



# City of Palo Alto

## Finance Committee Staff Report

(ID # 6583)

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**Report Type: Action Items**

**Meeting Date: 4/5/2016**

**Summary Title: FY 2017 CDBG Allocations**

**Title: Recommendations on Proposed Fiscal Year 2017 Community Development Block Grant Funding Allocations (CDBG) and the Draft Fiscal Year 2017 Annual Action Plan**

**From: City Manager**

**Lead Department: Planning and Community Environment**

### **Recommendation**

Staff recommends that the Finance Committee recommend that the City Council take the following actions:

1. Allocate CDBG funding as recommended in the draft 2016/2017 Action Plan and as described in this report;
2. Authorize the City Manager to execute the 2016/2017 CDBG application and 2016/2017 Action Plan for CDBG funds, any other necessary documents concerning the application, and to otherwise bind the City with respect to the applications and commitment of funds; and
3. Authorize staff to submit the 2016/2017 Action Plan to HUD by the May 15, 2016 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, referred to as a Consolidated Plan, to address priority housing and community development needs and to set goals for attaining identified objectives. An Action Plan is prepared annually to identify specific projects to be funded in that year that implement the strategies identified in the Consolidated Plan. Currently the CDBG program is guided by the 2015-2020 Consolidated Plan adopted by Council May 4, 2015. The draft 2016/2017 Action Plan (Attachment B) has been made available for Public review from March 17, 2016 through April 15, 2016.

The Finance Committee is being asked to review the draft 2016/2017 Action Plan with funding recommendations. Upon review of the draft plan and funding recommendations, it is requested 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 2, 2016. Staff will then submit the Action Plan to HUD in order to meet the May 15, 2016 deadline.

## **Background**

The CDBG program is authorized under Title I of the Housing and Community Development Act of 1974, as amended. As an entitlement city under the CDBG program, the City of Palo Alto receives funds annually on a formula grant basis. Palo Alto has historically expended all of its CDBG funds on projects benefiting low- and very-low-income persons.

HUD regulations require all CDBG funded activities meet one of the three national objectives:

- 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.

All of the funded projects in Palo Alto meet the first objective of benefiting low-and very-low-income persons. Palo Alto has five primary CDBG program activity areas in which to allocate funds: Public Services, Planning and Administration, Economic Development, Housing, and Public Facilities. Federal regulations limit the amount that can be spent on Administration and Public Services. The allocations for Administrative activities and Public Services are both proposed to be at the maximum spending cap in Fiscal Year 2016/2017. No more than 20 percent of the City's entitlement grant and estimated program income for the following year can be spent on Administration. It is estimated that \$108,251 will be available for this category for Fiscal Year 2016/2017. Similarly, Federal law places a maximum spending cap of 15 percent of the grant allocation and 15 percent of any program income received during the previous fiscal year on Public Services. It is estimated that \$76,619 will be available for Public Service activities for Fiscal Year 2016/2017. Public Service activities include services for homeless

persons, housing and emergency services to low income individuals with disabilities, and services to victims of domestic violence.

On February 16, 2016, HUD notified the City of its Fiscal Year 2015/2016 CDBG Entitlement. The final CDBG Entitlement amount is \$441,253.

#### Consolidated Plan

The 2015-2020 Consolidated Plan is a 5-year strategic plan of action that addresses priority housing and community development needs. It also sets specific goals for attaining identified objectives. Each year, an Annual Action Plan is prepared to identify specific projects to be funded to implement the Consolidated Plan. The Consolidated Plan and the Annual Action Plan updates are required by HUD in order for the City to receive federal funding from programs such as the CDBG. Currently the CDBG program is guided by the 2015-2020 Consolidated Plan adopted by Council May 4, 2015.

#### Action Plan

HUD requires submittal of an Annual Action Plan no later than 45 days prior to the start of the program year, or May 15<sup>th</sup> of every year, that identifies the specific projects to be funded to implement strategies identified in the Consolidated Plan. The 2015-2020 Consolidated Plan is a five-year strategic plan of action that addresses priority housing and community development needs.

#### CDBG Applications

Currently, the CDBG program operates under a two-year funding request cycle. Applications for Fiscal Years 2015/2016 and 2016/2017 were made available in November 2014. A notice of CDBG funding availability was published in the Palo Alto Weekly on November 21, 2014 with completed applications due January 9, 2015. Mandatory pre-proposal conferences were conducted on December 10, 2014 and January 5, 2015 to assist applicants with program regulations and project eligibility questions. Because the City did not receive sufficient funding applications for the housing category during the regular two-year funding process, the City made available applications for multi-family housing rehabilitation projects only in November 2015. A notice of CDBG funding availability for multi-family housing rehabilitation projects was published in the Palo Alto Weekly on November 20, 2015 with completed applications due January 8, 2016. A mandatory pre-proposal conference was conducted on December 9, 2015 to assist applicants with program regulations. The CDBG applications considered for funding for Fiscal Year 2016/2017 are identified on the attached chart (Attachment A). During this funding cycle the City did not receive any funding applications for public facilities improvement projects.

#### Citizen Participation

A 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 and shifted the CDBG advisory role from a separate Citizens Advisory Committee to the established Human Relations Commission (HRC). In summary, 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). The HRC is now charged with reviewing funding recommendations for the City's two human service funding sources. A sub-committee comprised of staff and three members of the HRC was established to review both the CDBG and HSRAP funding applications and to provide recommendations to the full commission.

While both CDBG and HSRAP are operating on a two-year funding cycle, final CDBG funding recommendations need to be reviewed annually since the budget is contingent upon funding allocations received from HUD. The sub-committee met on February 25, 2016 at City Hall to discuss the Fiscal Year 2016/2017 CDBG budget, reviewed the multi-family housing rehabilitation application received, and recommended funding amounts based on the estimated funds available.

On March 10, 2016 the HRC considered the funding recommendations of the subcommittee at a public hearing.

#### Commitment of Funds

HUD regulations require that CDBG funds be expended in a timely manner. Specifically, the regulatory requirement is that no more than 1.5 times a jurisdiction's annual entitlement grant amount 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 timeliness requirement. For this reason, all funding applications are scrutinized to ensure 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 existing affordable housing supply, promoting housing opportunities and choices, and providing supportive services for targeted low-income groups including persons who are homeless, persons with disabilities, the elderly, and other special needs groups. Moreover, the CDBG program places 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 2016/2017, as presented in the draft 2016/2017 Action Plan, address the priority housing and community development needs identified in the draft Consolidated Plan.

