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**TOTAL**

1 Changes may be necessary if the amount of funding is increased or decreased when the President signs the budget.

2 The recommendation includes $1,372 in unallocated funds from the public service cap and $500,000 in projected program income from Palo Alto Gardens and Sheridan Apartments. It may be necessary to modify the amount of funding depending on the actual amount received from Palo Alto Gardens and Sheridan Apartments.

3 The total capital cap includes $1,372 in unallocated funds from the public service cap and $500,000 in projected program income from Palo Alto Gardens and Sheridan Apartments.
NOT YET APPROVED

RESOLUTION NO. _____
RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO
APPROVING THE USE OF COMMUNITY DEVELOPMENT BLOCK
GRANT FUNDS FOR FISCAL YEAR 2008-2009

WHEREAS, on May 9, 2005, the Palo Alto City Council approved and adopted a
document entitled "Consolidated Plan", which identified and established the Palo Alto housing and
non-housing community development needs, objectives, and priorities for the period of July 1, 2005
to June 30, 2010; and

WHEREAS, the 2008-09 Action Plan, the annual update to the Consolidated Plan, was
subjected to public review and commentary during the period of March 25, 2007 through April 25,
2008; and

WHEREAS, the potential uses of Community Development Block Grant ("CDBG")
funds were evaluated in light of the needs and objectives identified in the Consolidated Plan and
reflected in the recommendations and comments of the Citizens Advisory Committee and other
interested citizens; and

WHEREAS, under the CDBG program, the highest priority is given to activities which
will benefit persons with low and moderate incomes; and

WHEREAS, the City Council and the Finance Committee of the City Council have held
publicly noticed public hearings on the proposed uses of the CDBG funds for fiscal year 2008-09;
and

WHEREAS, CDBG funds allocated to the City for fiscal year 2008-09 are proposed to
implement the following programs;

NOW, THEREFORE, the Council of the City of Palo Alto does RESOLVE as follows:

SECTION 1. The uses of CDBG funds for fiscal year 2008-09 are hereby approved and
authorized for the following programs:

<table>
<thead>
<tr>
<th>Name of Program</th>
<th>Amount</th>
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<tr>
<td>Catholic Charities' Long-Term Care Ombudsman Program - Confidential advocacy and complaint investigation services to residents in Palo Alto's licensed long-term care facilities.</td>
<td>$ 7,800</td>
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NOT YET APPROVED

2. Emergency Housing Consortium (Palo Alto Homes program). EHC provides temporary shelter and supportive services for homeless individuals and families. County-wide. 7,500

3. Palo Alto Housing Corporation. Supportive counseling program for low income residents and prospective residents of single-room occupancy housing in Palo Alto. 30,000

4. Shelter Network's Mid-Peninsula Housing - Transitional housing and comprehensive supportive services for homeless families at the agency's Menlo Park and San Mateo facilities. The Maple Street Shelter serves single adults in Redwood City. These programs seek to permanently break the cycle of homelessness, re-linking homeless families and individuals with stable incomes, jobs, and housing. 8,500

5. Clara Mateo Alliance/Innvision Family Shelter Wing - Emergency and transitional housing and supportive services for homeless families with children. Services include food, clothing and medical care. All services are provided on the grounds of the VA Campus in Menlo Park. 17,500

6. Clara Mateo Alliance/Innvision Shelter - Emergency and transitional housing for homeless persons at the VA campus in Menlo Park. The shelter targets a difficult to serve population such as homeless persons with disabilities, psychiatric disorders, substance-abuse issues, and those with severe mental illness. 17,500

7. Urban Ministry of Palo Alto/Innvision – Opportunity Center for the local homeless population. Supportive services include counseling, case management, light meals shelter referral, bus passes, phone, mail, clothing, and referrals to other agencies. 30,000
8. Emergency Housing Consortium – Off the Streets Program: This is a project for homeless people addicted to alcohol. It provides housing and comprehensive support services to extremely low income and no income individuals with alcohol addiction. 7,500

9. Fair Housing Services. Agency will be determined through a joint Request for proposals (RFP) issued in collaboration with the Cities of Gilroy, Mountain View and Sunnyvale. Agency will provide services to promote fair housing, including complaint investigation, counseling, advocacy and education. City-wide. 26,800

10. City of Palo Alto. Department of Planning and Community Environment. Overall CDBG grant administration and capital improvement project delivery costs associated with federal funding. City-wide. 121,429

11. Palo Alto Housing Corporation – Tree House Housing Project: 30 units of affordable housing project to serve low and very low income households, located at 488 West Charleston Road in Palo Alto. $1,538,577*

TOTAL $1,813,106

SECTION 2. The total amount set forth under Section 1 of this resolution represents the proposed allocation of $676,148 in CDBG funds, from the United States Department of Housing and Urban Development ("HUD") for fiscal year 2008-09, $679,252 in anticipated program income for fiscal year 2007-08, $17,365 in prior years program income and $440,341 in miscellaneous reallocated funds.

*The funding allocation for this project may need to be decreased or increased depending on the actual amount of program income that is received.
NOT YET APPROVED

SECTION 3. The City staff is hereby authorized to submit the 2008-09 annual Action Plan update and appropriate application forms to HUD for the fiscal year 2008-09 CDBG funds, and such money shall be spent as set forth in this resolution. The Mayor, City Manager and any other designated City staff or officials are hereby authorized to execute such application forms and any other necessary documents to secure these funds.

SECTION 4. The City Council hereby finds that the fiscal year 2008-09 CDBG program authorized under Section 1 of this resolution is not a project under the California Environmental Quality Act ("CEQA"). However, the Council further authorizes and directs City staff to conduct any further environmental review, and prepare any additional environmental assessments and certificates that may be required, under CEQA and the National Environmental Policy Act (NEPA) for each project under the fiscal year 2008-09 CDBG program prior to the release of funds for any such project.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:  

APPROVED:

____________________________
City Clerk

____________________________
Mayor

____________________________
Assistant City Attorney

____________________________
City Manager

DIRECTORY OF PLANNING AND COMMUNITY ENVIRONMENT

____________________________
Director of Administrative Services
TO: HONORABLE CITY COUNCIL
ATTENTION: FINANCE COMMITTEE
FROM: CITY MANAGER
DATE: APRIL 1, 2008


RECOMMENDATIONS
Staff and the CDBG Citizens Advisory Committee (CAC) recommend that the Finance Committee recommend that the City Council:

1. Allocate CDBG funding as recommended by staff and the Citizens Advisory Committee (CAC) in the draft 2008/09 Action Plan.

2. Authorize staff to submit the 2008/09 Action Plan to Department of Housing and Urban Development (HUD) by the May 15, 2008 deadline.

3. Authorize the City Manager, on behalf of the City, to execute the 2008/09 application and Action Plan for CDBG funds and any other necessary documents concerning the application, and to otherwise bind the City with respect to the application and commitment of funds.

BACKGROUND
Consolidated Plan
The 2005-2010 Consolidated Plan, adopted by Council on May 9, 2005 and amended on May 7, 2007, is a 5-year strategic plan of action that addresses priority housing and community development needs. It also sets specific goals for attaining identified objectives. Each year, an Annual Action Plan is prepared to identify specific projects to be funded to implement the Consolidated Plan. The Consolidated Plan and the Annual Action Plan updates are required by HUD in order for the City to receive federal funding.
from programs such as the Community Development Block Grant (CDBG) or HOME Investment Partnership Act. The goal for the 2005-2010 five-year period is to provide 125 units of permanent, affordable housing. Palo Alto’s CDBG program continues to be directed toward: expanding and maintaining the affordable housing supply; promoting housing opportunities and choices; maintaining and improving community facilities; and providing supportive services for targeted low-income groups, including persons who are homeless, persons with disabilities, the elderly, and other special needs groups. All of the proposed projects for CDBG funding for fiscal year 2008/09 address the priority housing and supportive service needs identified in the adopted Consolidated Plan.

**CDBG Regulations**

The City of Palo Alto receives funds annually from HUD as an entitlement city under the CDBG Program, authorized by Title I of the Housing and Community Development Act of 1974 (the Act) as amended. The primary objective of the Act is “the development of viable urban communities by providing decent housing and a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.”

HUD regulations require that all activities must meet one of the three national objectives of the CDBG Program:

- Benefit low- and very-low-income persons;
- Aid in the prevention or elimination of slums or blight; or
- Meet other community development needs having a particular urgency, or posing a serious and immediate threat to the health or welfare of the community.

Palo Alto has historically expended all of its CDBG funds on projects benefiting low- and very-low-income persons.

The City has three primary CDBG program activity areas:

1) **Public Services:** Social service activities that benefit low-income persons. The maximum amount that can be expended under this category is 15 percent of the grant allocation and 15 percent of the program income for the previous year. For fiscal year 2008/09, the maximum available for public services is $127,672.

2) **Planning and Administration:** This category is used to reimburse for fair housing activities, CDBG program management, oversight and coordination, environmental reviews, and CDBG-related planning activities. Federal regulations limit the amount that can be spent in this category to 20 percent of the grant and 20 percent of the estimated program income for the following year. For fiscal year 2008/09, funding is limited to a maximum of $148,229. The City’s reimbursement for the cost of administering the CDBG program is limited by this cap. Although the actual cost of administering the program is higher than the recommended funding allocation, this recommendation is the maximum reimbursement allowed given this year’s grant allocation. The balance of CDBG
administrative costs, approximately $20,000, is charged to the City’s General Fund.

3) Capital Projects: Capital improvement activities such as housing land acquisition, purchase of existing rental housing, rehabilitation, accessibility, and public improvements are the primary focus of the City’s CDBG program. There are no funding limitations in this category.

CDBG Applications
Applications for the 2007/09 two-year funding period were mailed to area housing and human service providers on October 5, 2006 and posted to the City’s website. A notice announcing the availability of applications for 2007/08 and 2008/09 CDBG funding was published in the Palo Alto Weekly on October 6, 2006. A proposal-writing workshop was conducted on October 30, 2006 to assist applicants with program regulations and project eligibility questions. The completed applications were due December 8, 2006.

Citizen Participation
The City follows a Citizen Participation Plan to encourage public participation in the CDBG allocation and assessment process. The Citizen Participation Plan calls for a seven-member Citizens Advisory Committee (CAC), six of whom are selected by the Mayor. One slot on the CAC is reserved for a member of the City’s Human Relations Commission (HRC). Members of this year’s CAC were: Donald Mendoza (HRC Liaison), Carol Anderson, Susie Brain, Jeff Chen, Terry Godfrey, Michael Jakoby, and Richard Schoelerman. Richard Schoelerman was selected by the Committee as spokesperson. The funding recommendations previously made by the Committee and approved by Council in May 2007 were preliminary recommendations for the second year of the two-year cycle; therefore the CAC met on three occasions in January and February 2008 to review and finalize those funding recommendations. A new housing application received from the Palo Alto Housing Corporation was also discussed at these meetings.

DISCUSSION
2008/09 Funds Available for Allocation
The total amount available for allocation in fiscal year 2008/09 is $1,813,106. The City’s 2008/09 CDBG grant is $676,148, a decrease of approximately five percent over the prior year’s grant of $712,032. There are $440,341 in funds remaining from previous projects that are being reallocated to new projects. This amount includes $383,929 that had been allocated to Bridge Housing in fiscal year 2007/08 for their Fabian Way Senior Housing project. The CDBG funds were to be used for land acquisition because that is one of the few CDBG-eligible expenses in new housing development. Bridge needed to close escrow on the property in July 2007, which was prior to the completion of the National Environment Policy Act (NEPA) environmental review. CDBG regulations require that an environmental review be completed prior to the expenditure of CDBG funds. Bridge Housing will instead receive $600,000 from the City residential fund in fiscal year 2008/09. The City residential fund money can be used for other purposes on the project and is not limited to acquisition expenses. Also included is $65,000 in program income (income generated directly from the use of CDBG funds) expected to be received in
2008/09, plus $17,365 in program income received in previous years in excess of the estimated amount. The City received a loan repayment of $114,252 from Adolescent Counseling Services for the sale of its Caravan House property, which is included in the total available for allocation. The City will also be receiving approximately $500,000 in loan repayments from the Sheridan Apartments ($165,000) and Palo Alto Gardens ($335,000). The estimated loan repayment amount is also included in the total funds available for allocation.

In summary:

- $676,148 FY 2008/09 CDBG entitlement grant from HUD
- $440,341 Reallocation of other previous funds
- $5,000 Estimated program income for 2008/09 from the City’s Housing Improvement Program (HIP), a single-family residential rehabilitation program that is no longer operational
- $60,000 Estimated program income for 2008/09 from the Palo Alto Housing Corporation that is generated when rental income exceeds expenses on specific properties acquired or rehabilitated with CDBG funds
- $17,365 Actual program income received in previous years in excess of the estimated amounts that were allocated
- $114,252 Caravan House Loan Repayment
- $165,000 Estimated Sheridan Apartments and loan repayment
- $335,000 Estimated Palo Alto Gardens loan repayment
- $1,813,106 TOTAL AVAILABLE FOR ALLOCATION

The City received 17 applications for funding from outside organizations totaling $1,397,329 for FY 2008/09. The City is also in the process of soliciting applications for a fair housing provider through a joint Request for Proposals (RFP) with the cities of Mountain View, Sunnyvale and Gilroy. Because the provider has not been selected yet, staff and the CAC are recommending a specific dollar amount to be allocated to the selected provider.

In addition, the City received an application from the Palo Alto Housing Corporation in February 2008 for the acquisition of land for the development of affordable housing. The requested amount for this project is $3,000,000. In accordance with the City Affordable Housing Fund Guidelines, funding applications for housing projects may be submitted at any time throughout the year. The total requested amount in FY 08/09 CDBG funding is $4,397,329.

