environmental Review Procedures for Title I Community Development Block Grant Programs.” The Oak Manor Townhouses domestic water system project meets the conditions specified for exemption under 24 CFR Part 58.34.

ATTACHMENTS
Attachment A: Agreement Between the City of Palo Alto and Palo Alto Housing Corporation (PAHC) and PAHC Apartments, Inc. for Funds Allocated During Fiscal Year 2003/04 Under the Community Development Block Grant Program (Second Agreement)

PREPARED BY: ____________________________
ELOIZA MURILLO-GARCIA, Associate Planner-CDBG

APPROVED BY: ____________________________
STEVE EMSLIE, Director of Planning & Community Environment

CITY MANAGER APPROVAL: ____________________________
EMILY HARRISON, Assistant City Manager

Cc: Palo Alto Housing Corporation