#### 2015-2020 Consolidated Plan

Per HUD requirements, the City is required to prepare a Consolidated Plan every five years. The 2015-2020 plan outlines the following six specific goals:

- Affordable Housing: Assist in the creation and preservation of affordable housing for low income and special needs households.
- Homelessness: Support activities to end homelessness.
- Community Services: Support activities that provide community services to low income and special needs households.
- Strengthen Neighborhoods: Support activities that strengthen neighborhoods.
- Fair Housing: Promote fair housing choice.
- Economic Development: Expand economic opportunities for low income households.

Palo Alto's CDBG program continues to be directed toward: expanding and maintaining the affordable housing supply; promoting housing opportunities and choices; maintaining and improving community facilities; and providing supportive services for targeted low income groups, including persons who are homeless, persons with disabilities, the elderly, and other special needs groups. All of the proposed projects for CDBG funding for Fiscal Year 2016/2017, as presented in the draft 2016/17 Action Plan, address the priority housing and supportive service needs identified in the draft Consolidated Plan.

Fiscal Year 2016/2017 Funds Available for Allocation

On February 16, 2016, HUD notified the City of its Fiscal Year 2016/2017 CDBG Entitlement amount of \$441,253, which is \$1,207 less than the current Fiscal Year 2015/2016 allocation. Based on the foregoing, the total amount available for allocation in Fiscal Year 2016/2017 is estimated to be \$754,418 as summarized below:

|                   |   |
|-------------------|---|
| \$441,253         | Fiscal Year 2016/2017 Entitlement Grant   |
| \$213,165         | Reallocated Funds from Previous Years:<br>\$ 6,656 – City of Palo Alto CDBG Admin (FY 2015)<br>\$ 1,779 – IVSN Opportunity Center (FY2015)<br>\$ 6,784– Downtown Streets Inc. (FY 2015)<br>\$150,000 – Microenterprise Assistance Program (FY 2014)<br>\$ 47,946 – Unprogrammed Excess Program Income (FY 2015) |
| \$100,000         | Estimated Program Income from Palo Alto Housing Corporation that is generated from loan repayments and rental income in excess of expenses on specific properties acquired or rehabilitated with CDBG funds   |
| <b>\$ 754,418</b> | <b>ESTIMATED TOTAL AVAILABLE FOR ALLOCATION</b>   |

Of the \$754,418 of CDBG funds anticipated to be available, the total amount is proposed to be used during Fiscal Year 2016/2017.

The following summarizes the calculations for funding limitations that are placed on two funding categories:

|   |                  |
|---|------------------|
| <u>Maximum Available for Public Services</u>                      |                  |
| Estimated Fiscal Year 2016/2017 CDBG Entitlement Grant            | \$441,253        |
| Fiscal Year 2015/2016 Actual Program Income Received <sup>1</sup> | \$ 69,541        |
| <b>Public Service Cap (15% of \$510,794)</b>                      | <b>\$ 76,619</b> |

|  |                  |
|--|------------------|
| <u>Maximum Available for Planning/Administration</u>   |                  |
| Estimated Fiscal Year 2016/2017 CDBG Entitlement Grant | \$441,253        |
| Estimated Fiscal Year 2016/2017 Program Income         | \$100,000        |
| <b>Planning/Admin Cap (20% of \$541,253)</b>           | <b>\$108,251</b> |

The difference between the funding caps and the amount proposed to be allocated during Fiscal Year 2016/2017, or \$569,548, yields the amount that can be used to fund projects within the other three funding categories; Economic Development, Housing, and Public Facilities. Additional funding can be made available for these activities if less is provided for Administration or Public Services.

Fiscal Year 2016/2017 – Funding Requests and Recommendations

Palo Alto’s CDBG program is operating under a two-year funding cycle. Funding for Fiscal Year 2016/2017 is contingent upon the CDBG allocation, program income, and any available funds for reallocation. Public Service and Administration Caps have been calculated in accordance with available funds. All of the agencies remain eligible and meet program goals and objectives. A list of the submitted applications and the funding recommendations for Fiscal Year 2016/17 is included in Attachment A.

On March 10, 2016, the HRC recommended approval of the Selection Committee’s funding recommendations including the adjustments described above. Table 1, Fiscal Year 2016/2017 Funding Recommendations, identifies the applications recommended for funding and the final allocation amounts recommended by the HRC.

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<sup>1</sup> Actual Program Income received in Fiscal Year 2015/2016 includes \$69,541 from Palo Alto Housing Corporation loan repayments.

**Table 1: Fiscal Year 2016/2017 Funding Recommendations**

| <b>Applicant Agency</b>   | <b>FY2016 Final Allocation</b> | <b>FY 2017 Funding Request</b> | <b>HRC Recommendations</b> |
|---|--------------------------------|--------------------------------|----------------------------|
| <b>Public Services</b>  |                                |                                |                            |
| Palo Alto Housing Corporation – SRO Hotels Supportive Services              | \$24,861                       | \$ 42,874                      | \$ 22,983                  |
| Catholic Charities of Santa Clara County – Long Term Care Ombudsman         | \$5,422                        | \$ 6,500                       | \$ 5,012                   |
| LifeMoves (formerly InnVision Shelter Network)- Opportunity Services 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>Sub-total</i>  | \$82,880                       | \$119,374                      | \$ 76,619                  |
| <b>Admin/Fair Housing Services</b>  |                                |                                |                            |
| Project Sentinel – Fair Housing Services                                    | \$32,016                       | \$ 32,016                      | \$ 30,941                  |
| City of Palo Alto - CDBG Administration                                     | \$83,686                       | \$ 80,000                      | \$ 77,310                  |
| <i>Sub-total</i>  | \$115,702                      | \$112,016                      | \$108,251                  |
| <b>Economic Development</b>   |                                |                                |                            |
| Downtown Streets Inc. – Workforce Development Program                       | \$290,723                      | \$314,100                      | \$290,723                  |
| <i>Sub-total</i>  | \$290,723                      | \$314,100                      | \$290,723                  |
| <b>Housing</b>  |                                |                                |                            |
| MidPen Housing – Palo Alto Gardens Rehab Project <sup>2</sup>               | \$392,368                      | \$300,000                      | \$278,825                  |
| <i>Sub-total</i>  | \$392,368                      | \$300,000                      | \$278,825                  |
| <b>Grand Total</b>  | <b>\$881,673</b>               | <b>\$845,490</b>               | <b>\$754,418</b>           |

<sup>2</sup> In accordance with the City’s internal guidelines, CDBG funds for capital projects are typically awarded as interest free loans. Following the HRC’s recommendation, MidPen informed the City that certain bondholder restrictions may prevent it from accepting a loan and requested the City convert the loan to a grant. The City is currently exploring options with MidPen and will provide a status report at the full Council meeting.

