Summary Title: Fiscal Year 2011/12 and 2012/13 CDBG Allocations

Title: Public Hearing: Recommendation on Proposed Fiscal Year 2011/2012 and 2012/2013 Community Development Block Grant Funding Allocations and the Draft 2011/2012 Annual Action Plan

From: City Manager

Lead Department: Planning and Community Environment

Recommendation
Staff and the Human Relations Commission recommend that the Finance Committee recommend that the City Council:

1. Allocate CDBG funding as recommended in the draft 2011/12 Action Plan and as described in this report and on the attached chart (Attachment A).
2. Authorize the City Manager, to execute the 2011/12 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.
3. Authorize staff to submit the 2011/12 Action Plan to the U.S. Department of Housing and Urban Development (HUD) by the May 15, 2011 deadline.

Executive Summary
The City of Palo Alto receives funds annually from the U.S. Department of Housing and Urban Development (HUD) as an entitlement city under the Community Development Block Grant (CDBG) Program. It is the principal Federal program providing localities with grants to devise innovative and constructive neighborhood approaches to improve the physical, economic and social conditions in their communities through “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 requirements include preparation of a five-year strategic plan of action, titled a Consolidated Plan, to address priority housing and community development needs and to set goals for attaining identified objectives. The City's 2010-2015 Consolidated Plan was adopted on May 3, 2010. Additionally, an Action Plan is prepared annually to identify specific projects to be funded each year that implement the strategies identified in the Consolidated Plan. The Draft Action Plan (Attachment B) is available for Public Review from March 28 through April 29, 2011.
The Finance Committee is requested to review the draft 2011/2012 Action Plan and funding recommendations. Upon review of the draft plans and funding recommendations, it is requested that the Finance Committee make recommendations to the City Council. The City Council will review the recommendations of the Finance Committee at a public hearing scheduled for May 9, 2011. The Action Plan will then be submitted to HUD to meet the May 15, 2011 deadline.

**Background**

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

HUD regulations require that all activities using CDBG funds 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.

HUD has not yet provided the City of Palo Alto with the actual amount of the CDBG entitlement grant for fiscal year 2011/12. In order to move the CDBG process forward, the amount of the grant has been estimated to be approximately the same as last year’s grant. Once the actual amount of the grant is known, slight adjustments will be made to the allocations based on the actual funds available.

The City has three primary CDBG program activity areas in which to allocate the funds:

1) Public Services: Social service and fair housing activities that benefit low-income persons. Under federal law the maximum amount that can be expended under this category is 15 percent of the grant allocation and 15 percent of any program income for the previous year. For fiscal year 2011/12 it is estimated that approximately $122,000 will be available for public services.

2) Capital Projects: Capital improvement activities such as acquiring land for housing, purchase or rehabilitation of existing rental housing, improving accessibility, and making public improvements have historically been the primary focus of the City’s CDBG program. Economic development projects which benefit low-income people by job creation can also be considered under the capital funding category. There are no funding limitations in this category.
3) Planning and Administration: This category is used to reimburse 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 2011/12, it is estimated that approximately $158,000 would be available under this cap.

**Action Plan**

HUD requires the submittal of an Annual Action Plan by May 15 of each year that identifies the specific projects to be funded to implement the strategies identified in the Consolidated Plan. The 2010-2015 Consolidated Plan is a five-year strategic plan of action that addresses priority housing and community development needs. It also sets specific goals for attaining identified objectives. The 2010-2015 Consolidated Plan was adopted by the City Council on May 3, 2010.

**CDBG Applications**

The City is on a two-year funding request cycle. Applications for the 2011/12 and 2012/13 period were mailed to area housing and human service providers on November 4, 2010 and posted on the City’s website. A notice announcing the availability of applications for 2011/12 and 2012/13 CDBG funding was published in the Palo Alto Weekly on November 5, 2010 with completed applications due December 16, 2010. A mandatory proposal-writing workshop was conducted on November 15, 2010 to assist applicants with program regulations and project eligibility questions. The CDBG applications received are identified on the attached chart (Attachment A).

**Citizen Participation**

The Citizen Participation Plan is a required component of the CDBG program. HUD regulations require CDBG recipient agencies to prepare and implement a plan that provides adequate opportunity for citizens to participate in an advisory role in the planning, implementation and assessment of the CDBG program. On October 18, 2010 the City adopted an amended Citizen Participation Plan that shifted the CDBG advisory role from a separate Citizens Advisory Committee (CAC) to the established Human Relations Commission (HRC).

The intention of the new plan was to provide a collaborative link between the CDBG funding process and the Human Service Resource Allocation Process (HSRAP). There is a great deal of overlap in the issues before the HRC and the CDBG goals and objectives detailed in the Consolidated Plan, such as addressing affordable housing issues, homelessness, the needs of seniors and persons with disabilities, impediments to fair housing choice, nutrition, mental health, health care, domestic violence prevention, etc. It was thought that this new process would provide a more coordinated, synchronized approach to the City’s two human service funding sources, promote internal efficiencies, and produce a more collaborative process that provides greater benefit to program beneficiaries. A sub-committee comprised of staff and two members of the HRC was established to review both the CDBG and HSRAP funding applications and to provide recommendations to the full Human Relations Commission. The sub-committee met on February 1, 8, 15, and 22, 2011 at Cubberley Community Center to discuss the CDBG
and HSRAP applications. The meetings were open to the public and publicized on the City’s website. The sub-committee consisted of the following members:

Ray Bachetti, Chair, Human Relations Commission  
Dolores Bernardo, Human Relations Commissioner  
Suzanne Bayley, Planning Division  
Minka Van der Zwaag, Office of Human Services

The Human Relations Commission considered the funding recommendations of the sub-committee at a public hearing on March 16, 2011. After listening to comments from the public, and discussing the CDBG regulations, the Human Relations Commission voted unanimously to endorse the sub-committee’s funding recommendations.

**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 City’s 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 this regulatory standard. For this reason, all funding applications are scrutinized to insure the readiness of the program or project to move forward and expend funds in a timely manner.

**Discussion**  
Palo Alto’s CDBG program continues to be directed towards 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. Additionally, Palo Alto’s CDBG program proposes as a high priority to expand the goal of creating economic opportunities for low-income persons. All of the proposed projects for CDBG funding for fiscal year 2011/12, as presented in the draft 2011-12 Action Plan, address the priority housing and supportive service needs identified in the Consolidated Plan.

**Estimated 2011/12 Funds Available for Allocation**  
The total amount available for allocation in fiscal year 2011/12 is estimated to be $894,304, summarized as follows:

- **$731,500**  
  FY 2011/12 Estimated CDBG entitlement grant from HUD

- **$ 60,000**  
  Estimated program income for 2011/12 from the Palo Alto Housing Corporation that is generated from rental income in excess of expenses on specific properties acquired or rehabilitated with CDBG funds

- **$ 102,804**  
  Reallocation of funds previously awarded but not expended

April 05, 2011  
(ID # 1342)
$894,304 ESTIMATED TOTAL AVAILABLE FOR ALLOCATION

Maximum Available for Public Services
Estimated 2011/12 CDBG Grant 731,500
Estimated 2011/12 Program Income 82,675
Public Service Cap 814,175 x 15% = $122,126

Maximum Available for Planning/Administration
Estimated 2011/12 CDBG Grant 731,500
Estimated 2012/13 Program Income 60,000
Planning/Administration Cap 791,500 x 20% = $158,300

Maximum Available for Capital Projects
$894,304 (Total Available) - $122,126 (Public Services) - $158,300 (Administration) = $613,878

Greater funding for capital projects would be available if less is provided for administration or public services.

FY 2011/12 - Funding Requests and Recommendations
A complete list of all of the applications submitted for 2011/12 and 2012/13 funding, as well as the funding recommendations, are identified in Attachment A. The funding amounts recommended for fiscal year 2011/12 will be adjusted by staff when the actual amount of the 2011/12 CDBG funding allocation is known. The public service recommendations will be adjusted to the maximum available under the public service cap at the same percentages in the table below, up to the amount of the request. Decreases will be applied at the same percentages.

In an effort to ensure there is no General Fund subsidy for the administration of the CDBG program, the CDBG staffing level has been reduced to a 1.0 full time equivalent position and Project Sentinel’s fair housing program was shifted this year from the Administration category to the Public Service Category. Other program changes, such as the revised Citizen Participation Plan, the two-year funding and contract processes, and revised monitoring guidelines have also been implemented to improve the efficiency of the program.