**FY 08/09 - Funding Recommendations**

The chart on the following page shows the applications that were received accompanied by the CAC and staff funding recommendations. For public service requests, the staff and CAC recommended allocation of at least a portion of the requested funding for all the applicants except for Mid-Peninsula Alano Club, Catholic Charities – Housing Search Services and the Day Worker Center of Mountain View. Funding was not recommended for the Alano Club because staff and the CAC had concerns regarding the organization’s financial and administrative expertise. Staff and the CAC did not recommend funds for
the Day Worker Center because these services do not benefit a significant number of low income workers in Palo Alto. Staff and the CAC determined that funding for the Housing Search Services is currently provided by other agencies in Palo Alto. Attachment A is a narrative explaining the funding requests and funding recommendations in more detail. It should be noted that changes in the allocations might be necessary in the event that the City’s entitlement grant is increased or decreased when the President signs the actual federal budget for the 2008/09 fiscal year.

The following capital projects were considered for the 2008/09 fiscal year:

- ESO’s Housing and Energy Services Program
- Eden Housing/Community Housing Alliance’s 875 Alma Street Senior Housing Program,
- Lytton Gardens’ new shower enclosure project
- Stevenson House’s interior common area renovation project, and
- Palo Alto Housing Corporation’s 488 West Charleston Road Housing Project.

Staff and CAC recommended funding only the Palo Alto Housing Corporation (PAHC) project for the 2008-2009 fiscal year in an amount totaling $1,538,577 because the creation of new affordable housing is the top priority in the City’s 2005-2010 Consolidated Plan. The project will also be able to draw down all of the CDBG funds awarded by the next March 2009, which will ensure that the City meets HUD’s standards for the timely expenditure of CDBG funds. Staff and the CAC are also recommending that program income from the Sheridan Apartments and Palo Alto Gardens loan payments be allocated to the PAHC project. The estimated program income that will be received is approximately $500,000. The Eden Housing/Community Housing Alliance project is still very preliminary; Eden will be encouraged to seek funding for construction subsidies from City housing funds, once it is closer to secure its planning entitlements. Since staff is still working with Lytton Gardens and Stevenson House to complete other CDBG funded projects from previous fiscal years, the recommendation is to encourage Lytton and Stevenson House to submit an application during the next funding cycle. Staff and the CAC do not recommend funding for ESO because the agency has declared bankruptcy and is no longer in operation.
### FUNDING RECOMMENDATIONS FOR FISCAL YEAR 2008-2009

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^1 Changes may be necessary if the amount of funding is increased or decreased when the President signs the budget.
^2 The recommendation includes $1,372 in unallocated funds from the public service cap and $500,000 in projected program income from Palo Alto Gardens and Sheridan Apartments. It may be necessary to modify the amount of funding depending on the actual amount received from Palo Alto Gardens and Sheridan Apartments.
^3 The total capital cap includes $1,372 in unallocated funds from the public service cap and $500,000 in projected program income from Palo Alto Gardens and Sheridan Apartments.
Commitment of Funds
HUD regulations require that CDBG funds be expended in a timely manner. The regulatory requirement is that no more than 1.5 times a jurisdiction’s annual entitlement grant amount may remain in the letter of credit 60 days prior to the end of the program year. In an effort to reduce the backlog of unspent CDBG funds, HUD employs monetary sanctions against jurisdictions that exceed the regulatory standard. For this reason, all funding applications were scrutinized to insure the readiness of the program or project to move forward and expend funds in a timely manner.

TIMELINE
Funding recommendations made by the Finance Committee will be forwarded to the City Council for review and approval at a public hearing scheduled for May 5, 2008. Subsequently, the Annual Action Plan and Consolidated Plan update will be submitted to HUD to meet the May 15, 2008 deadline, pending Council approval.

POLICY IMPLICATIONS
All of the applications recommended for funding in fiscal year 2008/09 are consistent with the priorities established in the City’s adopted Consolidated Plan for the period 2005 to 2010. They are also consistent with the housing programs and policies in the adopted Comprehensive Plan.

ENVIRONMENTAL REVIEW
For purposes of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), budgeting in itself is not a project. HUD environmental regulations for the CDBG program are contained in 24 CFR 58 “Environmental Review Procedures for Title I Community Development Block Grant Programs.” The regulations require that entitlement jurisdictions assume the responsibility for environmental review and decision-making under NEPA. Prior to the commitment or release of funds for each of the proposed projects, staff will carry out the required environmental reviews or assessments and certify that the review procedures under CEQA, HUD and NEPA regulations have been satisfied for each particular project.

ATTACHMENTS
Attachment A: Staff and CAC recommendations for FY 2008/09 CDBG Funding
Attachment B: 2008/09 Draft Annual Action Plan

PREPARED BY: Eloiza Murillo-Garcia, Planner - CDBG

DEPARTMENT HEAD: STEVE EMSLIE, Director Planning and Community Environment
CITY MANAGER APPROVAL:  

EMILY HARRISON  
Assistant City Manager  

cc:  CDBG Citizens Advisory Committee Members  
     2008/09 CDBG Applicant Agencies
STAFF AND CITIZENS ADVISORY COMMITTEE (CAC)
RECOMMENDATIONS FOR FISCAL
YEAR 2008/09
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING

PUBLIC SERVICE APPLICATIONS

1. Catholic Charities – Long-Term Care Ombudsman
   2625 Zanker Road, San Jose, CA 95134

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<td>FY 08/09</td>
<td>$7,800</td>
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Proposal: Agency provides confidential advocacy and complaint investigation services to the approximately 800 residents in Palo Alto’s licensed long-term care facilities. Program beneficiaries are the frail, chronically ill, primarily elderly residents in Palo Alto’s licensed skilled nursing and residential care facilities. Agency staff and trained community volunteer ombudsmen visit residents on a regular basis and as special circumstances dictate (i.e., in response to specific complaints). Agency staff and volunteers investigate complaints, including allegations of abuse and neglect, seek fair resolution to problems, and promote residents’ rights for quality care and quality of life in the long-term care setting.

Priority Need: Supportive services for lower-income persons.

Discussion: The Ombudsman Program services are not duplicated by any other agency, and provide an important presence in long-term care facilities. Local volunteers are utilized to provide the majority of site visits. The Ombudsman Program has exceeded their targeted goal of serving 320 persons by mid fiscal year 2007/08, and anticipates serving at the same rate for the rest of the fiscal year. Agency proposes contacting/interviewing 320 Palo Alto residents and conducting a minimum of 28 complaint investigations in the 08-09 fiscal year. Staff and the CAC recommend increasing their funding to $7,800 in fiscal year 2008/09 because of the number of Palo Alto residents that are served and their services are not duplicated by any other agency.
2. Inn Vision the Way Home – Opportunity Center/Urban Ministry Program
   33 Encina Way, Palo Alto, CA 94301

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**Proposal:** Agency proposes to provide basic survival services to the local homeless population. Services include a light breakfast, used clothing, toiletries, phone, mail, messages, bus passes, and referrals to other agencies. Urban Ministry caseworkers are available to assist clients find shelter, medical care, employment and to help with other problems.

**Priority Need:** Shelter and services for persons who are homeless.

**Discussion:** The Urban Ministry’s Opportunity Center program serves between 100-120 homeless individuals from 8:30am to 4:30pm each weekday, while the nighttime shelter at Hotel de Zink provides shelter to 15 homeless people per night throughout the year. Urban Ministry/Inn Vision has historically exceeded their goals each year. Opportunity Center/Urban Ministry Program has proposed serving a total of 500 unduplicated individuals by June 2009. Staff and the CAC recommend that Urban Ministry’s funding be maintained at the same level as fiscal year 2007/08. Urban Ministry/Opportunity Center served 3,537 individuals through December 2007, already exceeding their goals set for the fiscal year 2007-2008. In addition, Urban Ministry has a strong presence in Palo Alto and serves a large number of people who might not otherwise seek supportive services.

3. Inn Vision the Way Home – Clara-Mateo Adult Singles/Couples Housing Program
   795 Willow Road, Bldg. 323-D, Menlo Park, CA 94025

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**Proposal:** Clara-Mateo Alliance (CMA) provides a 63-bed shelter for homeless individuals and couples, and six transitional units for homeless individuals and couples. They provide supportive services aimed at increasing self-sufficiency and finding and maintaining stable housing. The shelter targets the under-served populations such as homeless persons with disabilities, mental illness, psychiatric disorders, and chronic substance abusers.

**Priority Need:** Shelter and services for persons who are homeless
Discussion: This program is an important link in the county’s homeless continuum of care. It has been operating since 1997 and serves individuals and couples. It is a collaborative effort with the Veterans Administration, and the counties of Santa Clara and San Mateo. The facility serves the homeless sub-populations with some of the greatest needs. It is anticipated that the total program will provide 1,000 nights of care to a minimum of 62 Palo Alto individuals and couples. The adult program has already served over 300 Palo Alto residents in the first half of fiscal year 2007/08. Staff and the CAC recommend funding at the same level as fiscal year 2007/08.

4. Clara-Mateo Alliance (CMA)/ InnVision – Family Shelter Wing
795 Willow Road, Bldg. 323-D, Menlo Park, CA 94025

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Proposal: The Clara-Mateo Alliance has 18 emergency shelter beds and six transitional housing units devoted to homeless families. Annually, 125-160 individuals are provided with housing and supportive services. The agency is proposing to serve a minimum of three homeless families with children from Palo Alto. In addition, they provide extensive on-site supportive services to all program participants, including food, clothing medical care and case management.

Priority Need: Shelter, supportive services, and transitional housing for homeless families.

Discussion: This project is an important resource for the homeless families with children in northern Santa Clara County. Staff and the CAC recommend funding at the same level as fiscal year 2007/08.

5. Mid-Peninsula Alano Club – MPAC Operations
1155 Reed Avenue, Sunnyvale, CA 94086

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Proposal: The Mid-Peninsula Alano Club (MPAC) provides a physical location where those in and or seeking recoveries from addictive substances may gather, meet, share and support one another. MPAC exists to provide a safe, clean and sober environment for all those seeking and/or in recovery from addictive substances.

Priority Need: Supportive services for lower-income persons.

Discussion: MPAC did not receive CDBG funding in fiscal year 2007/08. Staff and the CAC recommend no funding for this program for fiscal year 2008/09. Similar types of services are provided to Palo Alto residents at the Opportunity Center. Staff and the CAC believe that this organization requires more financial and administrative expertise to fully comply with federal regulations.

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6. Emergency Housing Consortium (EHC) – Palo Alto HOMES Program
507 Valley Way, Milpitas, CA 95035

Proposal: Agency provides emergency shelter and comprehensive supportive services to homeless men, women, and families with children, and youth in various facilities in Santa Clara County. EHC operates a youth shelter in San Jose, the winter shelters at the National Guard Armories in Sunnyvale and Gilroy, the regional Reception Center in San Jose, the Sobrato Family Living Center in Santa Clara, and various other transitional housing programs in the County. Supportive services include prepared meals, counseling, child care, transportation, case management, job counseling, and skills workshops to help secure housing and/or employment.

Priority Need: Shelter and services for persons who are homeless

Discussion: This agency provides the majority of homeless shelter services in Santa Clara County, and is also an important resource for persons from the Palo Alto area. For the fiscal year 2008/09 they plan to serve 25 unduplicated Palo Alto homeless residents in transitional housing and provide 1,000 person shelter days. Through December 2007 they have served 17 unduplicated persons for the 2007/08 fiscal year.
7. Emergency Housing Consortium (EHC) – Off the Streets Project
507 Valley Way, Milpitas, CA 95035

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Proposal: EHC Life Builders’ Off the Street Project is in its second year of operation. It provides services for homeless people addicted to alcohol. It addresses the community need by expanding the affordable housing supply available to chronically homeless individuals with extremely low or no incomes. It also provides comprehensive support services that enable participants to gain self sufficiency and improve their well-being.

Priority Need: Shelter and services for persons who are homeless.

Discussion: This project builds on Santa Clara County’s existing effort to end chronic homelessness. The project will provide 26 units of permanent housing scattered through the county for the chronic homeless who are addicts, and have no history of transitional or permanent housing in the last five years. The project aims to house 4 chronically homeless Palo Alto residents (15% of their project clients) in the 2008/09 fiscal year. Staff and CAC recommend the same level of funding for this project as in fiscal year 2007/08.

8. Palo Alto Housing Corporation (PAHC) – SRO Resident Support Services
Barker Hotel: 439 Emerson Street, Palo Alto, CA 94301
Alma Place: 753 Alma Street, Palo Alto, CA 94301

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Proposal: The Palo Alto Housing Corporation maintains two Single-room occupancy (SRO) properties: the Barker Hotel and Alma Place. The 25-unit Barker Hotel serves a very low-income population of residents with a history of homelessness and special needs. Alma Place is a 106-unit SRO apartment building that serves very low-income residents. Two service coordinators, one at Alma Place and one at Barker Hotel, provide support to individual tenants as needs or problems arise, and on an on-going basis. These intensive case management and supportive services play a vital role in helping the residents maintain their stability and housing.

Priority Need: Prevention of homelessness
Discussion: By December 2007, all the targeted goals and objectives for the fiscal year 07/08 have been already met. Staff and the CAC recommend an additional $5,000 in CDBG funding for this program because it is a Palo Alto-based program and has dramatically reduced turnover and eviction rates at the Barker Hotel and Alma Place. This service is also not duplicated by any other agency.

9. Peninsula Association for Retarded Children and Adults – Page Mill Court
2700 Ash Street, Palo Alto, CA 94306

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Proposal: PARCA provides much needed affordable housing with support services to people with developmental disabilities in Page Mill court. Page Mill Court is a 24 unit assisted living Apartment complex serving 30 very low income adult men or women with developmental disabilities. Page Mill Court’s success is the result of both affordability of the apartment units and the integrated supported living model of services for the tenants that PARCA provides and coordinates.