Planning staff has actively taken measures to introduce efficiency in program administration that will result in a less staff intensive program. These include streamlining the administrative procedures to reduce staffing needs, operating under a two-year funding cycle, and revised monitoring guidelines to improve efficiency and reduce on-site monitoring visits. Moreover, staff has identified ways to recover certain personnel costs associated with individual projects that require administration beyond the basic CDBG program administration requirements. These are referred to as project delivery costs and are typically associated with capital outlay projects that require staff to assist with the development of bid documents and assistance with federal procurement requirements. Project delivery costs can be charged to specific projects for managing the project. Project delivery costs can only be charged to capital projects, such as the Midpen Housing Palo Alto Gardens project.

For Fiscal Year 2016/2017 this includes reducing CDBG staffing level to a .35 full time equivalency position for basic CDBG administration related activities. The cost for this is approximately \$65,000. Staff is requesting additional funding in the CDBG Administration budget in the amount of \$12,310 to cover the potential cost associated with consultant contracts which may be used to support CDBG Program administration. The total amount requested for CDBG Administration from the CDBG grant is \$77,310.

### **Timeline**

Funding recommendation made by the Finance Committee will be forwarded to the City Council for review and approval at a public hearing scheduled for May 2, 2016. Subsequently, the adopted Action Plan will be submitted to HUD by May 15, 2016.

### **Resource Impact**

As mentioned above, several measures have been taken to ensure there is no General Fund subsidy for the administration of the CDBG Program. This includes streamlining the program to reduce staffing needs and revised monitoring guidelines to improve efficiency of the program. Currently, staff recovery from the CDBG entitlement grant is approximately \$65,000. The total staff recovery from the CDBG entitlement grant proposed for Fiscal Year 2015/2016 is approximately .35 full time equivalency, or approximately \$65,000, thus not further substantially impacting the General Fund. While the amount is not sufficient to cover the full cost of 1.0 full time equivalency position, it does cover the full staffing needs of administering the CDBG program. The staff person assigned to CDBG works on CDBG administration for .35 FTE and the balance of their time, .65 FTE, is spent on affordable housing.

### **Policy Implications**

All of the applications recommended for funding in Fiscal Year 2016/2017 are consistent with the priorities established in the City's adopted 2015-2020 Consolidated Plan. Moreover, they are 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 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: Fiscal Year 2016/17 CDBG Funding Recommendations (DOCX)
- Attachment B: Draft 2016/17 Annual Action Plan (PDF)

**CITY OF PALO ALTO CDBG APPLICATIONS  
FISCAL YEAR 2017**

|  |           |                |
|--|-----------|----------------|
| <b>Funds Available</b>                     | <b>\$</b> | <b>754,418</b> |
| Available for Public Service (15% Cap)     | \$        | 76,619         |
| Available for Planning/Admin (20% Cap)     | \$        | 108,251        |
| Available for Economic Development/Housing | \$        | 569,548        |

| AGENCY   | PROGRAM NAME                               | FY 2016 FINAL     | FY 2017<br>REQUEST | HRC<br>RECOMMENDATIONS |
|--|--|-------------------|--------------------|------------------------|
| <b>Public Services (15% CAP = \$76,619)</b>                |  |                   |                    |                        |
| Palo Alto Housing Corp.                                    | SRO Resident Support Program               | \$ 24,861         | \$ 42,874          | \$ 22,983              |
| Catholic Charities of Santa Clara County                   | Long-Term Care Ombudsman Program           | \$ 5,422          | \$ 6,500           | \$ 5,012               |
| LifeMoves (formerly Inn Vision)                            | Opportunity Services 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              |
| <b>Planning &amp; Administration (20% CAP = \$108,251)</b> |  |                   |                    |                        |
| 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 &amp; Administration Total</i> | \$ 115,702        | \$ 112,016         | \$ 108,251             |
| <b>Economic Development</b>                                |  |                   |                    |                        |
| Downtown Streets   | Workforce Development Program              | \$ 290,723        | \$ 314,100         | \$ 290,723             |
|  | <i>Economic Development Total</i>          | \$ 290,723        | \$ 314,100         | \$ 290,723             |
| <b>Housing</b>   |  |                   |                    |                        |
| Midpen Housing   | Palo Alto Gardens Rehab                    | \$ 392,368        | \$ 300,000         | \$ 278,825             |
|  |  |                   |                    |                        |
| <b>GRAND TOTAL</b>   |  | <b>\$ 881,673</b> | <b>\$ 845,490</b>  | <b>\$ 754,418</b>      |



DRAFT FISCAL YEAR 2017  
ONE-YEAR ACTION PLAN

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Annual Update of the City's Consolidated Plan for the Period  
July 1, 2016 to June 30, 2017

**Public Review and Comment Period: March 17, 2016 – April 15, 2016**

*Prepared by the Department of Planning & Community Environment  
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## Executive Summary

### AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

#### 1. Introduction

The City of Palo Alto (City) is an entitlement jurisdiction that receives federal funding from the Department of Housing and Urban Development (HUD) through the Community Development Block Grant (CDBG) Program.

The purpose of CDBG funding is to help jurisdictions address their community development needs. CDBG grantees are eligible to use the resources they receive for Public Services, Community and Economic Development, Capital Improvement Projects (CIP) Public Facilities/Infrastructure, and CIP Housing Rehabilitation. Public Service projects provide social services and/or other direct support to individuals and households in need of assistance. Community and Economic Development projects are focused on assisting businesses and organizations with small business loans, façade improvements, and other initiatives. CIP Public Facilities/Infrastructure projects are those which aim to improve public facilities and infrastructure. CIP Housing Rehabilitation projects are for housing rehabilitation improvements of single and multi-unit housing.

A total of \$754,418 is available for funding projects and programs during the 2016 Program Year which correlates with the City Fiscal Year 2017. The City anticipates receiving \$441,253 from the federal Community Development Block Grant (CDBG) program. In addition, the City will also reprogram \$213,165 in previous year resources, and \$100,000 in anticipated program income. Palo Alto has access to a variety of federal, state, and local resources to achieve its housing and community development priorities. Table 1, Fiscal Year 2017 CDBG Budget, summarizes the uses of the funds proposed during Fiscal Year 2017. Specific funding resources will be utilized based on the opportunities and constraints of each particular project or program.