City staff and HUD staff are exploring eligibility issues related to the Downtown Streets Team - Workforce Development Program proposal. The program proposes to collaborate with Manpower Temporary Services for the provision of jobs for very low-income residents. This is a new type of activity and there are numerous questions and issues being explored with HUD to determine program eligibility under the economic development regulations. If the activity is not deemed eligible due to HUD regulatory interpretations, staff and the HRC recommend that the $147,000 in funding be shifted to the Palo Alto Housing Corporation proposal for new windows at the California Park Apts.
Table 1 below identifies the applications recommended for funding in fiscal year 2011/12:

**TABLE 1**

**FUNDING RECOMMENDATIONS**
**FOR FISCAL YEAR 2011-2012**

<table>
<thead>
<tr>
<th>APPLICANT AGENCY</th>
<th>2011/12 FUNDING REQUEST</th>
<th>2011/12 STAFF AND HRC RECOMMENDATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Catholic Charities</td>
<td>6,500</td>
<td>5,000</td>
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<tr>
<td>Long-Term Care Ombudsman</td>
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<td></td>
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<tr>
<td>2. InnVision</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Opportunity Center</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Palo Alto Housing Corporation</td>
<td>52,248</td>
<td>26,000</td>
</tr>
<tr>
<td>SRO Resident Housing Support Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Support Network for Battered Women</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Domestic Violence Services</td>
<td></td>
<td></td>
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<tr>
<td>5. Project Sentinel</td>
<td>31,440</td>
<td>31,000</td>
</tr>
<tr>
<td>Fair Housing Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Public Services (Cap $122,126)</strong></td>
<td>150,188</td>
<td>122,000</td>
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<tr>
<td><strong>Program Administration</strong></td>
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<td>6. City of Palo Alto</td>
<td>133,747</td>
<td>133,747</td>
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<tr>
<td>Program Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Administration (Cap $158,300)</strong></td>
<td>133,747</td>
<td>133,747</td>
</tr>
<tr>
<td><strong>Capital Projects/Economic Development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Downtown Streets Team/Manpower</td>
<td>147,000</td>
<td>147,000*</td>
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<tr>
<td>Workforce Development Program</td>
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<td>8. Community Working Group</td>
<td>302,788</td>
<td>302,788</td>
</tr>
<tr>
<td>Alma Gardens Apartment Rehab.</td>
<td></td>
<td></td>
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<tr>
<td>9. Palo Alto Housing Corporation</td>
<td>59,167</td>
<td>59,167</td>
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<tr>
<td>10. Palo Alto Housing Corporation</td>
<td>129,602</td>
<td>129,602</td>
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<tr>
<td>Ventura Apts. New Windows and Drainage Upgrade</td>
<td></td>
<td></td>
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<tr>
<td>11. Palo Alto Housing Corporation</td>
<td>248,835</td>
<td>*</td>
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<tr>
<td>Cal Park Apts. New Windows</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Capital/Economic Development</strong></td>
<td>$887,392</td>
<td>638,557</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$894,304</td>
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</tbody>
</table>
FY 2012/13 - Funding Requests and Recommendations
The CDBG funding covers a two-year cycle. Funding for fiscal year 2012/13 will be contingent upon the amount of the CDBG allocation, program income and any available funds for reallocation. The President’s proposed budget for fiscal year 2012 recommends a 7.5% reduction to the national CDBG allocations. Additionally, the Obama Administration believes that the formula to distribute the CDBG funds is outdated and does not target the most economically distressed communities. As a result, the City’s CDBG program may receive a drastic reduction in funding in the 2012/13 fiscal year. There has been no indication from the federal government that CDBG funding for the 2011/12 fiscal year, would be significantly reduced.

In 2012/13, the public service and administration caps would be re-calculated in accordance with the funding available. If agencies remain eligible and meet program goals and objectives, the public service contracts would be extended another year based on the same percentage of the CDBG funds available for public services in fiscal year 2011/12. If the Downtown Streets Team Project has been determined to be an eligible activity, and the program goals and objectives have been achieved, the contract would be extended another year based on the CDBG funds available.

The capital projects that would be reviewed, re-evaluated and prioritized for funding recommendations in 2012/13 are as follows:

1. PAHC/Cal Park Apartments (New Windows) $248,835
2. Magical Bridge $500,000**
3. Mid Peninsula Housing Corp/ Palo Alto Gardens (Cool Roof) $145,464
4. Avenidas –HVAC Upgrades $135,000
5. AchieveKids – Cool roof $ 120,000

Total Capital Projects: $1,149,299

**Staff is reviewing the Magical Bridge Project with HUD to determine if a portion of the project may be eligible for funding.

If there is more money available than projects, a new application process would be initiated for additional proposals.

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 9, 2011. Subsequently, the Annual Action Plan will be submitted to HUD to meet the May 15, 2011 deadline.
**Policy Implications**
All of the applications recommended for funding in fiscal year 2011/12 are consistent with the priorities established in the City’s draft Consolidated Plan for the period 2010 to 2015. 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. 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: 2011 Recommendations (DOC)
- Attachment B: Draft Action Plan 2011-12 (PDF)

Prepared By: Suzanne Bayley, Interim CDBG Coordinator

Department Head: Curtis Williams, Director

City Manager Approval: James Keene, City Manager
City of Palo Alto CDBG Applications  
FY 2011/12 and 2012/13

**Estimated Funding Available for FY 2011/12** $894,304
Available for Public Services 122,000
Available for Planning/Admin 155,000
Available for Capital Projects: 617,304

### PUBLIC SERVICES

<table>
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<tr>
<th></th>
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<tr>
<td>Catholic Charities</td>
<td>Ombudsmen</td>
<td>6,500</td>
<td>6,500</td>
<td>5,000</td>
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<td>InnVision, the Way Home</td>
<td>Opportunity Center</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
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<td>InnVision, the Way Home</td>
<td>Clara Mateo Alliance Shelter</td>
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<td>50,000</td>
<td>Facility to Close 4/30/11</td>
<td>Facility to Close 4/30/11</td>
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<td>Palo Alto Housing Corp.</td>
<td>SRO Resident Support</td>
<td>52,248</td>
<td>56,929</td>
<td>26,000</td>
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<td>YWCA / Support Network</td>
<td>Domestic Violence</td>
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<td>10,000</td>
<td>10,000</td>
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<td>Project Sentinel</td>
<td>Fair Housing</td>
<td>31,440</td>
<td>32,383</td>
<td>31,000</td>
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<td>Community Technology</td>
<td>HMIS - SCC</td>
<td>4,000</td>
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<td>Emergency Housing Consortium</td>
<td>Palo Alto HOMES</td>
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<td>Next Door Solutions to Domestic Violence</td>
<td>Shelter &amp; Services</td>
<td>5,000</td>
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<td>-0-</td>
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<td>Silicon Valley Independent Living Center</td>
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<td>Shelter Network</td>
<td>Haven Family House</td>
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<td><strong>Public Service Total</strong></td>
<td></td>
<td>235,188</td>
<td>122,000</td>
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## PLANNING AND ADMINISTRATION

| City of Palo Alto | CDBG Planning and Administration | 133,747 | 133,747 | 133,747 | **** |

