TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT

DATE: JUNE 20, 2005 CMR: 266:05

SUBJECT: APPROVAL OF AN AGREEMENT IN THE AMOUNT OF $109,695 WITH COMMUNITY HOUSING, INC. FOR FUNDS ALLOCATED DURING FISCAL YEAR 2004/05 UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

RECOMMENDATION
Staff recommends that the City Council approve and authorize the City Manager or his designee to execute the attached agreement in the amount of $109,695 with Community Housing Inc. to upgrade and modernize the existing kitchens at the Lytton Gardens Assisted Living Facility located at 649 University Avenue.

BACKGROUND
Community Housing, Inc. (CHI) is a private non-profit organization that develops and operates low and moderate-income housing in the City. CHI applied for fiscal year 2004/05 Community Development Block Grant (CDBG) funding to renovate the kitchens at the Lytton Gardens assisted living facility. On May 3, 2004, the Palo Alto City Council approved allocating $109,695 in fiscal year 2004/05 CDBG funds toward the Lytton Gardens kitchen renovation project.

DISCUSSION
Lytton Gardens is a 50-unit apartment property that provides assisted living to low-income seniors. The building was built in 1979 and the kitchens have not been renovated since the building opened. The existing galley kitchens will be replaced by a modern mini kitchen that will be easier and safer to use by Lytton Garden’s frail elderly residents.

The funding for this project will be provided as a loan to CHI consistent with City practice; the City does not provide grants of housing funds except for emergencies or under very unusual circumstances. Structuring the funding as a loan ensures that the use of the property will be maintained for a CDBG eligible activity for a specified length of time. In this case, the loan term is for 30 years.
**RESOURCE IMPACT**
The $109,695 of the agreement will be funded with federal CDBG funds provided through the U.S. Department of Housing and Urban Development. 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, 2035.

**POLICY IMPLICATION**
The recommendation in this staff report does 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 Caravan House rehabilitation project meets the conditions specified for exemption under 24 CFR Part 58.34.

**ATTACHMENTS**
Attachment A: Agreement Between the City of Palo Alto and Community Housing, Inc. for Funds Allocated During Fiscal Year 2004/05 Under the Community Development Block Grant Program

PREPARED BY:  ________________________________
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APPROVED BY:  ________________________________
JULIE CAPORGNO, Advance Planning Manager

CITY MANAGER APPROVAL:  ________________________________
EMILY HARRISON, Assistant City Manager

Cc: Community Housing, Inc.
Citizens Advisory Committee