**TABLE 1: FISCAL YEAR 2017 BUDGET**

| <b>Applicant Agency</b>   | <b>Budget</b>    |
|---|------------------|
| <b>Public Services</b>  |                  |
| Palo Alto Housing Corporation - SRO Hotels Supportive Services              | \$22,983         |
| Catholic Charities of Santa Clara County – Long Term Care Ombudsman Program | \$ 5,012         |
| InnVision Shelter Network - Opportunity Center - Drop-In Center             | \$35,592         |
| YWCA/Support Network - Domestic Violence Services                           | \$ 8,020         |
| Silicon Valley Independent Living Center – Housing and Emergency Services   | \$ 5,012         |
| <i>Sub-total</i>  | <b>\$76,619</b>  |
| <b>Planning and Administration</b>  |                  |
| Project Sentinel – Fair Housing Services                                    | \$ 30,941        |
| City of Palo Alto Administration  | \$ 77,310        |
| <i>Sub-total</i>  | <b>\$108,251</b> |
| <b>Economic Development</b>   |                  |
| Downtown Streets – Workforce Development Program                            | \$290,723        |
| <i>Sub-total</i>  | <b>\$290,723</b> |
| <b>Housing</b>  |                  |
| Midpen Housing – Palo Alto Gardens Rehab                                    | \$278,825        |
| <i>Sub-total</i>  |                  |
| <b>Grand Total</b>  | <b>\$754,418</b> |

HUD requires that entitlement jurisdictions complete a Consolidated Plan every five years. The Consolidated Plan includes an analysis of the jurisdiction’s market, affordable housing, and community development conditions. Additionally, entitlement jurisdictions must also submit an Annual Action Plan to report the distribution of federal entitlement program funding over the Consolidated Plan’s five year period that identifies how funding allocations help meet the goals covered in the Consolidated Plan and a Consolidated Annual Performance Evaluation Report (CAPER) to report the City’s performance. The City’s 2015-2020 Consolidated Plan was approved by Council on May 4, 2015. The five year goals from the Consolidated Plan are listed below.

*Five Year Goals*

1. Assist in the creation and preservation of affordable housing for low income and special needs households.
2. Support activities to end homelessness.
3. Support activities that strengthen neighborhoods through the provision of community services and public improvements to benefit low income and special needs households.
4. Promote fair housing choice.
5. Expand economic opportunities for low income households.

## **2. Summarize the objectives and outcomes identified in the Plan**

The following provides a brief overview of the results of the Needs Assessment in the 2015-2020 Consolidated Plan:

### **NA -10 Housing Needs**

- Twenty-nine percent of households in the City are paying more than 30 percent of their income toward housing costs.
- Thirteen percent of households are severely cost burdened and paying more than 50 percent of their income toward housing.

### **NA-15 Disproportionately Greater Need: Housing Problems**

- Eighty-nine percent of Asian households in the 30-50% AMI category experience housing problems, compared to 71 percent of the jurisdiction as a whole.
- Ninety-three percent of Asian households in the 50-80% AMI category experience housing problems, compared to 71 percent of the jurisdiction as a whole.
- More than three-quarters of Hispanic households (78 percent) in the 80-100% AMI category experience housing problems, compared to a nearly half (54 percent) of the jurisdiction as a whole.

### **NA-20 Disproportionately Greater Need: Severe Housing Problems**

- More than half of Asian households in the 30-50% AMI income category experience severe housing problems in the City, compared to 43 percent of the jurisdiction as a whole.
- More than three-quarters of Asian households (77 percent) in the 50-80% AMI category experience a disproportionate amount of severe housing problems, compared to 40 percent of the jurisdiction as a whole.
- Forty-five percent of Hispanic households in the 80-100% AMI category experience a disproportionate amount of severe housing problems, compared to 23 percent of the jurisdiction as a whole.

### **NA-25 Disproportionately Greater Need: Housing Cost Burdens**

- Hispanic households experience a disproportionate cost burden, with 27 percent of households experiencing cost burden, compared to 16 percent of the City as a whole.

- American Indian, Alaska Native households experience a disproportionate severe cost burden, with 33 percent of households experiencing cost burden, compared to 13 percent of the City as a whole.

#### **NA-35 Public Housing**

- The Housing Authority of the County of Santa Clara (HACSC) assists approximately 17,000 households through the federal Section 8 Housing Choice Voucher program (Section 8).
- The Section 8 waiting list contains 21,256 households – this is estimated to be a 10-year wait.

#### **NA-40 Homeless Needs**

- The Santa Clara region is home to the fourth-largest population of homeless individuals and the highest percentage of unsheltered homeless of any major city.
- As of the 2013 Point in Time Homeless Survey, Palo Alto had 157 homeless residents, with over 90 percent unsheltered and living in a place not fit for human habitation.
- Palo Alto clients – those who report that their last permanent zip code was in Palo Alto – represent approximately one percent of the County’s homeless clients.

#### **NA-45 Non-Homeless Special Needs**

- Individuals 65 years of age and older represent 17 percent of the total population of the City.
- Thirty-three percent of households in the City contain at least one person 62 years or older.
- More than one-quarter of individuals (27 percent) age 65 or older have a disability compared to four percent of the population age 18 to 64, or seven percent of the population as a whole.

#### **NA-50 Non-Housing Community Development Needs**

- Residents and stakeholders who participated in the community outreach for the Consolidated Plan identified the following community development needs as high priorities within these three categories:
- Public Facilities: increased homeless facilities, youth centers, rehabilitation of senior centers, and recreational facilities throughout the County.
- Public Improvements: complete streets that accommodate multiple transportation modes, pedestrian safety, ADA curb improvements, and increased access to parks and open space amenities.
- Public Services: food assistance and nutrition programs for vulnerable populations, year-round activities for youth, health care services for seniors and low income families, and services for homeless persons



### **3. Evaluation of past performance**

The City recognizes that the evaluation of past performance is critical to ensure the City and its subrecipients are implementing activities effectively and that those activities align with the City's overall strategies and goals. The performance of programs and systems are evaluated to ensure the goals and projects are addressing critical needs in the community. Palo Alto has historically allocated CDBG funds to activities that benefit LMI persons, with a top priority to increase affordable housing opportunities in the City. However, due to Palo Alto's expensive housing market coupled with a decrease in CDBG entitlement funds, it is becoming more difficult to create opportunities for affordable housing. As such, during this Consolidated Planning period the City will be focusing on rehabilitating existing affordable housing stock that is in need of repair.