## CAPITAL PROJECTS/ECONOMIC DEVELOPMENT

<table>
<thead>
<tr>
<th>Downtown Streets Team</th>
<th>Workforce Development Program</th>
<th>147,000</th>
<th>159,000</th>
<th>147,000*</th>
<th>***</th>
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<td>Stevenson House</td>
<td>Senior Facility Rehab</td>
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<td>Avenidas</td>
<td>Senior Home Repair</td>
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<td>10,000</td>
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<td>-0-</td>
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<tr>
<td>Avenidas</td>
<td>HVAC Upgrade</td>
<td>135,000</td>
<td>-0-</td>
<td>-0-</td>
<td>*****</td>
</tr>
<tr>
<td>AchieveKids</td>
<td>Cool Roof</td>
<td>120,000</td>
<td>-0-</td>
<td>-0-</td>
<td>*****</td>
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<td>Community Working Group</td>
<td>Alma Gardens Rehab</td>
<td>302,788</td>
<td>-0-</td>
<td>302,788</td>
<td>*****</td>
</tr>
<tr>
<td>Friends of Palo Alto Parks</td>
<td>The Magical Bridge</td>
<td>500,000</td>
<td>500,000</td>
<td>-0-</td>
<td>*****</td>
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<tr>
<td>Mid Peninsula Housing Corp</td>
<td>Palo Alto Gardens Rehab</td>
<td>145,464</td>
<td>-0-</td>
<td>-0-</td>
<td>*****</td>
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<tr>
<td>PAHC/California Park Apts.</td>
<td>New Windows</td>
<td>248,835</td>
<td>-0-</td>
<td>*</td>
<td>*****</td>
</tr>
<tr>
<td>PAHC/Ventura Apts.</td>
<td>New Windows &amp; Drainage Upgrade</td>
<td>129,602</td>
<td>-0-</td>
<td>129,602</td>
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<tr>
<td>Senior Housing Solutions</td>
<td>Mt. View Senior Residence Project</td>
<td>250,000</td>
<td>-0-</td>
<td>-0-</td>
<td></td>
</tr>
</tbody>
</table>

| Capital Total         |                                 | 2,082,968 | 491,557 |
| 2011/12 Total         |                                 | 2,598,903 | 894,304 |
**Program Year 2011/12**

*Economic Development/Capital Projects:* If the Downtown Streets Team project is deemed not to be an eligible activity under HUD economic development regulations, the $147,000 would be allocated to the PAHC/California Park window project (# 21 above).

**Program Year 2012/13**

**Public Services:** If agencies remain eligible and meet program goals and objectives, the contracts would be extended another year based on the same percentage of the CDBG funds available for public services in FY 2011/12.

***Economic Development:* If the Downtown Streets Team project has been deemed an eligible activity and the program goals and objectives have been achieved, the contract would be extended another year based on the CDBG funds available in FY 2012/13.

****Planning and Administration:* Funding based on the available CDBG dollars for planning and administration in FY 2012/13.

*****Capital Projects:* These projects will be reviewed, re-evaluated and prioritized for funding recommendations based on the CDBG funds available in the 2012/13 program year.
CITY OF PALO ALTO

2011/2012 DRAFT ACTION PLAN

Annual Update of the City’s Consolidated Plan for the Period
July 1, 2011 to June 30, 2012


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

For Information, Please Contact: Suzanne Bayley, Interim CDBG Coordinator
Planning Division, City of Palo Alto (650) 329-2428
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Executive Summary

This one-year Action Plan describes the eligible activities that the City of Palo Alto intends to undertake in fiscal year 2011/12 to address the needs and implement the strategies identified in the adopted Consolidated Plan for the period July 1, 2010 to June 30, 2015. It describes the activities that the City plans to fund with Community Development Block Grant (CDBG) funds in fiscal year 2011/12 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.

The major goals of the 2010–2015 Consolidated Plan adopted by the City Council on May 3, 2010 are summarized below:

**Affordable Housing**
- Increase the supply of affordable rental housing units by 125 new units
- Rehabilitation of older housing units owned by low-income persons
- Rehabilitation of older housing projects serving low-income tenants

**Public Services**
- Rehabilitation of facilities serving special needs populations
- Transitional housing programs and supportive services
- Emergency shelter and homeless services

**High Priority Needs**
- Employment opportunities for low-income persons and youth
- Small business loan programs for low-income residents
- Environmentally sustainable living environments

The City intends to provide funding for various activities which are consistent with the adopted Consolidated Plan. The City will undertake several housing activities which all meet the objective of providing decent affordable housing.

Housing projects that are planned for 2011/12 include assistance to Community Working Group’s Alma Garden Apartments, a 10-unit affordable complex for low-income residents. The work will include a new roof, structural and earthquake retrofits, and new windows for energy efficiency. The Palo Alto Housing Corporation’s Sheridan Apartments, a 57-unit complex for low-income seniors and persons with disabilities, will receive funding for common area improvements to improve energy efficiency. The 12-unit Ventura Apartments, also owned and managed by the Palo Alto Housing Corporation, will receive funding for new energy efficient windows and repairs to the drainage system. The funding of these rehabilitation projects will have the outcome of improved energy efficiency and sustainability while keeping the rents affordable for lower income residents.
The City will also provide funding for several public service projects, which all have the goal of creating a suitable living environment. The proposed public service projects are: Palo Alto Housing Corporation, single room occupancy (SRO) resident support program; InnVision – Opportunity Center homeless support services and rotating church shelter program; Catholic Charities – long-term care ombudsman program; and YWCA/Support Network for Battered Women – domestic violence services and emergency housing.

A new pilot economic development program has been proposed this year by the Downtown Streets Team and Manpower. The City intends to fund this program that proposes to train and employ previously homeless or very-low income individuals in the local job market.

The City of Palo Alto will also expend a portion of the administrative funds allowed under the program to provide CDBG program oversight and compliance with federal regulations.
Sources of Funds

**Federal Resources**

**Entitlement Grant Funding – Community Development Block Grants**
The City of Palo Alto receives CDBG funds as an entitlement city through the U.S. Department of Housing and Urban Development (HUD). In fiscal year 2011/12, Palo Alto will allocate approximately $894,304 to eligible activities that address the needs identified in the Consolidated Plan. Since HUD has not yet released the entitlement grant amount, an estimate is being utilized until the amount of the actual grant funding is received. This funding includes $731,500 in estimated CDBG grant monies, $60,000 in anticipated program income and $102,804 available for reallocation to new activities from CDBG funds received in previous years. Program income is income directly generated from the use of CDBG funds that is returned to the CDBG program for allocation to new activities. The program income anticipated below is from the Palo Alto Housing Corporation properties previously purchased or rehabilitated with CDBG funds where income exceeded expenses.

| Estimated FY 2011/12 CDBG Entitlement Grant | $731,500 |
| Estimated Program Income 2010/11          | 60,000   |

**Reallocated Funds:**
- Day Worker Center of Mountain View: 63,555
- Lytton Gardens/Shower Renovations: 2,000
- Stevenson House/Renovations: 1,749
- InnVision/CMA Shelter Closure: 6,500
- New Housing Development Fund: 29,000

**TOTAL ALLOCATION**: $894,304

**Maximum Available for Public Services**

| Estimated FY 2011/12 CDBG Entitlement Grant | $731,500 |
| Actual Program Income in FY 2010/11 (through 3/31/11) | 82,675 |

$814,175 x 15% = $122,126

**Maximum Available for Planning/Administration**

| Estimated FY 2011/12 CDBG Entitlement Grant | $731,500 |
| Estimated Program Income for 2011/12          | 60,000   |

$791,500 x 20% = 158,300

As the City of Palo Alto has not yet been informed by HUD of the actual amount of the entitlement grant for fiscal year 2011/12, the above caps and the actual funding for the proposed activities will be adjusted once the actual funding amounts are known.
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.

Section 8 Housing Vouchers
The Housing Authority of the County of Santa Clara administers the federal Section 8 program
countywide. The City anticipates that Section 8 vouchers will continue to be available to Palo
Alto residents in fiscal year 2011/12 through the Moderate Rehabilitation Program, Housing
Choice Voucher Program, and the Shelter Plus Care Program.

McKinney-Vento Homeless Assistance Funds
Santa Clara County distributes federal McKinney Homeless Assistance funds to organizations in
the County that provide services to homeless persons and persons at-risk of homelessness. None
of the funding is currently targeted directly to shelter or supportive services in Palo Alto.

Local and Other Resources

Human Service Resource Allocation Process (HSRAP)
In addition to the CDBG public service funds, the City will provide approximately $1.1 million
dollars 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, senior services, adolescent counseling,
nutritional services, and programs for persons with disabilities.

Inclusionary Housing Programs/In-Lieu Fees
A jobs-housing linkage fee is assessed by local governments on new commercial developments,
and revenue is used to support local affordable housing activities. Inclusionary programs are
established through local ordinances that require market rate residential developers to set aside a
certain portion of units in a development for income-restricted affordable housing. Many
inclusionary ordinances also give developers the option of satisfying inclusionary housing
requirements through payment of an in-lieu fee. These fees are then directed toward other
affordable housing activities.

The Palo Alto 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 composed of the following:
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 March 7, 2011 the Commercial Fund had an available balance of approximately $681,640.

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 March 7, 2011 the Residential Fund had a balance of approximately $3,474,251.