Priority Need: To provide affordable housing with support services for people with developmental disabilities.

Discussion: Application Withdrawn

10. Catholic Charities – Housing Search Services
2625 Zanker Road, San Jose, CA 95134

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Proposal: The Catholic charities Housing Search Services helps low income and homeless individuals find low cost homes based on individual needs, and provides supportive services such as financial and vocational training. Individuals and families are provided one on one
counseling sessions and other types of assistance required to help them locate stable and appropriate housing.

**Priority Need:** Provides housing search services, supportive services, vocational trainings, financial education to low income and homeless individuals and families.

**Discussion:** This is a new service being provided by Catholic Charities. Their goal is to provide housing related information and referral and all related assistance to 50 Palo Alto households. Staff and CAC feel that similar type of service is currently provided by the Opportunity Center and the Palo Alto Housing Corporation. Additionally, the service is not exclusively for low income people. Staff and CAC recommend no funding for this project.

### 11. Shelter Network – Services for Homeless Palo Alto Families and Single Adults
1450 Chapin Avenue, 2nd Floor, Burlingame, CA 94010

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<td>$30,000</td>
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**Proposal:** Shelter Network operates several facilities that provide housing opportunities for the homeless in San Mateo County. Most of Palo Alto residents are served at Haven Family House. It provides transitional housing and a comprehensive array of supportive services to homeless families at their facility located in Menlo Park. An on-site licensed childcare facility is also available at Haven Family House. Shelter Network’s housing programs allow residents to re-connect with permanent housing, jobs, and the skills and resources necessary to break the cycle of homelessness.

**Priority Need:** Transitional housing and supportive services for homeless families with children.

**Discussion:** Shelter Network’s facilities are important resources for homeless individuals and families with children from northern Santa Clara County. Shelter Network expects to serve 500 single men and women and 180 families in the fiscal year 2008/09. Of this total amount, it is expected that three to eight families from Palo Alto will be served at the family facilities (representing approximately 8 to 24 parents and children). In addition, they plan on serving 20-30 homeless individuals in their Maple Street shelter. Staff and CAC recommend the same level of funding as in fiscal year 2008/09.
12. Day Worker Center of Mountain View-Day Worker Center
1880 California Street, Mountain View, CA 94041

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**Proposal:** The Day Worker Center of Mountain View connects day laborers with employers, provides them with a secure meeting place, helps them to negotiate wages and ensures both parties are protected. Workers are also provided free legal and medical services.

**Priority Need:** Supportive services for lower-income persons.

**Discussion:** Staff and the CAC do not recommend funding for this program because it does not benefit a significant number of low income workers from Palo Alto.

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**FAIR HOUSING/ADMINISTRATION**

13. Fair Housing Services – Determined through RFP

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**Proposal:** The City of Palo Alto has issued a joint Request for Proposals (RFP) to Provide Fair Housing Services with the Cities of Gilroy, Mountain View and Sunnyvale. The Cities seek investigation, counseling and legal referrals for victims of housing discrimination; community education and outreach regarding fair housing law and practices; and research, analyses, and reporting for City staff and officials regarding fair housing practices.

**Priority Need:** Fair Housing Services

**Discussion:** The City has been collaborating with other jurisdictions on jointly selecting a fair housing provider since 2003. The four cities typically issue a new RFP every two years. The Department of Housing and Urban Development (HUD) regulations require CDBG entitlement jurisdictions to affirmatively further fair housing choice. Staff and the CAC recommend funding in the amount of $26,800, which is the same level of funding as fiscal year 2007/08.
13. City of Palo Alto - Department of Planning and Community Environment
250 Hamilton Avenue, Palo Alto, CA 94301

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Proposal: Funding is requested to reimburse the City General Fund for costs related to the overall management, coordination, monitoring and evaluation of the CDBG Program, including oversight of public service contracts, data gathering, studies, analysis, plan preparation, and the identification of actions for implementation of plans.

Priority Need: CDBG Program Administration and support

Discussion: A reimbursement of $121,429 from grant funds is well within the 20% administrative cap and helps alleviate General Fund budgeting constraints. Because the administrative cap has decreased slightly from the previous fiscal year, staff and the CAC are recommending a slight decrease in funding in order to fund fair housing services at the current fiscal year's level.

CAPITAL AND/OR HOUSING PROJECTS

14. Economic and Social Opportunities – Housing and Energy Services Program
1445 Oakland Road, San Jose, CA 95112

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Proposal: Agency proposes to assist a minimum of 30 low-income Palo Alto households with home improvement services. These services are designed to identify and improve hazardous conditions in homes, improve accessibility and use for seniors and individuals with disabilities, improve energy efficiency and make necessary minor repairs in order to avoid more expensive solutions in the future.

Priority Need: Conservation of energy and improved accessibility for individuals with physical disabilities

Discussion: This agency is no longer in operation.
15. Eden Housing/Community Housing Alliance – 875 Alma Senior Housing
875 Alma Street, Palo Alto, CA 94301

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Proposal: Eden Housing Inc. (Eden) and Community Housing Alliance Inc. (CHA) have proposed a project at 875 Alma Street to construct 34 unit affordable senior rental housing. The housing is particularly for very low income seniors with incomes at or below 50% of the Area Median Income. Eden and CHA have requested a total of $1,000,000 in CDBG funds ($500,000 for 2007-2008 and $500,000 for 2008-2009) for site acquisition at 875 Alma Street, currently occupied by Palo Alto Hardware. In addition to this project at 875 Alma Street, Eden and CHA are planning to build a mixed use project at 801 Alma Street. The mixed use project will provide a new larger first floor commercial space to the hardware store and an affordable family rental project on the three floors above. The hardware store will purchase the new commercial condominium space from Eden and CHA.

Priority Need: Acquisition of affordable rental housing for seniors.

Discussion: Staff and the CAC do not recommend funding for the Eden Housing /CHA project because it is still very preliminary; Eden will be encouraged to seek funding for construction subsidies from City housing funds, once it is closer to secure its planning entitlements.

16. Palo Alto Housing Corporation – 488 West Charleston Road Housing Project
488 West Charleston Road, Palo Alto, CA 94306

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Proposal: The Palo Alto Housing Corporation (PAHC) is proposing to develop a new 30 unit affordable housing community in Palo Alto located at the existing site of the Recording for Blind and Dyslexic Center. It will provide housing for very low-income households that earn from 20% to 50% of Area Median Income. The PAHC is preparing to submit an application to the City for re-zoning the site to RM-40 and as well as for the design review. PAHC anticipates that they will be able to close escrow on the land by March 2009.
**Priority Need:** Acquisition of affordable rental housing for low-income households

**Discussion:** Staff and the CAC recommend funding in the amount of $1,538,577 for this project because the creation of new affordable housing is the top priority in the City’s 2005-2010 Consolidated Plan. The project will also be able to draw down all of the CDBG funds awarded by the next March 2009, which will ensure that the City meets HUD’s standards for the timely expenditure of CDBG funds. Staff and the CAC are also recommending that program income from the Sheridan Apartments and Palo Alto Gardens loan payments be allocated to the PAHC project. The estimated program income that will be received is approximately $500,000. Since this is only an estimated amount, the actual amount that will be able for allocation may be less than or greater than $1,538,577.

**17. Lytton Gardens– New Shower Enclosures**  
437 Webster Street, Palo Alto, CA 94301

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**Proposal:** Lytton Gardens owns and operates several facilities that provide affordable housing for seniors with varying needs and resources. This is one of the few HUD subsidized senior housing facilities in the mid-Peninsula, providing quality living conditions to senior citizens. The facility is 30 years old and is requesting funds to renovate 50 bath/shower enclosures in the independent housing units at 656 Lytton Avenue.

**Priority Need:** Rehabilitation of affordable rental housing

**Discussion:** Staff and CAC do not recommend funding this project in fiscal year 2008/09. The City of Palo Alto is funding another project with Lytton Gardens in this fiscal year, and would want to complete the outstanding project prior to awarding additional funding. Staff and the CAC recommend that Lytton Gardens apply for funding for this project in the next round of funding applications for fiscal years 2009/2011.

**18. Stevenson House – Exterior Common Area Renovation**  
455 E. Charleston Road, Palo Alto, CA 94306

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Proposal: Stevenson House provides 120 units of affordable rental housing to low-income seniors. For the fiscal year 2008-2009 their proposal is to renovate the exterior common area, such as the sidewalk, parking area and awning replacement.

Priority Need: Rehabilitation of affordable rental housing

Discussion: Staff and the CAC do not recommend funding for this project in fiscal year 2008/09. Currently staff is working with Stevenson House on two projects consisting of a windows/doors retrofit and radiant heat system upgrade. Staff and the CAC would like to complete the outstanding projects prior to awarding additional funding. Staff and the CAC recommend that Stevenson House apply for funding for this project in the next round of funding applications for fiscal years 2009/2011.
CITY OF PALO ALTO

Housing and Community Development

DRAFT
2008/2009 ACTION PLAN

Annual Update of the City’s Consolidated Plan for the Period
July 1, 2005 to June 30, 2010


Prepared by Department of Planning & Community Environment
250 Hamilton Avenue
Palo Alto, California 94301
Steve Emslie, Director

For Information, Please Contact: Eloiza Murillo-Garcia, CDBG Coordinator
Planning Division, City of Palo Alto (650) 329-2428
Executive Summary

This one year Action Plan describes the eligible activities that the City intends to undertake in fiscal year 2008/09 to address the needs and implement the strategies identified in the City’s adopted Consolidated Plan for the period July 1, 2005 to June 30, 2010. It describes the activities that the City will fund with Community Development Block Grant (CDBG) funds in fiscal year 2008/09 to address priority housing and non-housing community development needs and to affirmatively further fair housing choice. It serves as the City’s application for federal funds under the Department of Housing and Urban Development (HUD) formula grant programs.

Performance Measurement Objectives and Outcomes
HUD has modified its Consolidated Plan and Annual Action Plan requirements to include a new performance measurement system. The purpose of the performance measurement system is to better capture data on a national level for the activities that are undertaken with CDBG funding at the local level. This system will help quantify and measure program outcomes in order to determine how well programs and activities are meeting established needs and goals. As a result of the new policy, the City is required to identify both an objective and outcome for each proposed activity. The objectives and expected outcomes are identified in this report for each proposed activity.

The City intends to provide funding for various activities, which are consistent with the adopted Consolidated Plan. The City will undertake a housing activity that meets the objective of providing decent affordable housing. The housing project that is planned for 2008/09 is the 488 West Charleston Road housing project. This project involves the acquisition of land for the purpose of developing 30 units of affordable housing. This project has the outcome of providing new housing affordability by creating decent affordable housing.

The City will also provide funding for several public service projects, which all have the objective of creating a suitable living environment, and the outcome of enhanced accessibility to a suitable living environment or decent affordable housing. The proposed public service projects are: Emergency Housing Consortium – Emergency Shelter; Emergency Housing Consortium – Housing and Supportive Services; Palo Alto Housing Corporation – Single Room Occupancy (SRO) Resident Support Services; InnVision/Urban Ministry – Opportunity Center Drop-In Services; InnVision/Clara-Mateo Alliance – Family Housing Program; InnVision/Clara-Mateo Alliance – Adult and Couples Housing Program; Shelter Network – Mid-Peninsula Housing Program; and Catholic Charities – Long-Term Care Ombudsman program.

Evaluation of Past Performance
The City has historically allocated CDBG funds to activities that benefit low and moderate income persons, with the top priority being increasing affordable housing opportunities in the City. The City has one of the most expensive housing markets in the country due to the lack of available land. In recent years, the City has assisted in the creation of 141 new affordable housing units, with Oak Court apartments, a 52 unit affordable housing complex and the Opportunity Center, a multi-service center with 89 units of affordable housing. Oak Court is fully occupied as is the Opportunity Center which opened for occupancy in the fall of 2006.
Additionally, the City assisted Community Housing Alliance acquire Alma Gardens, an existing 10-unit apartment complex, in order to increase the supply of housing affordable to low income persons. The City intends to continue to support the creation of affordable housing and to maintain the existing affordable housing stock, through preservation or rehabilitation activities.

Citizen Participation

The City of Palo Alto has an adopted Citizen Participation Plan that provides for a seven-member CDBG Citizens Advisory Committee (CAC). The CAC process encourages public participation in the CDBG allocation and evaluation review process. Fiscal year 2008/09 is the second year of a two-year funding cycle. The CAC met on January 17th February 7th and 21st to review and evaluate the applications and make funding recommendations on the applications submitted for 2008/09 CDBG funding.

The City made the draft Action Plan available for public review from March 25 to April 25, 2008. The City placed an ad in the Palo Alto Weekly on March 14, 2008 and also sent numerous notifications to interested parties. The draft Action Plan was available at the Planning Department in City Hall and was also posted to the City’s CDBG website for the duration of the public review period. The public was also invited to attend two public hearings, one before the City’s Finance Committee on April 1, 2008 and one before the full City Council on May 5, 2008. No public comments were received on the Action Plan.

RESOURCES AVAILABLE

The City of Palo Alto encourages local non-profit housing and public service agencies to pursue all available public and private funding sources in order to achieve the goals of the Consolidated Plan. Most projects and activities secure funding from a variety of sources including private donations, charitable foundations, and church and community fundraising to leverage federal, state and local funding.