Planning Staff will also work closely with subrecipients to leverage resources and create opportunities for partnership and collaboration. The City's subrecipients are challenged to think creatively about working together to address the needs in our community.

### **4. Summary of Citizen Participation Process and consultation process**

Palo Alto encourages citizen participation through the Action Plan process. This includes consulting local organizations, holding public meetings and encouraging public comment during the public review period. A total of three public hearings have been planned in order to allow for public input. The City actively reached out to all applicants and posted updates on the CDBG website. A 30-day comment period from March 17, 2016 through April 15, 2016 gave citizens an opportunity to offer comments on the draft Action Plan. The draft was posted on the City's CDBG website and presented at a public hearing to the Finance Committee on April 5, 2016.

### **5. Summary of public comments**

A summary of all written comments received during the public comment period will be inserted before the Action Plan is submitted to HUD.

### **6. Summary of comments or views not accepted and the reasons for not accepting them**

The City accepts and responds to all comments that are submitted.

## PR-05 Lead & Responsible Agencies – 91.200(b)

### 1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

| Agency Role           | Name      | Department/Agency                             |
|-----------------------|-----------|---|
| Lead Agency           | PALO ALTO |   |
| CDBG Administrator    | PALO ALTO | Planning and Community Environment Department |
| HOPWA Administrator   |           |   |
| HOME Administrator    |           |   |
| HOPWA-C Administrator |           |   |

Table 2 – Responsible Agencies

### Narrative (optional)

The City of Palo Alto (City) is the Lead Agency for the United States Department of Housing and Urban Development (HUD) entitlement programs. The City's CDBG Coordinator is responsible for the administration of HUD entitlements, which include the Community Development Block Grant Program (CDBG). By federal law, each jurisdiction is required to submit to HUD a five-year Consolidated Plan and Annual Action Plans listing priorities and strategies for the use of federal funds.

The Consolidated Plan is a guide for how the City will use its federal funds to meet the housing and community development needs of its populations. For the 2015-2020 Consolidated Plan process, the City worked collaboratively with the County of Santa Clara (County) and other entitlement jurisdictions in the County to identify and prioritize housing and housing-related needs across the region, and strategies to meet those needs. The fiscal year 2016/17 Annual Action Plan represents the second year of CDBG funding of the 2015-2020 Consolidated Plan.

### Consolidated Plan Public Contact Information

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## **AP-10 Consultation – 91.100, 91.200(b), 91.215(I)**

### **1. Introduction**

**Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))**

During Fiscal Year 2016-17, the City will continue to work with nonprofit organizations in providing programs and services for low-income households; private industry, in particular financial and development groups, to encourage the development of affordable housing opportunities regionally and in the City; and other local jurisdictions in carrying out and monitoring regional projects in a coordinated and cost-effective manner. The City will provide technical assistance to the public service agencies it funds and will continue to attend the Regional CDBG/Housing Coordinators meetings.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.**

The Santa Clara County Continuum of Care (CoC) is a multi-sector group of stakeholders dedicated to ending and preventing homelessness in the County. The CoC's primary responsibilities are to coordinate large-scale implementation of efforts to prevent and end homelessness in the County. The CoC is governed by the Santa Clara CoC Board (CoC Board), which stands as the driving force committed to supporting and promoting a systems change approach to preventing and ending homelessness in the County.

The CoC Board is comprised of the same individuals who serve on the Destination: Home Leadership Board. Destination: Home is a public-private partnership committed to collective impact strategies to end chronic homelessness, and leads the development of community-wide strategy related to the CoC's work.

The County's Office of Supportive Housing serves as the Collaborative Applicant for the CoC, and is responsible for implementing by-laws and protocols that govern the operations of the CoC. The Office of Supportive Housing is also responsible for ensuring that the CoC meets the requirements outlined under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH).

In winter 2015, Destination: Home and the CoC released a Community Plan to End Homelessness in Santa Clara County (the Plan), which outlines a roadmap for community-wide efforts to end homelessness in the County by 2020. The strategies and action steps included in the plan were informed by members who participated in a series of community summits designed to address the needs of homeless populations from April to August 2014. The Plan identifies strategies to address the needs of

homeless persons in the County, including chronically homeless individuals and families, families with children, veterans, and unaccompanied youth. Additionally, it also intended to address the needs of persons at risk of homelessness.

The City is represented on the CoC by its Human Services Manager. Members of the CoC meet on a monthly basis in various work groups to ensure successful implementation components of the Plan action steps. A Community Plan Implementation Team, which includes members of the CoC and other community stakeholders, meets quarterly to evaluate progress toward the Plan's goals, identify gaps in homeless services, establish funding priorities, and pursue an overall systematic approach to address homelessness.

**Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

The City of Palo Alto does not receive ESG funds.

**2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities**

The City consulted with various groups and organizations as part of the 2015-2020 Consolidated Plan process. Table 2, Agencies, groups, organizations who participated in the Consolidated Plan lists all of those parties who participated in the process.

**Table 1 – Agencies, groups, organizations who participated**

**Identify any Agency Types not consulted and provide rationale for not consulting**

There were no agency types that were not consulted as part of the 2015-2020 Consolidated Plan process.

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

Table 3- Other local/regional/federal planning efforts, of the 2015-2020 Consolidated Plan, lists the planning efforts that were considered in preparing the Plan.

## AP-12 Participation – 91.105, 91.200(c)

### 1. Summary of citizen participation process/Efforts made to broaden citizen 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 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. Thus far the revisions to the Citizen Participation Plan have promoted a more coordinate and effective response by the City to the human service needs in the community. A summary of public participation is outlined in Table 3, Citizen Participation Outreach. The Draft Action Plan was made available for a 30-day comment period to give citizens an opportunity to offer comments.