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.

The Housing Trust of Santa Clara County
The Housing Trust is a non-profit organization that combines private and public funds to support affordable housing activities in the County, including assistance to developers and homebuyers. 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. Four new affordable rental projects located in Palo Alto have received loans from the HTSCC: Oak Court Apartments ($400,000), Opportunity Center ($650,000), Fabian Way Senior Housing by Bridge Housing ($650,000) and the Tree House project ($350,000).

Mortgage Credit Certificates (MCC)
The federal government allows homeowners to claim a federal income tax deduction equal to the amount of interest paid each year on a home loan. This itemized deduction only reduces the amount of taxable income. Through an MCC, a homeowners’ deduction can be converted into a
federal income tax credit for qualified first-time homebuyers. This credit actually reduces the household's tax payments on a dollar for dollar basis, with a maximum credit equal to 10 to 20 percent of the annual interest paid on the borrower's mortgage. Mortgage credit certificates in Santa Clara County are issued by the County directly to eligible homeowners.

State of California's Multifamily Housing Program (MHP)
The Multifamily Housing Program (MHP) has been a major source of funding for affordable housing since 2002. The purpose of this program is to provide low-interest loans to developers of affordable rental housing. The MHP General funds may be used for multifamily rental 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. The Fabian Way Senior Housing received an award of $5.25 million in permanent MHP funding in 2008.

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. The City of Palo Alto applied for and received an award of $1,000,000 in February 2004. The City Council committed these funds for site acquisition for the Alma Street Family rental housing project.

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 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. The Bridge Fabian Way Senior Housing was awarded $1.5 million from this fund in 2008. $960,000 was awarded to the Tree House project developed by the Palo Alto Housing Corporation. The County has awarded over $10 million from the AHF to date.

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 the Oak Court Apartments, the Opportunity Center, Fabian Way Senior Housing, and the Tree House project sponsored by the Palo Alto Housing Corporation.
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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<tr>
<td><strong>STATE, LOCAL, and PUBLIC</strong></td>
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<tr>
<td><strong>PRIVATE RESOURCES</strong></td>
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<td>BMR Rental &amp; Owner Program</td>
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<td>Private Lenders: AHP</td>
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<td>Nonprofit Developers</td>
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<td>Private Foundations and Churches</td>
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<td></td>
<td></td>
<td></td>
<td>X</td>
<td></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 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.

Community Participation

On October 18, 2010, the Palo Alto City Council adopted an amended Citizen Participation Plan that utilizes the Human Relations Commission (HRC), rather than a separate Citizen Advisory Committee, to promote and encourage citizen participation in the planning, implementation and assessment of the CDBG program. The HRC is charged with making funding recommendations to the City Council on the expenditure of City General Funds through the Human Service Resource Allocation Process (HSRAP).

The HRC is uniquely positioned to understand and consider the needs of low and very low income persons, members of minority groups, the elderly, persons with disabilities, and residents of neighborhoods where CDBG activities may be undertaken. The revisions to the Citizen Participation Plan are expected to promote a more coordinated and effective response by the City to the human service needs in the community.

A subcommittee of City staff and two members of the Human Relations Commission (HRC) met during February and March, 2011 to review the applications and make recommendations to the full Human Relations Commission. The subcommittee’s recommendations were considered and unanimously approved by the entire HRC at a Public Hearing on Wednesday, March 16, 2011.

The City of Palo Alto provided the draft 2011/12 Action Plan for public review from March 28 through April 29, 2011. Notice of the document’s availability was advertised in the Palo Alto Weekly on March 4, 2011; published on the city’s website, and copies made available at the City Hall Department of Planning and Community Environment and the City’s Development Center located at 285 Hamilton Ave.
The draft Action Plan is also open for public comment at two additional public hearings. The first public hearing will be conducted on April 5, 2011, before the City's Finance Committee. The second public hearing will be conducted on May 9, 2011, before the City Council. Public comments received relative to the circulation of the draft Action Plan and public hearings will be incorporated in Appendix F.

Allocation Priorities

Program Year 2011/12 is the second year of the City’s five year Consolidated Plan for the period 2010-2015. The table below sets forth the five year goals of that Plan and the one-year goals of the FY 2011/12 Action Plan.

Summary of Specific Housing/Community Development Objective

<table>
<thead>
<tr>
<th>Goal #</th>
<th>Specific Objectives</th>
<th>Performance Measure</th>
<th>5 Year Goal</th>
<th>2011/12 Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1A.1 &amp; 1C.1</td>
<td>Increase the Supply of Rental Housing</td>
<td>Units</td>
<td>125</td>
<td>35</td>
</tr>
<tr>
<td>1A.2 &amp; 1C.1</td>
<td>Preserve Existing Affordable Rental Housing</td>
<td>Units</td>
<td>72</td>
<td>0</td>
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<tr>
<td>1A.2 &amp; 1C.1</td>
<td>Conserve the Condition of Existing Rental Housing</td>
<td>Units</td>
<td>150</td>
<td>79</td>
</tr>
<tr>
<td><strong>Owner Housing Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1B.1</td>
<td>Continue Below market Rate Program</td>
<td>Units</td>
<td>34</td>
<td>10</td>
</tr>
<tr>
<td>1B.3</td>
<td>Rehabilitation Loans to L/M Income Owners</td>
<td>Units</td>
<td>Emergency Only As Needed</td>
<td></td>
</tr>
<tr>
<td>1B.3</td>
<td>Minor Home Repairs and Accessibility Upgrades</td>
<td>Units</td>
<td>150</td>
<td>0</td>
</tr>
<tr>
<td><strong>Public Service Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3A.1</td>
<td>Assist Seniors in Long-Term Care</td>
<td>Individuals</td>
<td>400</td>
<td>260</td>
</tr>
<tr>
<td>2A.1 - 5</td>
<td>Services to Prevent Homelessness</td>
<td>Individuals</td>
<td>2,000</td>
<td>531</td>
</tr>
<tr>
<td>3A.1</td>
<td>Food and Meal Programs</td>
<td>Individuals</td>
<td>2,000</td>
<td>400</td>
</tr>
<tr>
<td><strong>Public Facilities Objectives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3B.1 &amp; 3B.2</td>
<td>Promote Community-Based Services through Public Facilities</td>
<td>Facilities</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>
Goal #1: Assist in the creation and preservation of affordable housing for lower-income and special needs households

Strategy #IA: Assist developers with the production of affordable rental housing

- **Action 1A.1.** Provide financial and technical assistance to developers producing affordable rental housing. Priority - High

  2011-2012 Action(s)
  Eden Housing/Community Working Group
  801-841 Alma Street
  Palo Alto, CA 94301
  Goal: Continue to provide financial assistance for the construction of 50 units of new housing affordable to low-income families.

- **Action 1A.3.** Address any barriers to affordable housing production through implementation of associated Housing Element programs. Priority - Medium

  2011-2012 Action(s)
  The City is working towards completion of the Housing Element update in which barriers to affordable housing production are receiving updated review.
  Goal: The City anticipates the updated Housing Element will be approved at the local level and sent to the State for review by September, 2011.

Strategy #IC: Assist lower-income seniors, larger families, the disabled, and farmworkers in securing safe and affordable housing

- **Action 1C.1.** Support the production and rehabilitation of affordable housing for seniors, disabled individuals, large families, and farmworkers through applications for State and federal funding, or with direct financial assistance. Priority - High

  2011-2012 Action(s)
  Alma Garden Apartments
  2507 – 2533 Alma St.
  Palo Alto, CA 94303
  Goal: 10 units rehabilitated

  Sheridan Apartments
  360 Sheridan Avenue
  Palo Alto, CA 94306
  Goal: 57 units rehabilitated

  Ventura Apartments
  290 – 310 Ventura St.
Palo Alto, CA 94306
Goal: 12 units rehabilitated

Goal #2: Support activities to end homelessness

Strategy #2A: Provide housing and supportive services to homeless individuals and families and households at risk of homelessness

- **Action 2A.2.** Support existing transitional housing and supportive housing facilities. Priority - High

  **2011-2012 Action(s)**
  Palo Alto Housing Corp/Single Room Occupancy (SRO) Resident Counseling Program
  725 Alma Street
  Palo Alto, CA 94301
  Goal: 131 persons

- Support Network for Battered Women
  1257 Tasman Dr., Suite C (office)
  Sunnyvale, CA 94089
  Goal: 35 persons counseled and assisted or temporarily housed