Federal Resources

Community Development Block Grant (CDBG) Funds

The City receives CDBG funds as an entitlement grant through the U.S. Department of Housing and Urban Development (HUD). In fiscal year 2008/09, the City will allocate $1,818,106 in CDBG funds to eligible activities that address the needs identified in the Consolidated Plan. The amount of the City’s 2008/09 CDBG entitlement grant from HUD is $676,148, estimated program income for 2008/09 is $65,000, excess program income received is $17,365, and reallocated funds total $383,929. Also included in the total is $114,252 from a loan repayment from Adolescent Counseling Services for the sale of their Caravan House facility. The City had provided CDBG funding for the rehabilitation of the Caravan House group home in fiscal year 2003/04 and the facility was sold in July 2007. The City will also be receiving loan repayments from two properties in fiscal year 2007/08 from an affordability reserve account. The Palo Alto Gardens and Sheridan Apartments were required to establish an affordability reserve account as a condition of their CDBG and City funding. Their agreements stipulate that they must make payments to the City when the balance in their respective accounts reaches $1,000,000. Each of the two properties affordability reserve accounts have now reached $1,000,000. Because of this,
they will each be making a payment to the City. The estimated payment from the Palo Alto Gardens is approximately $335,000 and the estimated payment from the Sheridan Apartments is $165,000. Program income is income directly generated from the use of CDBG funds that is returned to the CDBG program, and reallocated to new activities.

<table>
<thead>
<tr>
<th>FY 2008/2009 CDBG Entitlement Grant</th>
<th>$676,148</th>
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</thead>
<tbody>
<tr>
<td><strong>Program Income:</strong></td>
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</tr>
<tr>
<td>Estimated Program Income 2008/09 (HIP)</td>
<td>5,000</td>
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<tr>
<td>Estimated Program Income 2008/09 (PAHC)</td>
<td>60,000</td>
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<tr>
<td>Excess Prior Year Program Income</td>
<td>17,365</td>
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<tr>
<td>Caravan House Loan Repayment</td>
<td>114,252</td>
</tr>
<tr>
<td>Estimated Palo Alto Gardens Loan Repayment</td>
<td>335,000</td>
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<tr>
<td>Estimated Sheridan Apartments Loan Repayment</td>
<td>165,000</td>
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<tr>
<td><strong>Reallocated Funds:</strong></td>
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<tr>
<td>Miscellaneous Reallocations</td>
<td>440,341</td>
</tr>
<tr>
<td><strong>Total Allocation</strong></td>
<td>$1,813,106</td>
</tr>
</tbody>
</table>

Loan repayments from the City’s former Housing Improvement Program (HIP) single-family rehabilitation loan program are estimated to be $5,000 for next year. Income from the Palo Alto Housing Corporation (PAHC) is also estimated to be $60,000 for next year. PAHC funds are collected when rental income exceeds expenses on properties acquired or rehabilitated with CDBG funds. Prior year program income funds are funds received in prior years that were in excess of the estimated program income amounts, and were not previously allocated to projects.

**HOME Program**

The City of Palo Alto is not an entitlement grantee under the federal HOME program and thus does not receive a direct grant of HOME Program funds from HUD. The only way to access HOME funds for housing projects located within the City of Palo Alto is for the City, or eligible nonprofit organizations to apply to the State of California for the funds in an annual competition. Due to excessive demand for the State’s HOME allocation, and rating criteria that does not favor areas like Palo Alto, it is difficult to secure an award. In the past, the State has limited the maximum HOME award per project to one million dollars.

**State, Local and Other Resources**

**City Affordable Housing Fund**

The Affordable Housing Fund is a local housing trust fund established by the City Council to provide financial assistance for the development, acquisition and rehabilitation of housing affordable to extremely low, very low, low and moderate-income households. The Affordable
Housing Fund is the umbrella name for five distinct sub-funds for affordable housing. On October 27, 2003, the City Council approved new guidelines for all of the City's affordable housing funds including the ones composed of federal housing monies. The Affordable Housing Fund is now composed of:

✓ Commercial Housing Fund – this fund is used primarily to increase the number of new affordable housing units for Palo Alto's work force. It is funded with mitigation fees required from developers of commercial and industrial projects. As of December 31, 2007, the Commercial Fund had an available balance of approximately $1,600,000.

✓ Residential Housing Fund – this fund can be used for acquisition, rehabilitation, new construction and predevelopment of low-income housing. It is funded with mitigation fees provided under Palo Alto's Below Market Rate (BMR) housing program from residential developers, and money from other miscellaneous sources, such as proceeds from the sale or lease of City property. It is also used to pay for administration and consultant contracts necessary to carry out the BMR program. As of December 31, 2007, the Residential Fund had an available balance of approximately $440,000.

✓ CDBG Housing Fund - The purpose of the CDBG Housing Fund is to have funds available on an ongoing basis to utilize when necessary to facilitate the development, rehabilitation and preservation of low-income housing. Housing development opportunities, especially opportunities to acquire land for new housing construction, may come up at any time throughout the year and, due to the nature of the real estate market; a quick response is frequently necessary. CDBG Housing Funds may be used to pay for costs associated with the investigation of the feasibility of sites or properties for potential acquisition by the City, or nonprofit organizations, for affordable housing. These costs usually need to be paid prior to a project being officially created in the budget. Typically these costs are for appraisals, environmental studies and soil testing, title reports and conceptual design studies.

✓ HOME Program Income Fund – the City has only one HOME funded project, the Barker Hotel Single Room Occupancy. This project was funded in part with a $1 million 1992 HOME grant from the State. The City’s funding is in the form of a long-term, deferred loan and there has not been any program income from that loan.

✓ Below Market Rate (BMR) Emergency Fund – This fund was authorized by Council in September 2002 in order to provide funding on an ongoing basis for loans to BMR owners for special assessment loans and for rehabilitation and preservation of the City’s stock of BMR ownership units.

The actual process for initiating an application for City Affordable Housing Funds will vary depending on the particular circumstances. Usually, a nonprofit sponsor will apply to the Department of Planning and Community Environment for housing subsidy funds when they are in negotiation for a particular site. At other times, the City may issue a Request for Proposals once it has secured or identified a potential housing site.
The Planning Department will present recommendations for each project together with a proposed funding package to the City Council for approval. In almost all cases, funds will be provided as a loan secured by the property. The repayment terms and interest rate have to be tailored to the particular project since affordable housing typically is financed from multiple sources with specific requirements.

**Housing Trust of Santa Clara County (HTSCC)**
The HTSCC is a public/private initiative, dedicated to creating more affordable housing in Santa Clara County, using a revolving loan fund and grant-making program to complement and leverage other housing resources. The City of Palo Alto contributed $650,000 to the HTSCC since its inception and plans on contributing an additional $100,000 in fiscal year 2008/09. The City’s contribution will be used exclusively for qualifying affordable housing projects located within the City. Three new affordable rental projects located in Palo Alto have received loans from the HTSCC: Oak Court Apartments ($400,000), Opportunity Center ($650,000) and the Fabian Way Senior Housing by Bridge Housing ($650,000).

**State of California’s Multifamily Housing Program (MHP)**
The Multifamily Housing Program (MHP) has been a major source of funding for affordable housing since the passage of Proposition 46 in November 2002. The purpose of this program is to provide low-interest loans to developers of affordable housing. The MHP General funds may be used for multifamily rental and transitional housing projects involving new construction, rehabilitation, or conversion of nonresidential structures. MHP Supportive Housing funds may be used for multifamily rental housing projects involving new construction, rehabilitation, acquisition and rehabilitation, or conversion of nonresidential structures for permanent rental housing only. Oak Court Apartments, developed by the Palo Alto Housing Corporation and the Opportunity Center, developed by the Community Working Group/Housing Authority of Santa Clara County, received substantial funding from the MHP program.

**Proposition 1C – the Housing and Emergency Shelter Trust Fund Act** was passed by California voters in November 2006. It authorized $2.85 billion of general obligation bonds to fund 13 new and existing housing and development programs, including $590 million for farm-worker housing and homeless shelters.

**State of California's Local Housing Trust Fund Grant Program**
Another component of Proposition 46 was funding for new and existing local housing trust funds. A local housing trust fund is a public or private partnership created to receive on-going revenues for affordable housing production such as Palo Alto’s Commercial and Residential Housing Funds. Local revenues supporting the fund can include commercial impact fees, ongoing fundraising, or local taxes such as Transient Occupancy Tax, as well as local government’s general funds. The City of Palo Alto applied for and received an award of $1,000,000 in February 2004. The City’s $1,000,000 award will be used to help subsidize the development of the proposed Alma Street Family rental housing project being jointly planned by Eden Housing and Community Housing Alliance.
Santa Clara County Affordable Housing Fund (AHF)
The Santa Clara County Board of Supervisors established the Affordable Housing Fund with initial funding of $18.6 million in July 2002. The main purpose of the AHF was to assist in the development of affordable housing especially for extremely low income and special needs people throughout Santa Clara County. The Opportunity Center received an award of $2.5 million from the AHF in the first round of funding approved in September 2003. As of 2007, the County has awarded over $10 million from the AHF.

Section 8
The Housing Authority of the County of Santa Clara administers the Section 8 program countywide. In the previous fiscal year, a total of 309 households received assistance through the Section 8 program. Of those, 209 were housing choice vouchers, 8 were Shelter Plus Care vouchers, 52 were project-based and 37 were part of the moderate rehabilitation program. The City anticipates that Section 8 vouchers will continue to be available to Palo Alto residents in fiscal year 2008/09.

Low-Income Housing Tax Credits
The California Tax Credit Allocation Committee (CTCAC) holds two application cycles each year. Typically, the first cycle is held in March and the second is held in July. Local non-profits apply directly to the CTCAC for these funds when they have identified a project. Tax credits were used for development of both the Oak Court Apartments and the Opportunity Center.

McKinney-Vento Homeless Assistance
Each year between 35 and 40 non-profits in Santa Clara County receive approximately $9 million for programs assisting the homeless. These funds benefit programs on a countywide basis.

STATE, LOCAL, PUBLIC AND PRIVATE RESOURCES FOR AFFORDABLE HOUSING

<table>
<thead>
<tr>
<th>Activity</th>
<th>Acquisition</th>
<th>Rehab</th>
<th>New Construction</th>
<th>Home Buyer Assistance</th>
<th>Rental Assistance</th>
<th>Homeless Assistance</th>
<th>Homeless Prevention</th>
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<tbody>
<tr>
<td>STATE, LOCAL, and PUBLIC</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Commercial Housing Fund</td>
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<td>Residential Housing Fund</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>State MHP</td>
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<td>X</td>
<td>X</td>
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<tr>
<td>City Owned Land</td>
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<tr>
<td>MCC Program</td>
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<td>Housing Trust of Santa Clara County</td>
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<td>X</td>
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<tr>
<td>Santa Clara County Housing Authority - Section 8</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Leveraging and Matching Requirements

The City of Palo Alto will leverage federal and private housing funds to the greatest extent feasible consistent with the goals identified in the Consolidated Plan. The City will encourage housing project sponsors to seek private financing and private grants, and to fully utilize other state and federal housing development subsidies such as the low-income housing tax credit program. The City will also utilize its local Affordable Housing Fund, as appropriate, to leverage federal and private housing funds and to provide any required matching funds. Where eligible, CDBG Housing Funds could be used as a portion of the matching requirement for federal housing programs.

Geographic Distribution

The Map attached to this report shows the location of all the proposed activities for fiscal year 2008/09. The City considers the provision of all types of housing assistance on a citywide basis consistent with the policies of the Comprehensive Plan. The City does not have specific target areas for housing activities, but attempts to provide housing affordable to lower-income persons throughout the City.

There are only a few areas that are considered to have a concentration of minority populations or low-income residents in Palo Alto. There are three census tracts in Palo Alto that have a concentration of Asian populations, primarily in the northern part of the City and there are also four Census tracts in the northwestern portion of the City that have a concentration of lower-income households.

In addition, Census tract 5107 in the Olive-West Meadow/Ventura area is an area of considerably greater population and housing diversity than that which is found in most parts of Palo Alto. The 2000 census identified this tract as having the highest minority concentration of any non-split City tract. More than half the housing units are in multiple-unit (3+) structures, and nearly two-thirds are renter-occupied. Block Group 2 has a large proportion of modest rental housing, a relatively high proportion of minority and ethnic groups, and 48.6% of the households are below the CDBG income eligibility limits. The entire tract is above HUD’s first quartile threshold of 27.4 percent for area benefit activities.
Specific efforts have been coordinated in the City’s Community Service and Police Departments to focus on activities and services in the Ventura neighborhood. A number of City-sponsored programs and activities serving low- and very low-income persons have either been undertaken or proposed. A police substation was opened in the area with the goal of improving contact with the community.

Changes to Strategy

HUD has informed the City of Palo Alto of a change of policy relating to the timely expenditure of CDBG funds. The federal regulatory standard is that no more than 1.5 times a jurisdiction’s annual entitlement grant amount may remain in its letter of credit 60 days prior to the end of the program year. HUD now employs monetary sanctions against jurisdictions that exceed the regulatory standard. Failure to meet the expenditure standard by May 1, 2008 will cause HUD to reduce the City’s next grant by 100% of the amount in excess of 1.5 times the annual grant.

For this reason, all funding allocations for 2008/09 were scrutinized to insure the readiness of the program or project to move forward and expend funds in a timely manner. This stricter enforcement of the expenditure standard will increase the difficulty in providing funds for affordable housing since housing projects involving new construction or acquisition of apartments typically take more time and planning and are subject to more delays than other capital projects. It may create situations where lower priority activities will be undertaken instead of higher priority activities simply because they are easier to accomplish and ready to proceed.

The City Council approved the change to a two-year CDBG funding cycle beginning with the 2003/04 fiscal year and this is reflected in the amendment of the Citizen Participation Plan adopted by the City Council in December 2002. Many cities in the Bay Area have adopted extended CDBG funding cycles and find them to be an effective tool to streamline “process” and provide administrative relief to both city and non-profit staff. Palo Alto’s Human Services Division also employs a two-year funding cycle for the Human Services Resource Allocation Process (HSRAP).