#### Citizen Partiiipation Outreach

| Sort Or<br>der | Mode of Out<br>reach | Target of Out<br>reach                  | Summary of<br>response/atte<br>ndance  | Summary of<br>comments re<br>ceived   | Summary of co<br>mments not<br>accepted<br>and reasons | URL (if<br>applica<br>ble) |
|----------------|----------------------|---|--|---|--|----------------------------|
| 1              | Public<br>Meeting    | Non-<br>targeted/bro<br>ad<br>community | The Human<br>Relations<br>Commission<br>will meet on<br>March 10,<br>2015 to discuss<br>the FY 16/17<br>funding<br>allocations.<br>Representative<br>s from<br>agencies<br>requesting<br>CDBG funds for<br>FY 16/17 were<br>present. | Non-profit<br>agencies<br>discussed<br>their funding<br>request and<br>thanked the<br>City for its<br>continued<br>support. |  |                            |

| Sort Order | Mode of Outreach | Target of Outreach           | Summary of response/attendance   | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|------------------|------------------------------|--|------------------------------|--|---------------------|
| 2          | Public Meeting   | Non-targeted/broad community | The Finance Committee is scheduled to hold a public hearing on April 5, 2016. A summary will be added after the meeting. |                              |  |                     |
| 3          | Public Meeting   | Non-targeted/broad community | The City Council is scheduled to hold a public hearing on May 5, 2016. A summary will be added after the meeting.        |                              |  |                     |
| 4          | Newspaper Ad     | Non-targeted/broad community | A public hearing notice was published in the Palo Alto Weekly on February 19, 2016.                                      |                              |  |                     |

**Table 3 – Citizen Participation Outreach**

## Expected Resources

### AP-15 Expected Resources – 91.220(c) (1, 2)

#### Introduction

In Fiscal Year 2017, Palo Alto will allocate approximately \$754,418 to eligible activities that address the needs identified in the Consolidated Plan. The City received its final allocation amount from HUD on February 16, 2016.

#### Priority Table

| Program | Source of Funds  | Uses of Funds  | Expected Amount Available Year 1 |                    |                          |           | Expected Amount Available Reminder of ConPlan \$ | Narrative Description   |
|---------|------------------|--|----------------------------------|--------------------|--------------------------|-----------|--|---|
|         |                  |  | Annual Allocation: \$            | Program Income: \$ | Prior Year Resources: \$ | Total: \$ |  |   |
| CDBG    | public - federal | Acquisition<br>Admin and Planning<br>Economic Development<br>Housing<br>Public Improvements<br>Public Services | 441,253                          | 100,000            | 213,165                  | 754,418   | 0  | CDBG funds will be used for the creation and preservation of affordable rental units, improvements in lower income neighborhoods, and public services that benefit low income and special needs households. |

**Table 4 - Expected Resources – Priority Table**



**Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied**

*Entitlement Funds*

Leverage, in the context of the CDBG and HOME, means bringing other local, state, and federal financial resources to maximize the reach and impact of the City's HUD Programs. HUD, like many other federal agencies, encourages the recipients of federal monies to demonstrate that efforts are being made to strategically leverage additional funds in order to achieve greater results. Leverage is also a way to increase project efficiencies and benefit from economies of scale that often come with combining sources of funding for similar or expanded scopes. Funds will be leveraged if financial commitments toward the costs of a project from a source other than the originating HUD program are documented.

Additionally, the City has recently been approved to join Santa Clara County's HOME Consortium. HOME funds can be used to fund eligible affordable housing projects for acquisition, construction and rehabilitation. Starting in FY 2015-2016 developers of affordable housing projects are eligible to competitively apply through an annual RFP process directly to the County for HOME funds to help subsidize affordable housing projects in Palo Alto. If the City receives HOME dollars from its participation in the HOME consortium, the required 25 percent matching funds will be provided from the City's Affordable Housing Fund, which is comprised of two sub-funds: the Commercial Housing Fund and the Residential Housing Fund. As of December 31, 2015 the Commercial Housing Fund had an available balance of approximately \$1,700,000 and the Residential Housing Fund had an available balance of \$763,000.

*Other Federal Grant Programs*

In addition to the entitlement dollars listed above, the federal government has several other funding programs for community development and affordable housing activities. These include: the Section 8 Housing Choice Voucher Program, Section 202, Section 811, the Affordable Housing Program (AHP) through the Federal Home Loan Bank, and others. It should be noted that, in most cases, the City would not be the applicant for these funding sources as many of these programs offer assistance to affordable housing developers rather than local jurisdictions.

*County and Local Housing and Community Development Sources*

There are a variety of countywide and local resources that support housing and community development programs. Some of these programs offer assistance to local affordable housing developers and community organizations while others provide assistance directly to individuals. These resources are discussed below:

- Palo Alto Commercial Housing Fund: The Commercial Housing fund is used primarily to increase the number of new affordable housing units for Palo Alto's work force. It is funded with

mitigation fees required from developers of commercial and industrial projects. As of December 31, 2015 the Commercial Housing Fund had an available balance of approximately \$1,700,000.

- Palo Alto Residential Housing Fund: The Residential Housing Fund 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. As of December 31, 2015 the Residential Housing Fund had an available balance of \$763,000.

**If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

The City has no surplus vacant land that would be available for the development of housing or services. Sixty-five percent of land in the City is open space.

**Discussion**

The City of Palo Alto's (City) Fiscal Year (FY) 2016-2017 Action Plan covers the time period from July 1, 2016 to June 30 2017 (HUD Program Year 2016). The City's FY 2017 entitlement amount is \$441,253. Additionally, the City estimates approximately \$100,000 in program income and an estimated \$213,165 in available uncommitted funds from the prior program year, bringing the total estimated budget for FY 2016-2017 to \$754,418.

While U.S. Department of Housing and Urban Development (HUD) allocations are critical, they are not sufficient to overcome all barriers and address all needs that low income individuals and families face in attaining self-sufficiency. The City will continue to leverage additional resources to successfully provide support and services to the populations in need.

Currently, the City is not eligible to receive direct funding under the HOME Investment Partnership Act (HOME), Emergency Solutions Grant (ESG), or Housing Opportunities for Persons with AIDS (HOPWA) – also programs covered under the Consolidated Plan Regulations.

## Annual Goals and Objectives

### AP-20 Annual Goals and Objectives - 91.420, 91.220(c)(3)&(e)

#### Goals Summary Information

| Sort Order | Goal Name                | Start Year | End Year | Category   | Geographic Area | Needs Addressed                            | Funding         | Goal Outcome Indicator   |
|------------|--------------------------|------------|----------|--|-----------------|--|-----------------|--|
| 1          | Affordable Housing       | 2015       | 2020     | Affordable Housing   |                 | Affordable Housing                         | CDBG: \$278,825 | Rental units rehabilitated: 156 Household Housing Unit   |
| 2          | Homelessness             | 2015       | 2020     | Homeless   |                 | Homelessness                               | CDBG: \$58,575  | Public service activities for Low/Moderate Income Housing Benefit: 531 Households Assisted     |
| 3          | Strengthen Neighborhoods | 2015       | 2020     | Non-Homeless Special Needs Non-Housing Community Development |                 | Community Services and Public Improvements | CDBG: \$18,044  | Public service activities other than Low/Moderate Income Housing Benefit: 298 Persons Assisted |
| 4          | Fair Housing             | 2015       | 2020     | Non-Housing Community Development                            |                 | Fair Housing                               | CDBG: \$30,941  | Public service activities other than Low/Moderate Income Housing Benefit: 21 Persons Assisted  |
| 5          | Economic Development     | 2015       | 2020     | Non-Housing Community Development                            |                 | Economic Development                       | CDBG: \$290,723 | Jobs created/retained: 30 Jobs   |

