TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PLANNING AND
COMMUNITY ENVIRONMENT

DATE: JANUARY 28, 2002

CMR:132:02

SUBJECT: ALLOCATION OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS ON AN EMERGENCY BASIS TO ASSIST IN THE COMPLETION OF CLARA MATEO ALLIANCE’S ELSA SEGOVIA HOMELESS CENTER FOR WOMEN AND CHILDREN

RECOMMENDATION:
Staff recommends that the City Council:

1. Approve an expenditure of $65,000 from the 2001/02 Housing Development Fund allocation of Community Development Block Grant (CDBG) funds for construction expenses relating to Clara Mateo Alliance’s Elsa Segovia Center for homeless women and children, and

2. Authorize the Mayor to sign an agreement for $65,000 with Clara Mateo Alliance for construction expenses in conjunction with the Elsa Segovia Center on behalf of the City.

BACKGROUND:
More than two years ago, a coalition of area homeless service providers, City Human Services staff and others identified a critical unmet need for a day center with coordinated supportive services specifically for low-income or homeless women and children. Clara-Mateo Alliance (CMA), a non-profit organization providing existing services for homeless persons on the grounds of the Veterans Administration Hospital in Menlo Park, was instrumental in developing the day center concept and raising the majority of the funding necessary to implement the project. The project is now referred to as the Elsa Segovia Center (ESC) and is scheduled to open in early 2002. ESC will offer critical services that would best be described as emergency services for women, children and families.
Originally, the capital construction budget for the project was $430,000, with funding committed from the County of San Mateo ($350,000) and a State grant ($80,000). Since that time, however, the scope of the project has expanded to include health and medical services, drug and alcohol rehabilitation, childcare, and six units of transitional housing. The expansion in the scope of services increased the cost of capital construction to $580,000, leaving a $150,000 shortfall. The Santa Clara County Housing Bond Trust has committed $70,000, and CMA has requested $15,000 from the Housing Trust. The $65,000 from the City’s CDBG fund would allow CMA to complete the capital improvements necessary to open the program in early 2002, as scheduled, and demonstrate the City’s support for the project itself.

**DISCUSSION**

This project is being considered out of the regular CDBG funding cycle due to the emergency funding situation and the compelling nature of the need being addressed. The project addresses the Consolidated Plan’s Affordable Housing Goal by increasing the number of transitional housing units with supportive services.

On May 7, 2001 the Palo Alto City Council approved an allocation of $221,806 in fiscal year 2001/02 CDBG funds to the City’s Housing Development Fund. The purpose of the CDBG Housing Development Fund is to provide a pool of funds, along with City funds in the Commercial and Residential Housing In-Lieu funds, available on an on-going basis, to facilitate the development, rehabilitation or preservation of low-income housing. It was anticipated that the $221,806 would be used for site acquisition for a new affordable housing project. Although specific sites have been investigated, a site has not yet been approved by the City Council.

The current unencumbered balance in the CDBG Housing Development Fund is approximately $185,000. It is not anticipated that these funds will be used immediately, and a replacement allocation of CDBG funds to the Housing Development Fund during the 2002/03 funding cycle would enable a housing site acquisition project to proceed.

The nine-member CDBG Citizens Advisory Committee (CAC) considered the request from Clara Mateo Alliance at its regularly scheduled meeting on January 17, 2001. The CAC concurred with the staff recommendation and voted unanimously to support the allocation of $65,000 to the Elsa Segovia Center so that it could be completed and functional during the 2002 winter season.

The County of San Mateo has committed $350,000 in CDBG funds to the project and will serve as the lead agency in terms of the completion of Federal Environmental and regulatory reviews.
**ALTERNATIVES TO STAFF RECOMMENDATION**
The City Council could deny the request for emergency funding and retain the allocation in the Housing Development Fund for other housing-related activities. Another alternative would be to approve the request, but to identify and fund the expenditure from a separate General Fund source.

**RESOURCE IMPACT**
CDBG funds are budgeted in the City’s Special Revenue Funds. The money is available through the U.S Department of Housing and Urban Development’s (HUD’s) Letter of Credit, and are reimbursed to the City once they are expended.

**POLICY IMPLICATIONS**
This recommendation is consistent with existing City policies, including various Comprehensive Plan policies.

The City’s 2000-2005 adopted Consolidated Plan describes a critical need for a specialized indoor facility for the provision of homeless supportive services, and includes a five-year goal of supporting the operating and or rehabilitation costs of shelters and transitional housing programs that serve the Palo Alto area.

**ENVIRONMENTAL REVIEW**
The rehabilitation is not a project under the California Environmental Quality Act (CEQA). The required National Environmental Policy Act (NEPA) review will be completed prior to the expenditure of funds.

**ATTACHMENT**
Attachment A: December 6, 2001 Letter from Clara Mateo Alliance

**PREPARED BY:**
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**DEPARTMENT HEAD REVIEW:**
LES WHITE
Interim Director of Planning and Community Environment

**CITY MANAGER APPROVAL:**
EMILY HARRISON
Assistant City Manager
cc: Angel Batt, Executive Director, Clara-Mateo Alliance
CDBG Citizen’s Advisory Committee