- **Action 2A.3.** Support programs that provide short-term emergency shelter for homeless individuals and families, while still prioritizing Housing First approach to ending homelessness. Priority - High

  **2011-2012 Action(s)**
  InnVision, the Way Home
  Opportunity Center – Hotel de Zink (rotating church shelter program)
  33 Encina Ave.
  Palo Alto, CA 94301
  Goal: 5,000 bed nights

- **Action 2A.5.** Support outreach programs that provide vital services to homeless individuals, including health services, substance abuse services, referrals, and others. Priority – High

  **2011-2012 Action(s)**
  InnVision, the Way Home
  Opportunity Center
  33 Encina Ave.
  Palo Alto, CA 94301
  Goal: 800 persons
Goal #3: Support activities that provide basic services, eliminate blight, and/or strengthen neighborhoods

Strategy #3A: Support local service organizations that provide essential services to the community, particularly special needs populations

- **Action 3A.1.** Provide funding for social services organizations benefiting lower-income households and special needs populations, including seniors, disabled, youth, homeless, farmworkers, single-mothers, victims of domestic violence, and others. Priority - High

2011-2012 Action(s)
Support Network for Battered Women
1257 Tasman Dr., Suite C (office)
Sunnyvale, CA 94089
Shelters are located in confidential locations in Santa Clara County
Goal: 35 persons counseled and/or temporarily housed

Catholic Charities – Long-Term Care Ombudsman Program
2625 Zanker Rd., Suite 200
San Jose, Ca 95134-2107
Goal: 260 persons assisted

Strategy #3C: Mitigate lead-based paint hazards

- **Action 3C.2.** Inspect all properties being rehabilitated or acquired for affordable housing for lead-based paint hazards. Priority - Medium

2011-2012 Action(s)
Alma Garden Apartments
2507 – 2533 Alma St.
Palo Alto, CA 94303
Goal #4: 

Goal #4A: Conduct outreach to the community regarding fair housing, and address local barriers to fair housing

- **Action 4A.1.** Contract with local service providers to conduct ongoing outreach and education regarding fair housing for home-seekers, landlords, property managers, real estate agents, and lenders. Priority - Medium

2011-2012 Action(s)
Project Sentinel
525 Middlefield Rd., Suite 200
Redwood City, CA 94063
Goal: 25 persons will be assisted

- **Action 4A.2.** Contract with local service providers to conduct fair housing testing in local apartment complexes. Priority - Medium

2011-2012 Action(s)
Project Sentinel
525 Middlefield Rd., Suite 200
Redwood City, CA 94063
Goal: 4 apartment complexes will be tested for fair housing compliance

- **Action 4A.5.** Update the local Analysis of Impediments to Fair Housing Choice and report on its implementation as necessary. Priority - High

2011-2012 Action(s)
Finalize the draft Analysis of Impediments to Fair Housing Choice and submit to HUD
Goal: Submit to HUD by 12/31/11
Goal #5: Expand economic opportunities for low-income households

Strategy #5A: Support economic development activities that promote employment growth, and help lower-income persons secure and maintain a job

- **Action 5A.1.** Provide funding for organizations that support local employment development and workforce training. Priority – High

2011/12 Actions(s)
Downtown Streets Team/Manpower – Workforce Development Program
480 Lytton Ave. Suite 2A
Palo Alto, CA 94301
Goal: 24 persons will find employment

Goal # 6: Promote environmental sustainability

Strategy #6A: Encourage the installation of energy- and water-efficiency measures in new and existing homes

- **Action 6A.2.** Support collaborative efforts between local jurisdictions and subrecipients to ensure all stakeholders achieve sustainable outcomes from project implementation. Priority – High

2011-2012 Action(s)

Alma Garden Apartments
2507 – 2533 Alma St.
Palo Alto, CA 94303

Sheridan Apartments
360 Sheridan Avenue
Palo Alto, Ca 94306

Ventura Apartments
290 – 310 Ventura St.
Palo Alto, Ca 94306

Goal: All rehabilitation projects will provide energy and water efficiency as appropriate to the project.
## 2011/12 ACTIVITIES TO BE UNDERTAKEN

### 2011/12 CDBG Budget

<table>
<thead>
<tr>
<th>Sources of Funds</th>
<th>Proposed 2011/12 CDBG Funding</th>
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<tbody>
<tr>
<td>Entitlement Grant (Estimate)</td>
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<tr>
<td>Program Income</td>
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<td>Reallocated Funds</td>
<td>102,804</td>
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<tr>
<td>Estimated Total Available</td>
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### Uses of Funds

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<tr>
<th>Agency/Program</th>
<th>Proposed 2011/12 CDBG Funding</th>
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<tr>
<td><strong>Public Services</strong></td>
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<tr>
<td>Palo Alto Housing Corporation/SRO Tenant Support</td>
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<td>InnVision/Opportunity Center</td>
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<td>Catholic Charities/Long-Term Care Ombudsman</td>
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<td>YWCA/Support Network/Domestic Violence</td>
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<td>Project Sentinel/Fair Housing</td>
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<td><strong>Capital/Economic Development Activities</strong></td>
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<td>59,167</td>
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<tr>
<td>Palo Alto Housing Corp/Ventura Apts.</td>
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<tr>
<td>Downtown Streets Team/Workforce Development</td>
<td>147,000</td>
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<td>(See alternate activity below)</td>
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<tr>
<td><strong>Total</strong></td>
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All of the projects and activities to be undertaken with 2011/12 CDBG funding address the priority housing and community development needs identified in the Consolidated Plan. The following list of proposed projects describes each project or activity, the 2011/12 CDBG funds allocated, the expected project beneficiaries and the HUD national objective and outcome measure. HUD requires a performance measurement system to better capture data on a national level for the activities that are undertaken with CDBG funds at the local level. This system helps quantify and measure program outcomes in order to determine how well programs and activities are meeting established needs and objectives. The City is required to identify an objective and outcome and performance measure for each proposed activity.

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, focus is on the creation and preservation of rental housing with an emphasis on housing for very low and low income persons, families with children, persons at risk of being homeless, persons who are homeless, and persons with special needs.
Public Service Activities

1. Palo Alto Housing Corporation
SRO Tenant Support Program, 725 Alma St. Palo Alto, CA 94301
Objective: Providing a suitable living environment
Outcome: Accessibility for the purpose of creating a suitable living environment
Performance Measure: 131 persons will have improved accessibility to a suitable living environment
Proposed Funding: $26,000
This activity provides counseling and support services for low income residents of single room occupancy facilities in order to help them maintain housing stability. Activities may include financial counseling, health maintenance, information and referral, problem solving, employment assistance, crisis intervention, and case management.

2. InnVision, the Way Home
Opportunity Service Center, 33 Encina Way Palo Alto, CA 94301
Objective: Providing a suitable living environment
Outcome: Accessibility for the purpose of creating a suitable living environment
Performance Measure: 800 persons will have improved accessibility to a suitable living environment
Proposed Funding: $50,000
The Opportunity Center provides basic necessities for persons who are homeless or at-risk of becoming homeless. The facility has showers, laundry, clothes closet, snacks, case management, shelter and housing referral services, computer access, health care, and access to a rotating church shelter program for 15 persons each night.

3. Catholic Charities
Long-Term Care Ombudsman Program, 2625 Zanker Road, San Jose, CA 95134
Objective: Providing a suitable living environment
Outcome: Accessibility to supportive services
Performance Measure: 260 Palo Alto residents will have improved accessibility to supportive services thereby providing a suitable living environment
Proposed Funding: $5,000
The Catholic Charities Ombudsman Program assists in problem resolutions and advocates for the rights of residents of long term care facilities in Palo Alto. The majority of the clients assisted are low-income, frail, elderly, and chronically ill. This program assists these vulnerable, dependent and socially isolated residents receive the care and placement to which they are entitled.