**Table 5 – Goals Summary**

## Goal Descriptions

|   |                  |                          |
|---|------------------|--------------------------|
| 1 | Goal Name        | Affordable Housing       |
|   | Goal Description |                          |
| 2 | Goal Name        | Homelessness             |
|   | Goal Description |                          |
| 3 | Goal Name        | Strengthen Neighborhoods |
|   | Goal Description |                          |
| 4 | Goal Name        | Fair Housing             |
|   | Goal Description |                          |
| 5 | Goal Name        | Economic Development     |
|   | Goal Description |                          |

Table 6 – Goal Descriptions

**Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b):**

Not applicable.

## AP-35 Projects – 91.220(d)

### Introduction

The Consolidated Plan goals below represent high priority needs for the City of Palo Alto (City) and serve as the basis for the strategic actions the City will use to meet these needs. The goals, listed in no particular order, are:

1. Assist in the creation and preservation of affordable housing for low income and special needs households.
2. Support activities to end homelessness.
3. Support activities that strengthen neighborhoods through the provision of community services and public improvements to benefit low income and special needs households.
4. Promote fair housing choice.
5. Expand economic opportunities for low income households.

| # | Project Name                             |
|---|--|
| 1 | Silicon Valley Independent Living Center |
| 2 | Catholic Charities                       |
| 3 | LifeMoves                                |
| 4 | PAHC Management & Services Corporation   |
| 5 | YWCA of Silicon Valley                   |
| 6 | Project Sentinel                         |
| 7 | City of Palo Alto                        |
| 8 | Downtown Streets Inc.                    |
| 9 | Midpen Housing                           |

**Table 7 – Project Information**

# Projects

## AP-38 Projects Summary

### Project Summary Information

**Table 8 – Project Summary**

|          |  |  |
|----------|--|--|
| <b>1</b> | <b>Project Name</b>  | Silicon Valley Independent Living Center   |
|          | <b>Target Area</b>   |  |
|          | <b>Goals Supported</b>   | Strengthen Neighborhoods   |
|          | <b>Needs Addressed</b>   | Community Services and Public Improvements   |
|          | <b>Funding</b>   | CDBG: \$5,012  |
|          | <b>Description</b>   | Housing and Emergency Housing Services   |
|          | <b>Target Date</b>   | 6/30/2017  |
|          | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 20 persons will be assisted.   |
|          | <b>Location Description</b>  | Citywide.  |
|          | <b>Planned Activities</b>  | Silicon Valley Independent Living Center provides assistance for individuals with disabilities and their families to transition from homelessness, health care facilities, unstable or temporary housing to permanent affordable, accessible, integrated housing with emergency assistance, security deposits, rent, information & referral, and other basic essentials. |
| <b>2</b> | <b>Project Name</b>  | Catholic Charities   |
|          | <b>Target Area</b>   |  |
|          | <b>Goals Supported</b>   | Strengthen Neighborhoods   |
|          | <b>Needs Addressed</b>   | Community Services and Public Improvements   |
|          | <b>Funding</b>   | CDBG: \$5,012  |
|          | <b>Description</b>   | Long-Term Care Ombudsman Program Opportunity Services Center   |
|          | <b>Target Date</b>   | 6/30/2017  |

|          |  |  |
|----------|--|--|
|          | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 236 400 persons will be assisted.  |
|          | <b>Location Description</b>  | Long-term care and skilled nurse facilities located throughout the City.   |
|          | <b>Planned Activities</b>  | Catholic Charities assists 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.                          |
| <b>3</b> | <b>Project Name</b>  | LifeMoves  |
|          | <b>Target Area</b>   |  |
|          | <b>Goals Supported</b>   | Homelessness   |
|          | <b>Needs Addressed</b>   | Homelessness   |
|          | <b>Funding</b>   | CDBG: \$35,592   |
|          | <b>Description</b>   | Opportunity Services Center  |
|          | <b>Target Date</b>   | 6/30/2017  |
|          | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 400 persons will be assisted   |
|          | <b>Location Description</b>  | 33 Encina Way, Palo Alto, CA 94301   |
|          | <b>Planned Activities</b>  | LifeMoves provides basic necessities for persons who are homeless or at-risk of becoming homeless. The Opportunity Services Center is a comprehensive, one-stop, multi-service, day drop-in center that provides critical services for homeless Palo Alto residents. Specifically, the facility provides showers, laundry, clothing, snacks, case management, and shelter/housing referral services. |
| <b>4</b> | <b>Project Name</b>  | PAHC Management & Services Corporation   |
|          | <b>Target Area</b>   |  |
|          | <b>Goals Supported</b>   | Strengthen Neighborhoods   |
|          | <b>Needs Addressed</b>   | Community Services and Public Improvements   |
|          | <b>Funding</b>   | CDBG: \$22,983   |
|          | <b>Description</b>   | SRO Resident Support Program   |

|   |  |  |
|---|--|--|
|   | <b>Target Date</b>   | 6/30/2017  |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 131 persons will be assisted.  |
|   | <b>Location Description</b>  | 439 Emerson Street and 735 Alma Street Palo Alto, CA 94301   |
|   | <b>Planned Activities</b>  | Palo Alto Housing Corporation will provide counseling and supportive case management services for low-income residents of single room occupancy facilities in order to help them maintain housing stability. Activities include financial counseling, health maintenance, information and referral, problem solving, employment assistance, crisis intervention and case management.                               |
| 5 | <b>Project Name</b>  | YWCA of Silicon Valley   |
|   | <b>Target Area</b>   |  |
|   | <b>Goals Supported</b>   | Strengthen Neighborhoods   |
|   | <b>Needs Addressed</b>   | Community Services and Public Improvements   |
|   | <b>Funding</b>   | CDBG: \$8,020  |
|   | <b>Description</b>   | Domestic Violence Services   |
|   | <b>Target Date</b>   | 6/30/2017  |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 45 persons will be assisted  |
|   | <b>Location Description</b>  | Citywide.  |
|   | <b>Planned Activities</b>  | Support Network for Battered Women, a Division of YWCA will provide 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. |
| 6 | <b>Project Name</b>  | Project Sentinel   |
|   | <b>Target Area</b>   |  |
|   | <b>Goals Supported</b>   | Strengthen Neighborhoods   |
|   | <b>Needs Addressed</b>   | Community Services and Public Improvements   |