Coordination of the CDBG and HSRAP funding processes is essential to the effective delivery of local human service funding. Collaboration between the non-profit agencies and the City’s funding sources avoids confusion, duplication of effort, and ensures that the highest identified community needs are met. The two-year process provides the opportunity for City and non-profit staff to undertake longer-term strategic planning and to maximize available funding resources.

Allocation Priorities

Program Year 2008 will be the fourth year of the City’s five year Consolidated Plan for the period 2005-2010. The table below sets forth the five year goals of that Plan and the one-year goals of the FY 2008/09 Annual Action Plan.
<table>
<thead>
<tr>
<th>Goal #</th>
<th>Specific Objectives</th>
<th>Performance Measure</th>
<th>Expected Units</th>
<th>5 Year</th>
<th>2008/09 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Rental Housing Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 1</td>
<td>Increase the supply of rental housing</td>
<td>Units</td>
<td>125</td>
<td>30</td>
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<tr>
<td>Goal 2</td>
<td>Preserve existing affordable rental housing</td>
<td>Units</td>
<td>72</td>
<td>0</td>
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<tr>
<td>Goal 3</td>
<td>Conserve the condition of existing rental housing</td>
<td>Units</td>
<td>150</td>
<td>0</td>
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<tr>
<td></td>
<td><strong>Owner Housing Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Goal 4</td>
<td>Continue Below Market Rate Program</td>
<td>Units</td>
<td>20</td>
<td>36</td>
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<tr>
<td>Goal 5</td>
<td>Continue to participate in MCC program</td>
<td>Units</td>
<td>15</td>
<td>3</td>
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<tr>
<td>Goal 6</td>
<td>Rehabilitation loans to L/M Income Owners</td>
<td>Units</td>
<td>Emergencies only</td>
<td>As needed</td>
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<tr>
<td>Goal 7</td>
<td>Minor Home Repairs and Accessibility Upgrades</td>
<td>Units</td>
<td>130</td>
<td>26</td>
<td></td>
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<tr>
<td></td>
<td><strong>Public Service Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 15</td>
<td>Assist seniors in long-term care</td>
<td>Individuals</td>
<td>600</td>
<td>320</td>
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<tr>
<td>Goal 17</td>
<td>Services to prevent homelessness (incl. in Goal 8)</td>
<td>Individuals</td>
<td>8,000</td>
<td>-</td>
<td>3,500</td>
</tr>
<tr>
<td>Goal 18</td>
<td>Food and meal programs</td>
<td>Individuals</td>
<td>800</td>
<td></td>
<td>325</td>
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<tr>
<td></td>
<td><strong>Public Facilities</strong></td>
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</tr>
<tr>
<td>Goal 19</td>
<td>Promote community-based services through public facilities</td>
<td>Facilities</td>
<td>2</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Each proposed activity of the 2008/2009 fiscal year is listed below in relation to the strategy it intends to address in the adopted 2005-2010 Consolidated Plan.

**Goal #1: Increase the Supply of Affordable Rental Housing by 125 units**
Proposed 2008/09 Activity:
Palo Alto Housing Corporation
488 W. Charleston Rd.
Palo Alto, CA 94306
2008 Goal: 30 new housing units

**Goal #2: Preserve the Supply of 72 units of Affordable Rental Housing at Immediate Risk of Conversion to Market-Rate Housing**
Proposed 2008/089 Activity:
None. There are no units at immediate risk of conversion to market-rate housing at this time.
Goal #3: Conserve the Condition of 150 Existing Units of Affordable Rental Housing
Proposed 2008/09 Activities: There are no new activities planned for this fiscal year.

Goal #4: Continue the Below Market Rate (BMR) Program
Proposed 2008/09 Activity:
City of Palo Alto BMR Program
Units are located citywide
2008 Goal: 36 units

Goal #5: Continue to Participate in the Mortgage Credit Certificate Program
Proposed 2008/09 Activity:
The City of Palo Alto will continue to participate in the mortgage credit certificate program.
2008 Goal: 3 households

Goal #6: Provide for Rehabilitation Loans to Low- and Moderate-Income Single Family Homeowners in Emergency or Crisis Situations Only
Proposed 2008/09 Activity:
This program will be available on an as-needed basis and only if CDBG funding is available.

Goal #7: Provide for Minor Home Repairs and Accessibility Upgrades to Low- and Moderate-Income Homeowners
Proposed 2008/09 Activity:
Avenidas – Senior Home Repair
450 Bryant Street
Palo Alto, CA 94301
2008 Goal: 26 households

City of Palo Alto
Utilities Department
Residential Energy Assistance Program
250 Hamilton Ave.
Palo Alto, CA 94301
2008 Goal: 80 households

Goal #8: Provide Assistance and Supportive Services to Low- and Very Low-Income Palo Alto Residents to keep them from Becoming Homeless
Proposed 2008/09 Activities:

Palo Alto Community Childcare – Childcare Subsidies
3990 Ventura Court
Palo Alto, CA
2008 Goal: 50 households

Project Sentinel – Mediation Program
430 Sherman Avenue, Suite 308
Palo Alto, CA 94306
2008 Goal: 150 households

Second Harvest Food Bank
750 Curtner Avenue
San Jose, CA 95125
2008 Goal: 175 persons

Avenidas
Senior Housing Counseling
450 Bryant Street
Palo Alto, CA 94301
2008 Goal: 1,600 persons

La Comida - Senior Nutrition Program
450 Bryant Street
Palo Alto, CA 94301
2008 Goal: 150 persons

Palo Alto Housing Corporation - Barker Hotel and Alma Place Counseling Program
725 Alma Street
Palo Alto, CA 94301
2008 Goal: 131 households

Mayview Community Clinic – Health Care Services
270 Grant Avenue
Palo Alto, CA 94306
2008 Goal: 100 persons

**Goal #9: Continue to Support the Opportunity Center for the Provision of Supportive Services with a Housing Component**

Proposed 2008/09 Activity:

InnVision/Urban Ministry – Opportunity Center (Drop-In Center)
33 Encina Ave.
Palo Alto, CA 94301
2008 Goal: 500 People

**Goal #10: Continue to Support the Operating (and/or rehabilitation) Costs of Shelters and Transitional Housing Programs that Serve the Palo Alto Area**

Proposed 2008/09 Activities:

Clara-Mateo Alliance – Adult Program and Family Program
795 Willow Rd., Bldg 323-D
Menlo Park, CA 94025
2008 Goal: Operating Costs
Haven House  
260 Van Buren Rd.  
Menlo Park, CA 94025  
2008 Goal: Operating Costs  

Maple Street Shelter  
1580-A Maple Street  
Redwood City, CA 94063  
2008 Goal: Operating Costs  

Emergency Housing Consortium - Emergency Shelter and Transitional Housing Programs  
2665 North First Street, Suite 210  
San Jose, CA 95134  
2008 Goal: Operating Costs  

InnVision/Urban Ministry – Hotel de Zink Rotating Church Shelter Program  
33 Encina Ave.  
Palo Alto, CA 94301  
2008 Goal: Operating Costs  

**Goal #11: Continue to Support Mental Health Outreach and Other Supportive Services for the Homeless**  
Proposed 2008/09 Activity:  

InnVision/Urban Ministry  
Opportunity Center Health Care Services  
33 Encina Ave.  
Palo Alto, CA 94301  

Emergency Housing Consortium - Off the Streets Project  
2665 North First Street, Suite 210  
San Jose, CA 95134  

Alliance for Community Care – Homeless Outreach Program  
2001 The Alameda  
San Jose, CA 95126  

**Goal #12: Continue to Cooperate on Countywide Approaches to the Issues of Homelessness**  
Proposed 2008/09 Activity:  

The City will continue to cooperate on countywide approaches to homelessness.  

**Goal #13: Support the Activities of Area Non-Profit Organizations that Provide Transitional Housing with Supportive Services to the Homeless**
Proposed 2008/09 Activity:

InnVision/Clara-Mateo Alliance – Single Adult/Couple Transitional Housing
795 Willow Rd., Bldg 323-D
Menlo Park, CA 94025
2008 Goal: 6 transitional housing units

InnVision/Clara-Mateo Alliance – Family Transitional Housing
795 Willow Rd., Bldg 323-D
Menlo Park, CA 94025
2008 Goal: 18 transitional housing units

Shelter Network – Mid Peninsula Housing Program
1450 Chapin Avenue, 2nd Floor
Burlingame, CA 94010
Various locations in the Mid-Peninsula
2008 Goal: 3-8 transitional housing units

Emergency Housing Consortium
2665 North First Street, Suite 210
San Jose, CA 95134
2008 Goal: 8 transitional housing units

Goal #14: Continue to Support the Shelter Plus Care Program in Palo Alto and Increase the Units Available in the Program to Include Families with Children
Proposed 2008/09 Activity:

There are seven Shelter Plus Care units available at the Barker Hotel and 10 units available at Alma Place. Five additional units are set-aside at Alma Place under the North County Master Lease program. Shelter Plus Care units are also available at the Opportunity Center for qualified tenants as vacancies dictate.

Goal #15: Assist Seniors in Long-Term Care Facilities
Proposed 2008/09 Activity:

Catholic Charities – Long-Term Care Ombudsman Program
2625 Zanker Road, Suite 200
San Jose, CA 95134-2107
2008 Goal: 320 Persons

Goal #16: Provide Support to Accessible Transportation Services
Proposed 2008/09 Activity:

Continue to support transportation services in the City, including the Palo Alto Shuttle.
Goal #17: Continue to Provide Services to Prevent Homelessness (Also see Goal #8)
Proposed 2008/09 Activities:

InnVision - Clara-Mateo Adult Singles/Couples Program
795 Willow Rd., Bldg 323-D
Menlo Park, CA 94025
2008 Goal: 500 People

InnVision - Clara-Mateo Family Housing Program
795 Willow Rd., Bldg 323-D
Menlo Park, CA 94025
2008 Goal: 125 People

Shelter Network – Haven Family House
260 Van Buren Road
Menlo Park, CA
2008 Goal: 70 Households

InnVision/Urban Ministry – Opportunity Center (Drop-In Center)
33 Encina Ave.
Palo Alto, CA 94301
2008 Goal: 500 People

Emergency Housing Consortium – Palo Alto Homes Program
2665 North First Street, Ste. 210
San Jose, CA 95134
2008 Goal: 50 People

Emergency Housing Consortium – Off the Streets Program
2665 North First Street, Ste 210
San Jose, CA 95134
2008 Goal: 26 People

Goal #18: Continue to Support Food and Meal Programs
Proposed 2008/09 Activities:

Second Harvest Food Bank
750 Curtner Avenue
San Jose, CA 95125
2008 Goal: 175 persons

La Comida - Senior Nutrition Program
450 Bryant Street
Palo Alto, CA 94301
2008 Goal: 150 persons
Goal #19: Promote a Vital System of Community-Based Human Services through Facilities to House those Services
Proposed 2008/09 Activity:

The City does not plan on undertaking a facility project this fiscal year.

2008/09 PROJECTS AND ACTIVITIES TO BE UNDERTAKEN

All of the projects and activities to be undertaken with 2008/09 CDBG funding address the priority housing and community development needs identified in the Consolidated Plan. The attached Appendix C “Proposed Projects” describes each project or service activity, the 2008/09 funds allocated, the expected project beneficiaries, and the HUD national objective.

Housing Activities

The City of Palo Alto’s Consolidated Plan and Housing Element both emphasize the great need for affordable housing for low- and very low-income households in Palo Alto. While all types of housing are needed in the City, the Consolidated Plan focuses on the creation and preservation of rental housing with an emphasis on housing for very low- and low-income persons especially those who are homeless, at-risk of becoming homeless, those with special needs, and families with children.

City of Palo Alto Housing Strategy
The Consolidated Plan proposes a five-year strategy to develop 125 newly constructed rental units over the 2005-2010 planning period. The 125 units would be affordable to households in the very low- or low-income categories and would meet a portion of the housing production goals mandated by the Association of Bay Area Governments (ABAG).

Palo Alto Housing Corporation – Tree House Project - $1,538,577
Objective: Providing Decent Affordable Housing
Outcome: Affordability for the purpose of providing decent affordable housing
Performance Measure: 30 New Units of Affordable Housing

The City intends to allocate $1,538,577 in fiscal year 2008/09 CDBG funding to Palo Alto Housing Corporation for a new 30-unit affordable housing project known as the Tree House. The development of new affordable rental housing is a high priority in the Consolidated Plan. This development will provide new rental housing on a 30,000 square foot site located at 488
West Charleston Road in Palo Alto. The property is currently owned by the Peninsula Endowment, Inc. and houses the Recording for Blind and Dyslexic Center.

The proposed 30 rental apartments will be affordable to extremely-low and very-low income households earning between 20% and 50% of the area median income. The project will consist of 26 studio apartments, three one-bedroom apartments and a 1-bedroom resident manager’s apartment. The studio units will be approximately 500 square feet and the one-bedroom units will be approximately 600 square feet in size. Rents will not exceed 30% of the resident’s income. The project will be four-stories high and includes parking and community space on the ground floor. The residential units will be located on the second through fourth floors.

The City’s CDBG funding will be used for the land acquisition expenses, which are estimated to be approximately $3,000,000. The overall development cost for Fabian Way Senior is estimated to be $12.4 million. The financing plan anticipates the major funding sources to be Low-Income Housing Tax Credits and the state Multi-Family Housing Program, in addition to City of Palo Alto funding, both CDBG and non-CDBG funds.