4. YWCA/Support Network for Battered Women
Domestic Violence Program, 1257 Tasman Dr. Suite C, Sunnyvale, CA 94089
Objective: Providing a suitable living environment
Outcome: Accessibility for the purpose of providing a suitable living environment
Performance Measure: 35 unduplicated adults and children will be provided emergency safety net support services and emergency shelter as needed.
Proposed Funding: $10,000
For individuals and families experiencing domestic violence, the YWCA/Support Network program provides a bilingual domestic violence hotline, an emergency shelter, crisis counseling, legal assistance, court accompaniment, individual and group therapy, support groups, children's therapy groups, preventative education, safety planning and community referrals.
5. Project Sentinel  
Fair Housing Services, 525 Middlefield Road, Redwood City, CA 94063  
Objective: Provide decent affordable housing  
Outcome: Accessibility for the purpose of providing decent affordable housing  
Performance Measure: 25 persons will have improved accessibility to decent affordable housing  
Proposed Funding: $31,000  
California and federal fair housing laws assure specific protected classes the right to be treated in terms of their individual merits and qualifications in seeking housing. Unfortunately, some people are not aware of the law or their rights. Project Sentinel will provide community education and outreach regarding fair housing law and practices, investigation, counseling and legal referral for victims of housing discrimination; and analyses for City staff and officials regarding fair housing practices.

Housing Activities

6. Community Working Group  
Alma Gardens Apartments, 2507 – 2533 Alma St. Palo Alto, CA 94303  
Objective: Provide decent housing  
Outcome: Affordability  
Performance Measure: 10 units will have a new roof and improved energy efficiency and safety features.  
Proposed Funding: $302,788  
Alma Garden Apartments is a 10-unit apartment complex located at 2507-2533 Alma Street in Palo Alto that houses low-income individuals and families. The complex includes eight studio apartments and two one-bedroom units, currently housing 14 persons. Community Working Group acquired Alma Garden in 2006 with a CDBG loan from the City of Palo. The complex was built in 1953 and is in need of rehabilitation to improve the longevity, livability, and sustainability of the units. The rehabilitation work includes the replacement of the roof on all three buildings, seismic upgrades (steel reinforcement) to the two-story building, replacement of the stairs and railing on the two-story building, replacement of all windows with low-E, double pane glass, external painting, and repairs to the driveway and walkways. The repairs will address overdue maintenance issues, energy efficiency, and earthquake safety. The outcome of the project will provide low-income individuals with decent affordable housing.

7. Palo Alto Housing Corporation  
Sheridan Apartments, 360 Sheridan Avenue, Palo Alto, Ca 94306  
Objective: Provide decent housing  
Outcome: Sustainability  
Performance Measure: Sustainability in the common area of a 57 unit senior housing complex  
Proposed Funding: $59,167  
The Palo Alto Housing Corporations, subsidiary, Sheridan Apartments Affordable Housing LP owns the Sheridan Apartments, a 57 unit HUD subsidized Section 8 housing community. The 57 one-bedroom apartments are home to over 90 extremely low and very low-income seniors and persons with disabilities. The rehabilitation work is in the common area and includes a furnace.
replacement with an Energy Star air conditioning unit and the replacement of the current single pane aluminum frame windows with dual pane windows. The improvements will allow for a more comfortable, inviting community room where residents can socialize with their neighbors and friends. Savings from the energy efficient improvements will help keep the costs down and the apartments affordable.

8. Palo Alto Housing Corporation
Ventura Apartments, 290 – 310 Ventura, Palo Alto, Ca 94306
Objective: Provide decent housing
Outcome: Sustainability
Performance Measure: 12 Units will have energy efficient windows and a rehabilitated drainage system.
Proposed Funding: $129,602
The Ventura Apartments consist of 12 apartments, and is home to 33 lower income adults and children. There are two buildings on the property, each with one three-bedroom and five two-bedroom units. The apartments were built in 1957 and have suffered from considerable settling over time. Water accumulation in the crawl space creates moisture and coldness in the units. Damp floors and walls in the winter require heating at higher temperatures. Additionally the 71 old single pane windows throughout the property are not efficient at keeping out cold, heat or the noise from traffic and neighboring properties. This project will replace all of the existing windows with double-pane Low-E glass, and provide for a new drainage system to address the settling and dampness problems.

Economic Development Activities

9. Downtown Streets Team/Manpower
Workforce Development Program, 480 Lytton Avenue Suite 2A, Palo Alto, CA 94301
Objective: Expanded Economic Opportunities
Outcome: Availability
Performance Measure: 24 persons will be assisted in job creation and retention
Proposed Funding: $147,000
This is a pilot program and is a collaborative effort between the local Downtown Streets Team and Manpower Employment Agency. The Workforce Development Program will provide a transition from unemployment and homelessness to regular employment and housing through case management, job training, mentoring and housing and transportation assistance. Downtown Streets Team will screen and ready applicants while Manpower will use their community connections to provide training and job opportunities.

Planning and Administration

10. City of Palo Alto
Planning and Administration, 250 Hamilton Avenue Palo Alto, Ca 94301
Objective: Provide decent affordable housing and benefit low income residents
Outcome: General Program Administration
Performance Measure: Not Applicable
Proposed Funding: $133,747
The City of Palo Alto provides administration of the overall management, coordination and evaluation of the CDBG program, and the project delivery cost associated with bringing capital projects to completion.

Alternative Activity

City staff and HUD are currently working on some eligibility issues relating to the economic development activity proposed above by the Downtown Streets Team. If the project is not able to move forward because it is deemed to be an ineligible activity, the funding of $147,000 will be allocated to the following project:

11. Palo Alto Housing Corporation
California park Apartments, 2301 Park Blvd. Palo Alto, Ca 94306
Objective: Provide decent housing
Outcome: Sustainability
Performance Measure: 45 units will be more energy efficient
The California Park Apartments consists of 45 one, two and three bedroom flats and town houses for households with extremely low, very low and low incomes. This project proposes to replace 198 single pane windows in the 45 unit complex with new double-pane Low-E glass. The property is home to approximately 140 adults, children and seniors. The installation of double-pane windows will result in a reduction in energy costs to residents and will provide a barrier to help filter out noise from traffic, CalTrain, neighboring apartments, and delivery trucks.

Services and Resources Targeted to Homeless and Special Needs Populations

Destination: Home
As a one-stop homelessness prevention center, the goal of Destination: Home is to provide one-stop multiservice centers for homelessness-prevention services that connect people in need with appropriate services and directly link services in an expedited manner, to permanent supportive housing for homeless men, women and families in Santa Clara County. The Georgia Travis Center and the Boccardo Reception Center in San Jose are presently operating this program in conjunction with other programs. Additionally the program provides for a medical respite center that allows homeless patients that have been hospitalized and discharged a clean, safe place to recuperate and provides linkages to other services, including permanent housing, while the individual is in the medical respite center. This program is being operated as a 15-bed facility in San Jose. Destination: Home partners with Stanford Medical Center locally for the medical respite component.

Clara Mateo Alliance Shelter
The Clara Mateo Alliance (CMA) Shelter, which has been operating on the grounds of the Veterans Administration facility in Menlo Park, has announced that they will be closing their doors April 30, 2011. CMA, operated by InnVision, the Way Home, has provided 70 shelter beds
and transitional housing units, as well as supportive services and meals, to homeless individuals and families with children since 1999. Although InnVision has made efforts to house as many of the current residents as possible in other locations, the closure will have a significant impact on the local resources available to the homeless population. The number of homeless individuals and families can be expected to increase while the services available will decrease. The City will work with InnVision on a closure plan that assists as many clients as possible.

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 in addition to other public and private 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.

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

**Downtown Streets Team/Manpower – Workforce Development Program** A new economic development pilot program to help motivated graduates of the Downtown Streets Team programs move on to stable employment. The program will include mentoring, counseling, job readiness, job training, and assistance.

**InnVision/Opportunity Center** – the Opportunity Center facility in Palo Alto provides a clean, safe environment and resources for very-low income or homeless persons including bagged groceries, hot meals, a rotating church shelter program, information and referral, shower and laundry facilities, case-management, and money management (payee) programs, clothing and health services. A daily hot meal is provided at a different location each day and bagged groceries are distributed daily at the Downtown Food Closet. The Hotel de Zink rotating church shelter program is housed at a different location each month.

**Community Technology Alliance**: Provides 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 and tracking system is maintained to assist service providers and those seeking shelter.

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

**Peninsula HealthCare Connection**: Provider of health care services at the Opportunity Center of Palo Alto. Project Downtown Connect provides Section 8 vouchers to eligible homeless individuals and families.
Momentum for Mental Health: Mental health outreach program that provides emergency on-call services to assist local mentally ill homeless persons. The agency provides services to City departments, libraries, community centers and local homeless service providers.

