



CITY OF
**PALO
ALTO**

PLANNING & COMMUNITY ENVIRONMENT

250 Hamilton Avenue, 5th Floor
Palo Alto, CA 94301
650.329.2441

MEMORANDUM

To: Human Relations Commission
From: Eloiza Murillo-Garcia, Senior Planner
Cc: Elena Lee, Interim Advance Planning Manager
Date: March 2, 2016
Re: Recommendations for Fiscal Year 2017 Community Development Block Grant Funding Allocations

ACTIONS

1. Open the Public Hearing and take public comment; and
2. Recommend funding allocations for Fiscal Year 2017.

BACKGROUND

The City of Palo Alto is a recipient of federal Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD). The CDBG program provides formula based grants to entitlement cities for the development of viable urban communities. Grantees undertake activities that provide decent housing, a suitable living environment and expanded economic opportunities, principally for persons of low- and moderate income.

It is estimated that approximately \$754,418 in CDBG Program funds will be available to the City to distribute to eligible programs and projects in FY17, beginning July 1, 2016 (see Attachment A). This includes: \$441,253 of CDBG Entitlement Grant funds; \$100,000 in anticipated program income to be received; and \$213,165 in reallocated funds from previous years. As part of the reallocated funds, \$150,000 will come from funds that were previously allocated to the Microenterprise Assistance Program (MAP) in FY14. The City does not currently have the staff capacity to undertake this program and it is recommended that the City look for a third party provider to continue the MAP as part of the next two year funding cycle (FYs 18 & 19).

The CDBG funding budget is broken down into five principle categories with funding “caps” (maximums) placed on Public Service and Planning/Administration Activities by HUD. No more than 15 percent of the City’s entitlement grant and 15 percent of any program income received during the previous fiscal year can be spent on public services. It is estimated that \$76,619 will

be available for public service activities for FY17. Similarly, a maximum spending cap of 20 percent of the grant allocation and estimated program income for the following year is placed on Planning/Administration. It is estimated that \$108,251 will be available for this category for FY17.

DISCUSSION

On February 25, 2016 the Selection Committee, comprised of three representatives of the Human Relations Commission (HRC) as well as City Staff from both the Planning & Community Environment and Community Services Departments, met to review one (1) new funding application, which was part of a special RFP for Multi-Family Housing Rehab projects and discuss funding recommendations for FY17. These programs and projects were reviewed based on available funding (see Attachment A) and the funding criteria for consideration (see Attachment B).

Applicants awarded CDBG allocations for programs which began in FY16 were required to enter into a one-year agreement for FY16 (Year 1) with consideration for second year renewal in FY17 (Year 2). An increase or decrease in the City's total CDBG allocation from HUD for Year 2 can result in an equivalent proportional change for subrecipients in Year 2. Funding is contingent upon the satisfactory accomplishments of contract goals as determined by City staff. The funding available for Public Services was approximately 8% less and approximately 6% less for Planning & Administration than in FY16. The Selection Committee recommended a funding reduction of 8% for all Public Service agencies and a reduction of 6% for Planning & Administration activities in FY17.

The following summarizes the change in funding compared to Fiscal Year 2016

- Public Service – each agency received approximately 8% less than Fiscal Year 2016.
- Planning & Administration – Project Sentinel and CDBG administration received 6% less than Fiscal Year 2016.
- Economic Development – The funding for the Downtown Streets Team remained the same at \$290,723
- Housing Rehabilitation – Midpen Housing was recommended for \$278,825 in funding for phase II of their Palo Alto Gardens rehab project.

The HRC is requested to review the funding recommendations made by the Selection Committee; open the public hearing to allow for public comment; and recommend that the Finance Committee and City Council approve the final recommendations made by the HRC.

ATTACHMENTS:

Attachment A: Estimated Funds Available

Attachment B: Criteria for Funding Consideration & Consolidated Plan Goals

Attachment C: Selection Committee Funding Recommendations

FISCAL YEAR 2016/2017 CDBG ALLOCATION PROCESS
Estimated Funds Available

<u>Estimated FY2017 Funds Available</u>	
2017 Entitlement Grant*	\$ 441,253
Estimated Program Income 2017	\$ 100,000
Reallocated Funds Previous Years	\$ 165,219
Excess Program Income (FY 2015)	\$ 47,946
Estimated Total Available to Allocate	\$ 754,418
<u>Maximum for Public Services</u>	
2017 Estimated Entitlement Grant*	\$ 441,253
Program Income FY2016 –Actual	\$ 69,541
Public Service Cap (15% of \$510,794)	\$ 76,619
<u>Maximum for Planning/Admin</u>	
2017 Entitlement Grant*	\$ 441,253
Estimated Program Income 2017	\$ 100,000
Planning/Admin Cap (20% of \$541,253)	\$ 108,251

The U.S. Department of Housing and Urban Development (HUD) has released its CDBG funding allocations for FY 2017 and has determined that the City will receive \$441,253 from HUD to allocate during Fiscal Year 2017.