### Proposed Public Service Activities

CDBG public service funds will be targeted to the following programs in fiscal year 2008/09:

- **$7,500**
  - **Objective:** Providing a suitable living environment
  - **Outcome:** Accessibility for the purpose of providing decent affordable housing
  - **Performance Measure:** 25 persons will have new accessibility to decent affordable housing

- **$30,000**
  - **Objective:** Providing a suitable living environment
  - **Outcome:** Accessibility for the purpose of creating suitable living environments
  - **Performance Measure:** 125 persons will have improved accessibility to a suitable living environment

- **$17,500**
  - **Objective:** Providing a suitable living environment
  - **Outcome:** Accessibility for the purpose of providing decent affordable housing
  - **Performance Measure:** 125 persons will have new accessibility to decent affordable housing

- **$17,500**
  - **Objective:** Providing a suitable living environment
  - **Outcome:** Accessibility for the purpose of providing decent affordable housing
  - **Performance Measure:** 500 persons will have new accessibility to decent affordable housing
✓ $8,500  
**Objective:** Providing a suitable living environment  
**Outcome:** Accessibility for the purpose of providing decent affordable housing  
**Performance Measure:** 180 households will have new accessibility to decent affordable housing

✓ $30,000  
**Objective:** Providing a suitable living environment  
**Outcome:** Accessibility for the purpose of creating suitable living environments  
**Performance Measure:** 500 persons will have improved accessibility to a suitable living environment

✓ $7,500  
**Objective:** Providing decent housing  
**Outcome:** Accessibility for the purpose of creating suitable living environment  
**Performance Measure:** 26 persons will have new accessibility to decent affordable housing

✓ $7,800  
**Objective:** Providing a suitable living environment  
**Outcome:** Accessibility for the purpose of providing decent affordable housing  
**Performance Measure:** 320 persons in Palo Alto will have improved accessibility to decent affordable housing

**Human Services**

In addition to the CDBG public service funds, the City will provide $1,214,910 from the General Fund in support of human services through its Human Service Resource Allocation Process (HSRAP). The HSRAP funds, in conjunction with the CDBG public service funds, are distributed to local non-profit agencies whose programs serve the needs of seniors, children, youth and families, persons with disabilities, and those who are homeless, or at risk of homelessness. A variety of supported programs provide mental and physical health care services, tenant/landlord mediation, subsidized child care, support for victims of domestic violence and rape, senior services, adolescent counseling, emergency food, nutritional services, and recreational activities.

**Services and Resources Targeted to Homeless Persons**

The following services, for persons in the Palo Alto community who are very low-income, homeless, or at-risk of becoming homeless, are provided with supplemental funding from the City of Palo Alto either with CDBG or HSRAP funding. The goal of all the services listed is to prevent homelessness, help move people out of homelessness and to reduce the number of persons below the poverty line.
Alliance for Community Care: Mental health outreach and service linkage for Palo Alto’s adult homeless population. A casework counselor works in the Palo Alto area to help low-income, disabled adults’ access existing mental health and other community resources.

City of Palo Alto Seasonal Jobs Program: Designates several temporary, seasonal employment opportunities in various City of Palo Alto Departments, for persons who are homeless and unemployed. The program is targeted to individuals who are motivated to improve their situations and re-enter the work force.

Downtown Streets Team: Identifies motivated homeless individuals and provides them with jobs cleaning and beautifying the downtown area. The program includes counseling, coaching and training to help program participants build self-esteem, confidence and connections in the community.

InnVision/Clara-Mateo Shelter: Shelter and transitional housing with casework counseling and supportive services for homeless individuals, couples and families who are actively working toward achieving their goals and overcoming homelessness.

Community Technology Alliance: Shelter hotline and voicemail services for homeless individuals and families. The voicemail service helps case-managed clients attain individual goals such as securing health care, housing or employment. A countywide housing information and referral website was developed and is maintained to assist service providers and housing seekers.

Emergency Housing Consortium: Shelter and supportive services to homeless persons at the National Guard Armory in Sunnyvale, the San Jose Reception Center, and other transitional housing programs in Santa Clara County operated by the agency. Supportive services include meals, childcare, health care, information and referral, and job and life-skills training. Agency also provides a new Off the Streets Program, targeted to getting alcohol addicted homeless persons into safe permanent housing.

Shelter Network – Haven Family House: Transitional housing with supportive services for previously homeless families with children.

La Comida de California: Provision of affordable, nutritious meals to Palo Alto’s elderly population at various locations throughout the City, including: Avenidas Senior Center, Stevenson House and Cubberley Community Center.

Mayfield Community Clinic: Basic primary health care services and health education and referral services to uninsured low-income and homeless individuals from the Palo Alto area.

Palo Alto Housing Corporation – SRO Hotel Tenant Counseling: Counseling and case-management services for the low-income residents and prospective residents of single room occupancy hotels in Palo Alto including the Barker Hotel at 439 Emerson Street. Many SRO hotel residents have a history of homelessness and special needs. The program plays a vital role in helping the residents maintain their stability and housing.
Second Harvest Food Bank: Distributes supplemental groceries and food services to very low-income seniors and people with disabilities through the Operation Brown Bag Program. Groceries are distributed weekly at the Ventura School site to income eligible participants.

InnVision/Urban Ministry: Opportunity Center. Services for very-low income or homeless persons including bagged groceries, hot meals, emergency shelter, information and referral, shower and laundry facilities, case-management and money management (payee) programs, clothing, and health services. Services are provided weekdays from 8:30 to 4:30 at the Opportunity Center, 33 Encina Avenue in Palo Alto. Bagged groceries are distributed daily at the Downtown Food Closet located at 425 Hamilton Avenue in Palo Alto. The Hotel de Zink rotating church shelter program is housed at a different location each month.

Chronic Homelessness

The City participated in the Countywide Homeless Count in 2005 and 2007 and intends to participate again in 2009. In 2005, there were an estimated 1,757 chronically homeless people in Santa Clara County. There are currently some efforts being undertaken in the City that are assisting the chronically homeless. One program is the Off the Streets team, a collaborative effort between the City, service providers and local businesses. There is also a program called the Downtown Streets Team that was developed by the Palo Alto Downtown Business Association in which participants perform clean-up work in the downtown area in exchange for food, clothing and case management services. The North County Inn is also a program that is operating in the City through InnVision. Program participants receive housing assistance in the form of vouchers to be used at participating SRO hotels and they receive case management as well. Emergency Housing Consortium will continue to operate a program in Palo Alto in 2008/09 to help chronically homeless individuals with alcohol addiction find permanent housing.

The new Opportunity Center that opened in the fall of 2006 provides a clean, safe environment where low-income or homeless people can receive basic services (showers, laundry, clothing, food, and health care) as well as counseling and informational services that can move them to shelter or more permanent housing.

Discharge Coordination Policy

The City of Palo Alto will be working with representatives from the State and county agencies to create a collaborative strategy for the housing and placement of those released from institutions in the City. This discharge placement planning seeks to help direct the placement of prisoners released from jails, hospitals and other facilities in order to prevent homelessness.

Transition from Homelessness to Permanent Housing

Shelter Plus Care (S+C): The S+C program is administered through the Office of the Santa Clara County Homeless Coordinator. It is a federal grant program that provides Section 8 rental assistance to participating landlords on behalf of eligible tenants for a period of up to five years. Extensive support services are a necessary and required component of the program that targets
people who are homeless and disabled. There are 17 housing units occupied by S + C clients in Palo Alto.

The Barker Hotel: The Barker is owned and operated by the Palo Alto Housing Corporation (PAHC), and has 25 units of permanent Single Room Occupancy (SRO) housing at rents affordable to persons with incomes between 30% and 50% of the median income. Rents range from $360 to $443 per month based on size and whether they have their own bathrooms. Five of the Barker’s units are fully accessible by wheelchair users. Priority for occupancy is for persons who are homeless (either unsheltered or sheltered), persons with disabilities, and persons with extremely low-incomes. Seven of the units are available with tenant based Section 8 subsidies through the Shelter Plus Care program.

Alma Place: Alma Place is located at 753 Alma Street in Palo Alto, and is also owned and operated by the Palo Alto Housing Corporation. The project, a 106-unit single room occupancy resident hotel, is affordable to low- and very low-income persons due to the layering of subsidies from City Housing Reserve funds, a private bank loan, an Affordable Housing Program (AHP) Grant, and an award of low-income housing tax credits. The studio apartments rent for $427 to $589 per month and are available to persons earning below 40% of the median income. Ten of the units are available with tenant based Section 8 rental subsidies through the Shelter Plus Care program. An additional 5 units are set aside under the North County Master Lease Program.

The Opportunity Center: The Housing Authority of the County of Santa Clara and InnVision the Way Home opened this new facility in September of 2006. The project provides 88 new units of affordable housing for very low-income families and individuals, many of whom were previously homeless. An on-site service center provides information and referral, case management, health care and other supportive services for tenants as well as others in the community. The housing units at the Opportunity Center were fully leased-up on December 27, 2006. Rents range from $371 per month for SRO units to $1400 per month for 2 Bedroom units. There are 22 project based Section 8 subsidies which enable the tenants to pay just 30% of their adjusted gross income for rent. InnVision also administers a private subsidy program at the Opportunity Center which currently provides rental assistance to an additional 20 extremely low-income individuals.

Haven Family House: Shelter Network of San Mateo County owns and operates this transitional housing facility for families with children located at 260 Van Buren Road in Menlo Park. Families reside in one and two bedroom apartments for two to four months depending on their individual case plans and situations. Comprehensive case management, support services, and on-site licensed childcare, plus one year of follow-up counseling are available to help families break the cycle of homelessness.

Lead-Based Paint

There have been no reports of significantly high lead levels in children residing in Palo Alto in recent years. The City's housing and CDBG staff will provide information and referral to property owners, developers and non-profits rehabilitating older housing about lead-based paint hazards. Also, the City requires that any housing rehabilitated with City financial assistance
must be inspected for the existence of lead-based paint hazards. The City will provide financial assistance for the abatement of such hazards in these rehabilitated units.

Analysis of Impediments to Fair Housing Choice

The City of Palo Alto completed an Analysis of Impediments to Fair Housing Choice on February 6, 1996. That report identified a lack of housing options affordable to persons of low- and moderate-income as the major impediment to housing choice. Housing discrimination was also identified as an impediment, with cases based on familial status the most often reported. However, the number of cases of discrimination against persons with physical and mental disabilities has also been increasing.

The City of Palo Alto joined with other Santa Clara County entitlement jurisdictions to undertake a countywide fair housing study that includes 2000 census data and was completed in January 2003. The study includes a demographic analysis, a lending analysis, a review of government programs and policies, a survey of Santa Clara residents and service organizations, an assessment of the delivery of fair housing services, and recommendations for new strategies. The information from the study was incorporated in the revisions to the Analysis of Impediments to Fair Housing Choice adopted by the City Council in May 2003. The cities of Sunnyvale, Mountain View and Palo Alto have collaboratively contracted with and funded fair housing services for north Santa Clara County with Project Sentinel. Palo Alto will provide $26,800 in CDBG funds in fiscal year 2008/09 to an agency yet to be determined for the provision of fair housing complaint investigation, public education and information and referral services. The City is in the process of selecting a fair housing provider through a joint RFP process with the cities of Mountain View, Sunnyvale and Gilroy.

Palo Alto plans to undertake the following actions to foster and maintain affordable housing and to address housing discrimination during the 2008/09 fiscal year:

✓ Provide tenant/landlord counseling and mediation services for Palo Alto residents through the Palo Alto Mediation Program (Project Sentinel).
✓ Support the Countywide website that lists subsidized housing opportunities, wait lists and vacancies.
✓ Continue to support the Human Relations Commission in their documentation and investigation of hate crimes, and in their support of diversity, disability, and affordable housing issues.
✓ Continue to monitor the provision of fair housing services to ensure that adequate services are being provided, and that services are provided cost effectively.
✓ Work with the Santa Clara County CDBG entitlement cities in their effort to implement any recommended improvements to the delivery of services on a regional basis.
✓ Provide funding to a fair housing provider, funded by and selected jointly by the cities of Palo Alto, Mountain View, and Sunnyvale to reduce discrimination in housing by:

a. Investigating cases of housing discrimination
b. Conducting consultations with persons who believe they have been discriminated against
c. Maintaining a pool of trained testers for investigations and conducting training’s

d. Maintaining a panel of attorneys for referral and coordinating meetings for participating attorneys

e. Running ads in the Palo Alto Weekly, San Jose Mercury News, and other media outlets

f. Distributing fair housing brochures

g. Running public service announcements for local radio/TV broadcasts

h. Making educational presentations to the community

i. Monitoring and reporting on rental sites

j. Showing educational videos on housing discrimination on local cable TV

k. Organizing an event for National Fair Housing Month

Actions to Remove Barriers to Affordable Housing

The high cost of housing and the lack of available land to build on are the main barriers to affordable housing in Palo Alto. In 1974 the City adopted a Below Market Rate (BMR) Housing Program, one of the first in the country, to begin to alleviate an affordable housing shortage. Although the Program has successfully generated approximately 170 owner-occupied units and 155 rental units, the numbers are not sufficient to meet the affordable housing need. To address this issue, the City Council increased the percentage requirements and made other modifications to the Program in conjunction with the Housing Element update in 2002. Additionally, the City commissioned an independent economic and policy analysis of its BMR Program with the objective of strengthening the Program and improving its effectiveness. The report was completed in March 2007, and it is anticipated that the recommendations will be considered by the City Council in calendar year 2008.

A recent update to the zoning ordinance has also provided incentives to facilitate more mixed use housing projects in areas adjacent to commercial/multi-family residential areas. The adoption of a Pedestrian Transit Oriented District (PTOD) also allows development of housing in manufacturing zones where it had not previously been allowed.

The City has identified affordable housing as the primary objective for the expenditure of CDBG funds in the Consolidated Plan. It will continue to allocate the maximum funding available to activities and projects that meet this objective.

Amendments to Plan

Prior to the submission of any substantial change in the proposed use of funds, citizens will be provided reasonable notice of, and the opportunity to comment on, any proposed Action Plan amendment(s). There are no amendments proposed during this program year.