Palo Alto Housing Corporation – SRO Tenant Counseling: Provides counseling and case-management services for the low-income residents and prospective residents of single room occupancy hotels in Palo Alto. Many SRO residents have a history of homelessness and special needs. The program plays a vital role in helping residents maintain their stability and housing.

In order to address the special needs of persons who are not homeless but require supportive services, the City funds the following programs:

Avenidas: Agency is the main provider of senior services in the Mid-Peninsula area.

Catholic Charities: The long-term care ombudsman program provides complaint investigation and advocacy services for the frail elderly or persons with disabilities in long term care facilities in Palo Alto.

Abilities United: This organization provides services and activities for adults and children with mental and physical disabilities.

SALA: Senior Adults Legal Assistance. Agency provides affordable legal assistance to elders.

La Comida de California: Daily meal program for the elderly

Activities to Affirmatively Further Fair Housing

The City of Palo Alto is committed to fair housing practices and places a priority on promoting and ensuring an atmosphere of non-discrimination in housing choice. The City is currently reviewing and updating its Analysis of Impediments to Fair Housing Choice. The County of Santa Clara commissioned a countywide analysis which will serve as a base for the updated report. In 2011/12 the City of Palo Alto will provide $31,000 in CDBG funds to Project Sentinel for the provision of fair housing complaint investigations, public education and information and referral services.

Palo Alto plans to undertake the following actions to foster and maintain affordable housing and to address housing discrimination during the 2011/12 fiscal year:

- Provide tenant/landlord counseling and mediation services for Palo Alto residents through the Palo Alto Mediation Program (Project Sentinel).
- 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 are cost effective.
• Continue to participate in the Santa Clara County Fair Housing Task Force
• Provide funding to Project Sentinel to reduce discrimination in housing by:

1. Investigating cases of housing discrimination in Palo Alto
2. Conducting consultations with persons who believe they have been discriminated against
3. Maintaining a pool of trained testers for investigations and conducting trainings
4. Maintaining a panel of participating attorneys for referral
5. Running fair housing ads in the Palo Alto Weekly, San Jose Mercury News and other media outlets
6. Distributing fair housing brochures
7. Running public service announcements for local radio/TV broadcasters
8. Making educational presentations to the community
9. Monitoring and testing rental housing sites for fair housing compliance
10. Organizing an event for National Fair Housing Month

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 within the City. The City has one of the most expensive housing markets in the country due in part to the lack of available land. Notwithstanding, 154 new affordable rental housing units were created during the five-year period ending in 2010. It is anticipated that the City will also be able to reach its goal of 125 new units during the next five year period from 2010-2015. Bridge Housing Corporation’s Alta Torre development at 3895 Fabian Way in Palo Alto opened in 2010 with 56 new units of affordable housing for seniors, and Palo Alto Housing Corporation’s 35 unit Tree House project at 488 W. Charleston Avenue in Palo Alto is expected to open within the next year. Eden Housing’s proposed project at 801-841 Alma Street is expected to create 50 additional new rental units within the next few years.

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. The City adopted a Below Market Rate (BMR) Housing Program in 1974 to address the affordability gap. The Housing Element Update will also address new programs to strengthen the BMR program and improve its effectiveness.

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 commercial 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).

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 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 subrecipients, as necessary, to insure compliance with all regulations governing their administrative, financial, and programmatic operations, and to make sure the identified performance objectives have been achieved.

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 to the Santa Clara County Office of Affordable Housing. The meetings also provide a forum for HUD representatives to share information and answer questions from entitlement jurisdictions regarding issues of mutual importance.
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 Collaborative on Affordable Housing and Homeless Issues.

A Countywide Fair Housing Task Force has been meeting quarterly to address fair housing issues. The task force members include representatives from entitlement jurisdictions, fair housing agencies, and other non-profit organizations.

The Quality Housing and Work Responsibility Act of 1998 requires that public housing authorities (PHA’s) 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 and two members of the City’s Human Relations Commission met to review and discuss applications received through both the CDBG and Human Service Resource Allocation Process (HSRAP) processes. This was a new allocation process based on the revised Citizen Participation Plan adopted by the City Council on October 18, 2010. The change allowed for internal administrative efficiencies, created a more visible public forum for the CDBG program, and provided a more coordinated and effective approach to addressing the City’s human service needs.
Appendix A

Application for Federal Assistance
Form SF-424
## Application for Federal Assistance SF-424

**Version 02**

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<tr>
<td>Prefix: Mr.</td>
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<tr>
<td>Middle Name:</td>
</tr>
<tr>
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<td>*Email: <a href="mailto:steven.turner@cityofpaloalto.org">steven.turner@cityofpaloalto.org</a></td>
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Application for Federal Assistance SF-424

9. Type of Applicant 1: Select Applicant Type: C. City or Township Government

Type of Applicant 2: Select Applicant Type:
- Select One -

Type of Applicant 3: Select Applicant Type:
- Select One -

*Other (specify):

*10. Name of Federal Agency:
   U.S. Department of Housing and Urban Development

11. Catalog of Federal Domestic Assistance Number:
   14-218

   CFDA Title:
   Community Development Block Grant (CDBG)

*12. Funding Opportunity Number:

*Title:

13. Competition Identification Number:

   Title:

14. Areas Affected by Project (Cities, Counties, States, etc.):
   City of Palo Alto, County of Santa Clara, State of California

*15. Descriptive Title of Applicant’s Project:
   The City of Palo Alto's Community Development Block Grant (CDBG) Program for fiscal year 2011/2012

Attach supporting documents as specified in agency instructions.
**Application for Federal Assistance SF-424**

16. Congressional Districts Of:

- *a. Applicant*
  - 14th Congressional District

- *b. Program/Project:*
  - 14th Congressional District

Attach an additional list of Program/Project Congressional Districts if needed.

17. Proposed Project:

- *a. Start Date: 07/01/2011*
- *b. End Date: 06/30/2012*

18. Estimated Funding ($):

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19. Is Application Subject to Review By State Under Executive Order 12372 Process?

- ☑ a. This application was made available to the State under the Executive Order 12372 Process for review on
- ☑ b. Program is subject to E.O. 12372 but has not been selected by the State for review.
- ☐ c. Program is not covered by E.O. 12372

20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)

- ☐ Yes
- ☑ No

21. *By signing this application, I certify (1) to the statements contained in the list of certifications** and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances** and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

- ☑ **I AGREE

** The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix: Mr

*First Name: James

Middle Name: 

*Last Name: Keene

Suffix: 

*Title: City Manager

*Telephone Number: 650-329-2563  Fax Number: 650-325-5025

*Email: james.keene@cityofpaloalto.org

*Signature of Authorized Representative: Date Signed:
The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.
Appendix B

Certifications
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.
**Jurisdiction**

**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**

<table>
<thead>
<tr>
<th>Name</th>
<th>City Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>James Keene</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Title</th>
<th>250 Hamilton Avenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Palo Alto, CA 94301</td>
</tr>
<tr>
<td>City/State/Zip</td>
<td>Palo Alto, CA 94301</td>
</tr>
<tr>
<td>Telephone Number</td>
<td>650-329-2563</td>
</tr>
</tbody>
</table>
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) 2011, 2012, 2013 (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;
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.

Signature/Authorized Official

James Keene
Name
City Manager
Title
250 Hamilton Avenue
Address
Palo Alto, CA 94301
City/State/Zip
650-329-2563
Telephone Number
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 CPMP Non-State Grantee Certifications 10 Version 1.3
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

James Keene
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 2011/2012 proposed CDBG projects.