**FISCAL YEAR 2016/2017 CDBG ALLOCATION PROCESS
Criteria for Funding Consideration**

- Continued need for the program.
- The six-month performance report from the first year of funding shows the program met the original objectives. If it did not, is there a reasonable explanation and is improvement anticipated?
- Palo Alto residents were served and are expected to continue to be served.
- Capacity of the organization to continue to offer their proposed services.
- Services are still not duplicated by other agencies.

Agency	Annual Goal	Semi-Annual Report
Palo Alto Housing Corp. – SRO Resident Support Services	131	141
Catholic Charities – Long Term Care Ombudsman Program	236	187
LifeMoves (formerly InnVision Shelter Network) – OSC Drop	400	97*
YWCA/Support Network – Domestic Violence Services	45	28
Silicon Valley Independent Living Center – I&R	17	6
Project Sentinel – Fair Housing Services	21	8
Downtown Streets, Inc. – Workforce Development Program	30	11
Mid-Peninsula Housing – Palo Alto Gardens Rehab Project	156	0

*LifeMoves has had difficulties in tracking accurate data due to change in data systems. They are working to resolve these issues and will provide updated information to the City when it is available.

2015-2020 Consolidated Plan Goals

Goal No. 1: Affordable Housing

- Assist in the creation and preservation of affordable housing for low income and special needs households.

Goal No. 2: Homelessness

- Support activities to end homelessness.

Goal No. 3: Community Services

- Support activities that provide community services to low income and special needs households.

Goal No. 4: Strengthen Neighborhoods

- Support activities that strengthen neighborhoods.

Goal No. 5: Fair Housing

- Promote fair housing choice.

Goal No. 6: Economic Development

- Expand economic opportunities for low-income households.

ATTACHMENT C – SELECTION COMMITTEE FUNDING RECOMMENDATIONS

SOURCES:

ESTIMATED	
CDBG ENTITLEMENT	\$441,253
PRIOR YEAR RESOURCES	\$213,165
PROGRAM INCOME	\$100,000
TOTAL	\$754,418

USES:

AGENCY	PROGRAM NAME	FY 2016 FINAL ALLOCATIONS	FY 2017 REQUEST	SELECTION COMMITTEE RECOMMENDATION
Public Services (15% CAP = \$76,619)				
Palo Alto Housing Corp.	SRO Resident Support	\$ 24,861	\$ 42,874	\$ 22,983
Catholic Charities	Ombudsman	\$ 5,422	\$ 6,500	\$ 5,012
LifeMoves (formerly Inn Vision)	Opportunity Center	\$ 38,499	\$ 50,000	\$ 35,592
YWCA/Support Network	Domestic Violence Services	\$ 8,676	\$ 10,000	\$ 8,020
Silicon Valley Independent Living Center	Housing and Emergency Services	\$ 5,422	\$ 10,000	\$ 5,012
	<i>Public Service Total</i>	\$ 82,880	\$ 119,374	\$ 76,619
Planning & Administration (20% CAP = \$ 108,251)				
Project Sentinel	Fair Housing Services	\$ 32,016	\$ 32,016	\$ 30,941
City of Palo Alto	CDBG Administration	\$ 83,686	\$ 80,000	\$ 77,310
	<i>Planning & Administration Total</i>	\$ 115,702	\$ 112,016	\$ 108,251
Economic Development				
Downtown Streets	Workforce Development Program	\$ 290,723	\$ 314,100	\$ 290,723
	<i>Economic Development Total</i>	\$ 290,723	\$ 314,100	\$ 290,723
Housing Rehabilitation				
Midpen Housing	Palo Alto Gardens Rehab	\$ 392,368	\$ 300,000	\$ 278,825
	<i>Housing Rehab Total</i>	\$ 392,368	\$ 300,000	\$ 278,825
GRAND TOTAL		\$ 881,673	\$ 845,490	\$ 754,418