Urgent Need Activities

In the event of a local, state or federal disaster declaration for areas within the boundaries of the City of Palo Alto, the City reserves the right to use CDBG or other available federal funds to abate immediate and necessary hazards. Such funds may be used for staff efforts, loans, or
outright grants to affected parties, as approved by City Council and allowable under the pertinent Federal Guidelines.

Monitoring of Activities

The City of Palo Alto follows the monitoring requirements for the use of Federal funds as directed by HUD. The City’s Department of Planning and Community Environment monitors its housing production goals and all the activities carried out to further the goals of the Consolidated Plan. For activities funded by CDBG and HOME programs, an annual performance report is completed based on HUD regulations and in accordance with HUD standards. The Consolidated Annual Performance and Evaluation Report (CAPER) is available to the Citizens Advisory Committee and the general public for comments during a 15-day review period. This report identifies the actual dollars expended, the beneficiaries served, and the program goals achieved. The City requires subrecipients of CDBG funds to submit semi-annual and annual performance reports outlining the extent to which program goals have been achieved, and the number of beneficiaries who have been served. Program performance is measured against the specific program objectives outlined in the contract scope of services. Additionally, City staff will monitor each subrecipient, as necessary; to insure compliance with all regulations governing their administrative, financial, and programmatic operations, and to make sure the subrecipients achieve their performance objectives within the prescribed schedule and budget.

Coordination

The CDBG entitlement cities (Palo Alto, Sunnyvale, Mountain View, Santa Clara, Cupertino, Gilroy, Milpitas, San Jose), and the Urban County of Santa Clara continue to meet on a regular schedule to discuss issues of mutual concern and to share information and strategies for addressing affordable housing, homelessness, fair housing, and other issues of common concern. The meetings have helped the participants better understand the County and nonprofit social service structure within the County, and provide input into the development of the new Santa Clara County Office of Affordable Housing and its operations.

The City of Palo Alto continues to collaborate with neighboring jurisdictions in both Santa Clara and San Mateo County on issues relating to homelessness in northern Santa Clara County and southern San Mateo County. The City actively participates in the Santa Clara County Housing and Homeless Collaborative.

As a result of the Countywide Fair Housing Study, the cities of Gilroy, Palo Alto, Mountain View, and Sunnyvale have jointly selected fair housing services from a single provider to serve the four cities. In addition a Countywide Fair Housing Task Force has been formed and includes representatives from entitlement jurisdictions, fair housing agencies, and other non-profit organizations. A staff person from the City of Palo Alto is the representative for the North County cities (Mountain View, Palo Alto and Sunnyvale).

The Quality Housing and Work Responsibility Act of 1998 requires public housing authorities (PHA’s) to develop and implement five-year strategic plans. These plans must describe their long-range goals and provide a strategy for achieving the identified goals. The plans provide
details about the PHA’s operations, program participants, programs and services. The PHA is required to ensure that their plan is consistent with any applicable Consolidated Plans for jurisdictions in which the PHA is located. This new requirement allows for some collaborative discussions on the role of the Santa Clara County Housing Authority in meeting the housing needs of low-income persons in Palo Alto.

To ensure a coordinated approach to the City’s human service funding efforts, CDBG and Human Services staff meet to review and discuss applications received through both the CDBG and HSRAP processes. Additionally, a member of the Human Relations Commission serves on the CDBG Citizens Advisory Committee to avoid duplication of effort and to assure collaboration within Palo Alto.
APPENDIX A

Application for Federal Assistance
Form 424
The SF 424 is part of the CPMP Annual Action Plan. SF 424 form fields are included in this document. Grantee information is linked from the 1CPMP.xls document of the CPMP tool.

Complete the fillable fields (blue cells) in the table below. The other items are pre-filled with values from the Grantee Information Worksheet.

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**Applicant Information**
- **Palo Alto**
  - 250 Hamilton Avenue
  - DUNS: 959938929

**MS.5A**
- Organizational Unit: Department Planning & Comm. Environment
- Division: Planning

**Employer Identification Number (EIN):**
- Santa Clara County
- Program Year Start Date (07/01)

**Specify Other Type if necessary:**
- Applicant Type:
- Local Government: City

**Program Funding**
- Catalogue of Federal Domestic Assistance Numbers; Descriptive Title of Applicant Project(s); Areas Affected by Project(s) (cities, Counties, localities etc.); Estimated Funding

**Community Development Block Grant**
- 14.218 Entitlement Grant
  - City of Palo Alto's CDBG Program for fiscal year 2008/2009
  - Description of Areas Affected by CDBG Project(s)
  - City of Palo Alto, County of Santa Clara, State of California

**CDBG Grant Amount $676,148**
- Additional HUD Grant(s) Leveraged: N/A

- Additional Federal Funds Leveraged
- Locally Leveraged Funds
- Anticipated Program Income $679,252
- Other (Describe) Reprogrammed prior year: $457,706

**Total Funds Leveraged for CDBG-based Project(s) $1,813,106**

**HOME Investment Partnerships Program**
- 14.239 HOME
  - Description of Areas Affected by HOME Project(s)

**HOME Grant Amount**
- Additional HUD Grant(s) Leveraged

- Additional Federal Funds Leveraged
- Locally Leveraged Funds

**HOME Funds Leveraged**
- $Grantee Funds Leveraged
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Total Funds Leveraged for HOPWA-based Project(s)

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Total Funds Leveraged for ESG-based Project(s)

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<td>Project Districts 14th</td>
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<tr>
<td>Is the applicant delinquent on any federal debt? If &quot;Yes&quot; please include an additional document explaining the situation.</td>
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Program has not been selected by the state for review

Person to be contacted regarding this application

<table>
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<tr>
<th>First Name: Eloiza</th>
<th>Middle Initial</th>
<th>Last Name: Murillo-Garcia</th>
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<tr>
<td>Title: CDBG Coordinator</td>
<td>Phone: 650-329-2428</td>
<td>Fax: 650-329-2154</td>
</tr>
<tr>
<td>eMail: eloiza.murillo@<a href="mailto:garcia@cityofpaloalto.org">garcia@cityofpaloalto.org</a></td>
<td>Grantee Website: <a href="http://www.cityofpaloalto.org">www.cityofpaloalto.org</a></td>
<td>Other Contact: Cathy Siegel (650) 329-2108 <a href="mailto:Cathy.siegel@cityofpaloalto.org">Cathy.siegel@cityofpaloalto.org</a></td>
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Signature of Authorized Representative | Date Signed
APPENDIX B

Certifications
CPMP Non-State Grantee Certifications

Many elements of this document may be completed electronically, however a signature must be manually applied and the document must be submitted in paper form to the Field Office.

☐ This certification does not apply.
☒ This certification is applicable.

NON-STATE GOVERNMENT CERTIFICATIONS

In accordance with the applicable statutes and the regulations governing the consolidated plan regulations, the Jurisdiction certifies that:

Affirmatively Further Fair Housing -- The jurisdiction will affirmatively further fair housing, which means it will conduct an analysis of impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard.

Anti-displacement and Relocation Plan -- It will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential antidisplacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

Drug Free Workplace -- It will or will continue to provide a drug-free workplace by:
1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about –
   a. The dangers of drug abuse in the workplace;
   b. The grantee's policy of maintaining a drug-free workplace;
   c. Any available drug counseling, rehabilitation, and employee assistance programs; and
   d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will –
   a. Abide by the terms of the statement; and
   b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 4(b) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 4(b), with respect to any employee who is so convicted –
   a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
   b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5 and 6.
Anti-Lobbying -- To the best of the jurisdiction's knowledge and belief:
8. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
9. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and
10. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

Authority of Jurisdiction -- The consolidated plan is authorized under State and local law (as applicable) and the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations.

Consistency with plan -- The housing activities to be undertaken with CDBG, HOME, ESG, and HOPWA funds are consistent with the strategic plan.

Section 3 -- It will comply with section 3 of the Housing and Urban Development Act of 1968, and implementing regulations at 24 CFR Part 135.

______________________________
Signature/Authorized Official

______________________________
Date

Frank Benest
Name

City Manager
Title

250 Hamilton Avenue
Address

Palo Alto, CA 94301
City/State/Zip

650-329-2563
Telephone Number
Specific CDBG Certifications

The Entitlement Community certifies that:

**Citizen Participation** -- It is in full compliance and following a detailed citizen participation plan that satisfies the requirements of 24 CFR 91.105.

**Community Development Plan** -- Its consolidated housing and community development plan identifies community development and housing needs and specifies both short-term and long-term community development objectives that provide decent housing, expand economic opportunities primarily for persons of low and moderate income. (See CFR 24 570.2 and CFR 24 part 570)

**Following a Plan** -- It is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.

**Use of Funds** -- It has complied with the following criteria:

11. **Maximum Feasible Priority** - With respect to activities expected to be assisted with CDBG funds, it certifies that it has developed its Action Plan so as to give maximum feasible priority to activities which benefit low and moderate income families or aid in the prevention or elimination of slums or blight. The Action Plan may also include activities which the grantee certifies are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available;

12. **Overall Benefit** - The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) 2008, 2009, 2010, (a period specified by the grantee consisting of one, two, or three specific consecutive program years), shall principally benefit persons of low and moderate income in a manner that ensures that at least 70 percent of the amount is expended for activities that benefit such persons during the designated period;

13. **Special Assessments** - It will not attempt to recover any capital costs of public improvements assisted with CDBG funds including Section 108 loan guaranteed funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements.

However, if CDBG funds are used to pay the proportion of a fee or assessment that relates to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds.

The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108, unless CDBG funds are used to pay the proportion of fee or assessment attributable to the capital costs of public improvements financed from other revenue sources. In this case, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. Also, in the case of properties owned and occupied by moderate-income (not low-income) families, an assessment or charge may be made against the property for public improvements financed by a source other than CDBG funds if the jurisdiction certifies that it lacks CDBG funds to cover the assessment.

**Excessive Force** -- It has adopted and is enforcing:

14. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and

15. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;
Compliance With Anti-discrimination laws -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

Lead-Based Paint -- Its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K and R, of title 24;

Compliance with Laws -- It will comply with applicable laws.

<table>
<thead>
<tr>
<th>Signature/Authorized Official</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Benest</td>
<td></td>
</tr>
<tr>
<td>Name</td>
<td></td>
</tr>
<tr>
<td>City Manager</td>
<td></td>
</tr>
<tr>
<td>Title</td>
<td></td>
</tr>
<tr>
<td>250 Hamilton Avenue</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
</tr>
<tr>
<td>Palo Alto, CA 94301</td>
<td></td>
</tr>
<tr>
<td>City/State/Zip</td>
<td></td>
</tr>
<tr>
<td>650-329-2563</td>
<td></td>
</tr>
<tr>
<td>Telephone Number</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX TO CERTIFICATIONS

Instructions Concerning Lobbying and Drug-Free Workplace Requirements

Lobbying Certification
This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Drug-Free Workplace Certification
1. By signing and/or submitting this application or grant agreement, the grantee is providing the certification.
2. The certification is a material representation of fact upon which reliance is placed when the agency awards the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HUD, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act.
3. Workplaces under grants, for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplaces at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee’s drug-free workplace requirements.
4. Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio stations).
5. If the workplace identified to the agency changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see paragraph three).
6. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant: Place of Performance (Street address, city, county, state, zip code) Check if there are workplaces on file that are not identified here. The certification with regard to the drug-free workplace is required by 24 CFR part 21.

<table>
<thead>
<tr>
<th>Place Name</th>
<th>Street</th>
<th>City</th>
<th>County</th>
<th>State</th>
<th>Zip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palo Alto City Hall</td>
<td>250 Hamilton Ave.</td>
<td>Palo Alto</td>
<td>Santa Clara</td>
<td>CA</td>
<td>94301</td>
</tr>
</tbody>
</table>

7. Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules: "Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 U.S.C. 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15); "Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes; "Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any
controlled substance; "Employee" means the employee of a grantee directly engaged in the
performance of work under a grant, including:
a. All "direct charge" employees;
b. all "indirect charge" employees unless their impact or involvement is insignificant to the
performance of the grant; and
c. temporary personnel and consultants who are directly engaged in the performance of work under
the grant and who are on the grantee's payroll. This definition does not include workers not on
the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement;
consultants or independent contractors not on the grantee's payroll; or employees of
subrecipients or subcontractors in covered workplaces).

Note that by signing these certifications, certain documents must completed, in use, and on file for
verification. These documents include:

1. Analysis of Impediments to Fair Housing
2. Citizen Participation Plan
3. Anti-displacement and Relocation Plan

Signature/Authorized Official

[Signatures]

Date

Frank Benest
Name
City Manager
Title
250 Hamilton Avenue
Address
Palo Alto, CA 94301
City/State/Zip
650-329-2563
Telephone Number
APPENDIX C

Proposed Projects
The following is a summary of the fiscal year 2008/2009 proposed CDBG projects. They have been set-up and loaded directly into IDIS.