**PUBLIC SERVICES PROJECTS**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01025-999</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Title</strong></td>
<td>Catholic Charities – Long Term Care Ombudsman Program</td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td>Public Services</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Assist in problem resolution and advocates for the rights of residents of long term care facilities in Palo Alto. The majority of the clients assisted are low-income, frail, elderly, and chronically ill. This program assists these vulnerable, dependent and socially isolated residents receive the care and placement to which they are entitled.</td>
</tr>
<tr>
<td><strong>HUD Matrix Code/Title</strong></td>
<td>05 Public Services (General)</td>
</tr>
<tr>
<td><strong>Citation</strong></td>
<td>570.201 (e)</td>
</tr>
<tr>
<td><strong>Accomplishments</strong></td>
<td>260 People (General)</td>
</tr>
<tr>
<td><strong>Funding Sources</strong></td>
<td>CDBG: $5,000</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td><strong>Agency Address</strong></td>
<td>2625 Zanker Road, Ste. 200 San Jose, CA 95134</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Community-wide</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01105</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Title</strong></td>
<td>YWCA/Support Network for Battered Women</td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td>Public Services</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>For individuals and families experiencing domestic violence, the program provides a bilingual domestic violence hotline, an emergency shelter, crisis counseling, legal assistance, court accompaniment, individual and group therapy, support groups, children’s therapy groups, preventative education, safety planning and community referrals.</td>
</tr>
<tr>
<td><strong>HUD Matrix Code/Title</strong></td>
<td>05G Battered and Abused Spouses</td>
</tr>
<tr>
<td><strong>Citation</strong></td>
<td>570.201 (e)</td>
</tr>
<tr>
<td><strong>Accomplishments</strong></td>
<td>35 People (General)</td>
</tr>
<tr>
<td><strong>Funding Sources</strong></td>
<td>CDBG: $10,000</td>
</tr>
<tr>
<td><strong>Eligibility</strong></td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td><strong>Agency Address</strong></td>
<td>1257 Tasman Dr., Suite C Sunnyvale, CA 94089</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>Community-wide</td>
</tr>
<tr>
<td>Project ID</td>
<td>SR-01082-999</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Project Title</td>
<td>InnVision – Opportunity Center</td>
</tr>
<tr>
<td>Priority</td>
<td>Public Services</td>
</tr>
<tr>
<td>Description</td>
<td>Provide basic necessities for persons who are homeless or at-risk of becoming homeless. The facility has showers, laundry, clothes closet, snacks, case management, shelter and housing referral services, computer access, health care, and access to a rotating church shelter program for 15 persons each night.</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>800 People (General)</td>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $50,000</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, Palo Alto, CA 94301</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SR-01048-999</th>
</tr>
</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 for low-income residents of single room occupancy facilities in order to help them maintain housing stability. Activities may include financial counseling, health maintenance, information and referral, problem solving, employment assistance, crisis intervention and case management.</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>
</tr>
<tr>
<td>Funding Sources</td>
<td>CDBG: $26,000</td>
</tr>
<tr>
<td>Eligibility</td>
<td>570.208(a)(2) – Low/Mod Limited Clientele</td>
</tr>
<tr>
<td>Location</td>
<td>439 Emerson Street and 753 Alma Street, Palo Alto, CA 94301</td>
</tr>
</tbody>
</table>
## Project ID: SR-01087-999

### Project Title: Project Sentinel - Fair Housing Services

#### Priority: Planning and Administration

#### Description:
California and federal fair housing laws assure specific protected classes the right to be treated in terms of their individual merits and qualifications in seeking housing. Unfortunately, some people are not aware of the law or their rights. Project Sentinel will provide community education and outreach regarding fair housing law and practices, investigation, counseling and legal referral for victims of housing discrimination; and analyses for City staff and officials regarding fair housing practices.

#### HUD Matrix Code/Title:
05J Fair Housing Activities – Subject to Public Service Cap

#### Citation:
570.206

#### Accomplishments:
25 Households (General)

#### Funding Sources:
CDBG: $31,000

#### Eligibility:
570.208(a)(2) – Low/Mod Limited Clientele

#### Agency Address:
525 Middlefield Road
Redwood City, CA 94063

#### Location:
Community-wide

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## PLANNING AND ADMINISTRATION

### Project ID: SR-01003-999

### Project Title: City of Palo Alto – Planning and Administration

#### Priority: Planning and Administration

#### Description:
Administrative costs for the overall management, coordination and evaluation of the CDBG program, and the project delivery costs associated with bringing projects to completion.

#### HUD Matrix Code/Title:
21 General Program Administration

#### Citation:
570.206

#### Accomplishments:
N/A

#### Funding Sources:
CDBG: $133,747

#### Eligibility:
N/A

#### Location:
250 Hamilton Avenue
Palo Alto, CA 94301
### Palo Alto Housing Corporation/Ventura Apartments

**Project ID**: TBD  
**Project Title**: Palo Alto Housing Corporation/Ventura Apartments  
**Priority**: Rehabilitation of public facilities  
**Description**: Replacement of existing windows with double-pane Low-E glass, and provide for a new drainage system to address settling and dampness problems.

<table>
<thead>
<tr>
<th>HUD Matrix Code/Title</th>
<th>Citation</th>
<th>Accomplishments</th>
<th>Funding Sources</th>
<th>Eligibility</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>14B- Rehab, Multi-Unit Residential</td>
<td>570.201(a)</td>
<td>12 housing units</td>
<td>CDBG: $129,602</td>
<td>570.208(a)(3) - Low/Mod Housing</td>
<td>290-310 Ventura, Palo Alto, CA 94306</td>
</tr>
</tbody>
</table>

### Downtown Streets Team/Workforce Development

**Project ID**: TBD  
**Project Title**: Downtown Streets Team/Workforce Development  
**Priority**: Job creation and placement  
**Description**: Pilot program and a collaborative effort between the local Downtown Streets Team and Manpower Employment Agency. The Workforce Development Program will provide a transition from unemployment and homelessness to regular employment and housing through case management, job training, mentoring and housing and transportation assistance. Downtown Streets Team will screen and ready applicants while Manpower will use their community connections to provide training and job opportunities.

<table>
<thead>
<tr>
<th>HUD Matrix Code/Title</th>
<th>Citation</th>
<th>Accomplishments</th>
<th>Funding Sources</th>
<th>Eligibility</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>05H - Employment Training</td>
<td>570.201(c)</td>
<td>24 Persons will be assisted in job creation and placement</td>
<td>CDBG: $147,000</td>
<td>570.208(a)(2)(A) - Low/Mod Limited Clientele</td>
<td>Community-wide</td>
</tr>
</tbody>
</table>
Appendix D

Public Hearing Advertisement
AFFIDAVIT OF PUBLICATION

IN THE

PALO ALTO WEEKLY
450 Cambridge Ave., Palo Alto, California 94306
(650) 326-8210

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

STATE OF CALIFORNIA } SS
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 4, 2011
March 4, 2011

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 10, 2011
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 of the draft Annual Action Plan for the allocation of 2011/12 Community Development Block Grant funds, will begin on March 28, 2011 and end on April 29, 2011. The draft Annual Action Plan describes the activities the City may fund under the 2011/2012 Community Development Block Grant (CDBG) Program. These activities are intended to meet Palo Alto's affordable housing and community development objectives described in the 2010-2015 Consolidated Plan.

Copies of the draft Annual Action Plan will be available on March 28, 2011 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.paloaltonline.org, or by calling Suzanne Beyley, Interim CDBG Coordinator, at (650) 329-2428. Interested parties are encouraged to submit written comments on the proposed draft Annual Action Plan during the public review period, or to comment at the public hearings and meetings described below.

The City Council will allocate an estimated $884,304 in CDBG funding. The estimated amount of the annual CDBG entitlement grant is $731,500. $62,000 is available from program income, and $92,804 in reallocated funds. All of the proposed activities are consistent with the CDBG program's national objective of funding activities which benefit low- and very-low income persons.

Public Hearings and Meetings:

The City of Palo Alto Human Relations Commission will hold a Public Hearing on March 16, 2011 to review the 2011/2012 CDBG funding allocations recommended by the CDBG 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 City of Palo Alto Finance Committee will hold a Public Hearing on April 5, 2011, to review the proposed 2011/2012 CDBG funding allocations identified in the Draft Annual 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.

The Palo Alto City Council will hold a Public Hearing on May 9, 2011, to adopt the Annual Action Plan and the associated 2011/12 CDBG allocations. 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 compliance with the Americans with Disabilities Act of 1990 (ADA), please contact the City's ADA Coordinator at (650) 329-2550 (voice) or by e-mailing ada@cityofpaloalto.org.

Page 26 • March 4, 2011 • Palo Alto Weekly
Appendix E

Map
Palo Alto City Boundary

Public Service Activities
1) Downtown Streets Team
2) Opportunity Center
3) Barker Hotel SRO
4) Alma Place SRO

Housing Projects
5) Alma Gardens Apartments
6) Sheridan Apartments
7) Ventura Apartments

Alternate:
8) Cal Park Apartments
Appendix F

Public Comment