**PUBLIC SERVICES PROJECTS**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01025-999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>Catholic Charities – Long Term Care Ombudsman Program</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>The program will receive, identify, investigate and resolve complaints, including violations of personal rights and allegations of elder abuse for primarily elderly long term care residents.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>320 Elderly</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $7,800</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Agency Address</td>
<td>2625 Zanker Road, Ste. 200 San Jose, CA 95134</td>
</tr>
<tr>
<td>Location</td>
<td>Community-wide</td>
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</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01018-999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>Emergency Housing Consortium – Palo Alto HOMES</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>Emergency shelter, transitional housing, and permanent supportive housing. Palo Alto HOMES has shifted its focus toward more single adults facing significant barriers to ending their homelessness, such as severe mental illness, substance abuse, chronic health conditions and/or physical disabilities.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>25 People (General)</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $7,500</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Agency Address</td>
<td>507 Valley Way Milpitas, CA 95035</td>
</tr>
<tr>
<td>Location</td>
<td>Community-wide</td>
</tr>
<tr>
<td>Project ID</td>
<td>SR-01076-999</td>
</tr>
<tr>
<td>---------------</td>
<td>----------------------------------------------------------</td>
</tr>
<tr>
<td>Project Title</td>
<td>InnVision/Clara-Mateo Alliance – Family Housing Program</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>Shelter and transitional housing for homeless families with children. Provides a total of 18 emergency shelter beds and up to six units of transitional housing accommodating from 12-18 parents and children at a given time. A 24-hour shelter is provided, along with 3 meals per day.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>3 Households (General)</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $17,500</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Location</td>
<td>795 Willow Road, bldg. 323-D</td>
</tr>
<tr>
<td></td>
<td>Menlo Park, CA 94025</td>
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<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01075-999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>InnVision/Clara-Mateo Alliance – Adult/Couples Program</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>Shelter and transitional housing for individuals and couples who are homeless. Clients include underserved populations such as homeless persons with disabilities, chronic substance abusers and severely mentally ill.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>75People (General)</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $17,500</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Location</td>
<td>795 Willow Road, Bldg. 323-D</td>
</tr>
<tr>
<td></td>
<td>Menlo Park, CA 94025</td>
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</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01082-999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>InnVision/Urban Ministry – Opportunity Center</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>The program provides critical services for homeless Palo Alto residents. Services include showers, meals, case management bus passes, health care and counseling.</td>
</tr>
<tr>
<td>HUD Matrix</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Code/Title</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------</td>
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<tr>
<td>Citation</td>
<td>500 People (General)</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $30,000</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Location</td>
<td>33 Encina Way</td>
</tr>
<tr>
<td></td>
<td>Palo Alto, CA 94301</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01101-999</th>
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</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>Emergency Housing Consortium – Off the Streets Project</td>
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<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>EHC will provide 26 units of County-wide scattered site housing for chronically homeless people with alcohol addictions.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>26 People (General)</td>
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<tr>
<td>Funding Sources</td>
<td>CDBG: $7,500</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Agency Address</td>
<td>507 Valley Way</td>
</tr>
<tr>
<td></td>
<td>Milpitas, CA 95035</td>
</tr>
<tr>
<td>Location</td>
<td>Community-wide</td>
</tr>
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</table>

<table>
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<tr>
<th>Project ID</th>
<th>SR-01048-999</th>
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</thead>
<tbody>
<tr>
<td>Project Title</td>
<td>Palo Alto Housing Corp. – SRO Resident Support Services</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>This program provides counseling and supportive case management services to low-income, homeless residents of single room occupancy (SRO) housing. The Barker Hotel and Alma Place serve the local community by housing people with a history of homelessness and other special needs.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
</tr>
<tr>
<td>Accomplishments</td>
<td>131 People (General)</td>
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<td>Funding Sources</td>
<td>CDBG: $30,000</td>
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<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
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<tr>
<td>Location</td>
<td>439 Emerson Street and 753 Alma Street</td>
</tr>
<tr>
<td></td>
<td>Palo Alto, CA 94301</td>
</tr>
<tr>
<td>Project ID</td>
<td>SR-01079-999</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Project Title</td>
<td>Shelter Network – Services for Homeless Palo Alto Families and Single Adults</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>Transitional housing for homeless families and single adults. The program provides the basic necessities of shelter, food and clothing. Also provides comprehensive support services, such as case management, life skills training, job development and children’s services.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td>Citation</td>
<td>570.201 (e)</td>
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<tr>
<td>Accomplishments</td>
<td>54 People (General)</td>
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<td>Funding Sources</td>
<td>CDBG: $8,500</td>
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<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
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</tbody>
</table>
| Locations     | 260 Van Buren Road  
                | Menlo Park, CA 94025  
                | 325 Villa Terrace  
                | San Mateo, CA 94402  
                | 1580-A Maple Street  
                | Redwood City, CA 94063 |

PLANNING AND ADMINISTRATION

<table>
<thead>
<tr>
<th>Project ID</th>
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<tbody>
<tr>
<td>Project Title</td>
<td>City of Palo Alto – Planning and Administration</td>
</tr>
<tr>
<td>Priority</td>
<td>Planning and Administration</td>
</tr>
<tr>
<td>Description</td>
<td>Administrative costs for the overall management, coordination and evaluation of the CDBG program, and the project delivery costs associated with bringing projects to completion.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>21 General Program Administration</td>
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<tr>
<td>Citation</td>
<td>570.206</td>
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<td>Accomplishments</td>
<td>N/A</td>
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<td>Funding Sources</td>
<td>CDBG: $121,429</td>
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<td>Eligibility</td>
<td>N/A</td>
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</tbody>
</table>
| Location      | 250 Hamilton Avenue  
<pre><code>            | Palo Alto, CA 94301 |
</code></pre>
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<thead>
<tr>
<th>Project ID</th>
<th>TBD</th>
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<tbody>
<tr>
<td>Project Title</td>
<td>Fair Housing Services -- Agency TBD</td>
</tr>
<tr>
<td>Priority</td>
<td>Planning and Administration</td>
</tr>
<tr>
<td>Description</td>
<td>Agency will provide investigations of complaints by testing, interviews, surveys, and document review, counseling, and legal referral for victims of housing discrimination as well as community outreach and education regarding housing rights.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>21D Fair Housing Activities</td>
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<tr>
<td>Citation</td>
<td>570.206</td>
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<tr>
<td>Accomplishments</td>
<td>15 Households (General)</td>
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<td>Funding Sources</td>
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<td>Eligibility</td>
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<td>Agency Address</td>
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<td>Community-wide</td>
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**CAPITAL PROJECTS**

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<tr>
<th>Project ID</th>
<th>TBD</th>
</tr>
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<tbody>
<tr>
<td>Project Title</td>
<td>Palo Alto Housing Corporation – Tree House Project</td>
</tr>
<tr>
<td>Priority</td>
<td>Housing</td>
</tr>
<tr>
<td>Description</td>
<td>The Palo Alto Housing Corporation will develop 30 new units of affordable housing for low-income households.</td>
</tr>
<tr>
<td>HUD Matrix Code/Title</td>
<td>01- Acquisition of Real Property</td>
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<tr>
<td>Citation</td>
<td>570.201 (a)</td>
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<tr>
<td>Accomplishments</td>
<td>30 units</td>
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<tr>
<td>Funding Sources</td>
<td>CDBG: $1,538,577</td>
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<tr>
<td>Eligibility</td>
<td>570.208(a)(3) – Low/Mod Housing</td>
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<tr>
<td>Location</td>
<td>488 W. Charleston Road Palo Alto, CA 94306</td>
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</tbody>
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APPENDIX D

Public Hearing Advertisement
AFFIDAVIT OF PUBLICATION
IN THE
PALO ALTO WEEKLY
703 High St., Palo Alto, California 94301
(650) 326-8210

IN THE
SUPERIOR COURT
OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SANTA CLARA

No.

Notice of public Review
period and public
hearings on Palo Alto's
Community Development

STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

I, the undersigned, state that I am, and at all times herein mentioned was, a
citizen of the United States of America, over the age of eighteen years, and not
a party to or interested in the above entitled matter, that I was at and during
all said times and still am the principal clerk of the publisher of the Palo Alto
Weekly, a newspaper of general circulation published weekly in the city of Palo
Alto in said County of Santa Clara, State of California; that said is and was at
all times herein mentioned a newspaper of general circulation as that term is
defined by Section 6008 of the Government Code of the State of California;
that said was adjudged as such by Superior Court of the County of Santa
Clara, State of California, under date of November 2, 1982, Case Number
P41989; that the notice of which the annexed is a true printed copy, was
set in type not smaller than nonpareil and was preceded with words printed
in black-face type not smaller than nonpareil, describing and expressing in
general terms, the purport and character of the notice intended to be given;
that said notice was published and printed in said newspaper on the following
dates, to wit:

March 14, 2008
March 14, 2008

Date of first publication in the Palo Alto Weekly

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 14, 2008
at Palo Alto, California.

Signed

NOTICE OF PUBLIC REVIEW PERIOD
AND PUBLIC HEARINGS ON PALO ALTO'S
COMMUNITY DEVELOPMENT BLOCK GRANT
(CDBG) PROGRAM

This is to notify the general public and other interested parties
that a 30-day public review period for the draft Annual Action
Plan of Palo Alto's adopted Consolidated Plan will begin on
March 25, 2008 and end on April 25, 2008. The draft Annual
Action Plan describes the activities the City plans to fund
under the 2008/2009 Community Development Block Grant
(CDBG) Program. These activities are intended to meet
Palo Alto's affordable housing and community development
objectives described in the Consolidated Plan for the period
2005-2010.

Copies of the draft Action Plan will be available on March
25, 2008 at the Department of Planning and Community
Environment, 250 Hamilton Avenue, 5th Floor, Palo Alto, CA
94301, on the City's website at http://www.cityofpaloalto.org/
knowzone/agencies/cdbg or by calling Eloiza Murillo-
Garcia, CDBG Coordinator, at 650-329-2428. Interested
parties are encouraged to submit written comments on
the proposed draft Action Plan during the public review
period, or to comment at the public hearings and meetings
described below.

The City Council will allocate a total of $1,313,016 in CDBG
funding. The amount of the annual CDBG entitlement grant
is $676,148, $196,617 is available from program income
received in previous years or anticipated in fiscal year
2008/2009, and $440,341 is available for reallocation to
new activities from CDBG funds received in previous years.
All of the proposed activities are consistent with the CDBG
program's national objective of giving priority to activities
which benefit low and very-low income persons. The funds
will be used to fulfill the priority needs in the Consolidated
Plan.

Public Hearings and Meetings

The City of Palo Alto Finance Committee will hold a
Public Hearing on April 1, 2008 to review the proposed
2008/2009 CDBG funding allocations (one year Action
Plan) as recommended by City staff and the CDBG Citizens
Advisory Committee. The Public Hearing will be held at
7:00 p.m., or as soon as possible thereafter, in City Hall,
Council Chambers, 250 Hamilton Avenue, Palo Alto.

The Palo Alto City Council will hold a Public Hearing
on May 5, 2008 to adopt the 2008/2009 CDBG funding
allocations (one year Action Plan). The Public Hearing
will be held at 7:00 p.m., or as soon as possible thereafter,
in City Hall, Council Chambers, 250 Hamilton Avenue, Palo
Alto.

ADA. The City of Palo Alto does not discriminate against
individuals with disabilities. To request accommodations to
access City facilities, services or programs, to participate
at public meetings, or to learn more about the City's
APPENDIX E

Project Location Map
Chairperson Morton called the meeting to order at 7:02 p.m. in the Council Conference Room, 250 Hamilton Avenue, Palo Alto, California.

Present: Burt, Morton (chair), Schmid, Yeh

1. Oral Communications

None.

2. Recommendations to the City Council Regarding Proposed Fiscal Year 2008-09 Human Services Resources Allocation Process Funding.

Kathy Espinoza-Howard spoke regarding Human Services Resources Allocation Process Funding and that 13 non-profits are being funded. There was a change from last year in that Palo Alto Mediation was made a general contractor and is no longer part of this process.

Michele Schroeder, SALA, 160 E. Virginia St. #260, San Jose spoke regarding continued funding for the Senior Adult Legal Assistance

Chairman Morton stated that he would not be participating in item numbers 2, 2.5, and 5 on Attachment A of the City Managers Report (182:08) due to a conflict in that his firm is the accounting firm for these agencies.

**MOTION:** Council Member Burt moved, seconded by Council Member Schmid, that the Finance Committee tentatively recommend to the City Council that:

1. The funding allocations, as recommended by the City Council for 2007-09 (Attachment A), be included in the fiscal year 2008-09 Cubberley & Human Services Division’s contract budget.

2. The City Manager or his designee is authorized to execute year two of the two-year contract, which was first approved in June 2007.

04/01/08

FIN:1
MOTION PASSED: Items 1, 3-4, 6-10, 4-0

MOTION PASSED: Items 2, 2.5, and 5, 3-0, Morton abstaining


Eloiza Murillo-Garcia gave a brief overview of the CDBG program. She described the goals and funding of the program, with the three funding categories of public services, planning and administration, and capital projects. She described the recommendations of Staff and the CDBG Citizens Advisory Committee relating to the allocation of CDBG funds for fiscal year 2008-2009. The CDBG program is on a two year funding cycle, with fiscal year 2008-09 being the second year of the cycle. The total amount available for allocation in 2008-09 is approximately $1.8 million, with an entitlement grant of about $686,000 and the remainder coming from program income and reallocated funds. Anticipate an unusual amount of program income from Palo Alto Gardens, Sheridan Apartments and Caravan House.

Marlene Prendergast, Palo Alto Housing 560 Chaucer, Palo Alto spoke requesting funds to help purchase land for the Tree House Low Income Home Project.

MOTION: Council Member Burt moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council to:

1. Allocate CDBG funding as recommended by staff and the Citizens Advisory Committee (CAC) in the draft 2008/09 Action Plan

2. Authorize staff to submit the 2008/09 Action Plan to Department of Housing and Urban Development (HUD) by the May 15, 2008 deadline.

3. Authorize the City Manager, on behalf of the City, to execute the 2008-09 application and Action Plan for CDBG funds and any other necessary documents concerning the application, and to otherwise bind the City with respect to the application and commitment of funds.

MOTION PASSED: 4-0
4. Discussion for Future Meeting Schedules and Agendas

April 22, 2008  Utility Connection Fees
May 06, 2008  Budget Kickoff meeting- General Fund
May 08, 2008  CIP Budget and Enterprise Budget

ADJOURNMENT: The meeting adjourned at 8:21 p.m.