|   |  |   |
|---|--|---|
|   | <b>Funding</b>   | CDBG: \$30,941  |
|   | <b>Description</b>   | Fair Housing Services   |
|   | <b>Target Date</b>   | 6/30/2017   |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 21 persons will be assisted   |
|   | <b>Location Description</b>  | Citywide.   |
|   | <b>Planned Activities</b>  | 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. 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. |
| 7 | <b>Project Name</b>  | City of Palo Alto   |
|   | <b>Target Area</b>   |   |
|   | <b>Goals Supported</b>   | Affordable Housing<br>Homelessness<br>Strengthen Neighborhoods<br>Fair Housing<br>Economic Development  |
|   | <b>Needs Addressed</b>   | Affordable Housing<br>Homelessness<br>Community Services and Public Improvements<br>Fair Housing<br>Economic Development  |
|   | <b>Funding</b>   | CDBG: \$77,310  |
|   | <b>Description</b>   | Planning and Administration   |
|   | <b>Target Date</b>   | 6/30/2017   |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> |   |
|   | <b>Location Description</b>  |   |

|   |  |   |
|---|--|---|
|   | <b>Planned Activities</b>  | Administer the Administrative costs for the overall management, coordination, and evaluation of the CDBG program, and the project delivery costs associated with bringing projects to completion.   |
| 8 | <b>Project Name</b>  | Downtown Streets Inc.   |
|   | <b>Target Area</b>   |   |
|   | <b>Goals Supported</b>   | Economic Development  |
|   | <b>Needs Addressed</b>   | Economic Development  |
|   | <b>Funding</b>   | CDBG: \$290,723   |
|   | <b>Description</b>   | Workforce Development Program   |
|   | <b>Target Date</b>   | 6/30/2017   |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 30 jobs will be created for very low income and low income individuals.   |
|   | <b>Location Description</b>  | Citywide.   |
|   | <b>Planned Activities</b>  | The Workforce Development Program will provide a transition from unemployment and homelessness to regular employment and housing through case management, job training, mentoring, housing, and transportation assistance. Downtown Streets Team will screen and prepare applicants and will use their community connections to provide training and job opportunities. |
| 9 | <b>Project Name</b>  | MidPen Housing  |
|   | <b>Target Area</b>   |   |
|   | <b>Goals Supported</b>   | Affordable Housing  |
|   | <b>Needs Addressed</b>   | Affordable Housing  |
|   | <b>Funding</b>   | CDBG: \$278,825   |
|   | <b>Description</b>   | Palo Alto Garden Housing Rehabilitation   |
|   | <b>Target Date</b>   | 6/30/2017   |
|   | <b>Estimate the number and type of families that will benefit from the proposed activities</b> | 156 housing units for low income seniors.   |

|  |                             |   |
|--|-----------------------------|---|
|  | <b>Location Description</b> | 650 San Antonio Rd. Palo Alto, CA 94306   |
|  | <b>Planned Activities</b>   | Phase II rehabilitation related costs at Palo Alto Gardens (156 senior/family units). Project activities include: drought-tolerant plants, turf removal, irrigation replacement, adding additional parking spots through reconfiguration and updating building and apartment signage. |

**AP-50 Geographic Distribution – 91.220(f)**

**Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed**

Not applicable. The City has not established specific target areas to focus the investment of CDBG funds.

**Geographic Distribution**

| Target Area | Percentage of Funds |
|-------------|---------------------|
| N/A         | N/A                 |

Table 9 - Geographic Distribution

**Rationale for the priorities for allocating investments geographically**

Not applicable.

**Discussion**

Please see discussion above.

## Affordable Housing

### AP-55 Affordable Housing – 91.220(g)

#### Introduction

Palo Alto has identified affordable housing as the primary objective for the expenditure of CDBG funds in the Consolidated Plan. The City will continue to allocate the maximum funding available to activities and projects that meet this objective. While CDBG entitlement dollars are limited, the City does anticipate expending a significant portion of its CDBG funds on the preservation and rehabilitation of affordable housing. A detailed discussion of how HUD entitlements will be used to support affordable housing needs within the City is provided in AP-20, with the number of households to be assisted itemized by goal.

| <b>One Year Goals for the Number of Households to be Supported</b> |     |
|--|-----|
| Homeless   | 0   |
| Non-Homeless   | 0   |
| Special-Needs  | 156 |
| Total  | 156 |

**Table 10 - One Year Goals for Affordable Housing by Support Requirement**

| <b>One Year Goals for the Number of Households Supported Through</b> |     |
|--|-----|
| Rental Assistance  | 0   |
| The Production of New Units  | 0   |
| Rehab of Existing Units  | 156 |
| Acquisition of Existing Units  | 0   |
| Total  | 156 |

**Table 11 - One Year Goals for Affordable Housing by Support Type**

#### Discussion

Please see discussion above.

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

HACSC assists approximately 17,000 households through the federal Section 8 Housing Choice Voucher program (Section 8). The Section 8 waiting list contains 21,256 households (estimated to be a 10-year wait). HACSC also develops, controls, and manages more than 2,600 affordable rental housing properties throughout the County. HACSC's programs are targeted toward LMI households and more than 80 percent of their client households are extremely low income families, seniors, veterans, persons with disabilities, and formerly homeless individuals.

In 2008, HACSC entered a ten-year agreement with HUD to become a Moving to Work (MTW) agency. The MTW program is a federal demonstration program that allows greater flexibility to design and implement more innovative approaches for providing housing assistance. Additionally, HACSC has used LIHTC financing to transform and rehabilitate 535 units of public housing into HACSC-controlled properties. The agency is an active developer of affordable housing and has either constructed, rehabilitated, or assisted with the development of more than 30 housing developments that service a variety of households, including special needs households.

### **Actions planned during the next year to address the needs to public housing**

Not applicable. HACSC owns and manages four public housing units, which are all located in the City of Santa Clara.

### **Actions to encourage public housing residents to become more involved in management and participate in homeownership**

While the majority of their units have been converted to affordable housing stock, HACSC is proactive in incorporating resident input into the agency's policy-making process. An equitable and transparent policy-making process that includes the opinions of residents is achieved through the involvement of two tenant commissioners, one being a senior citizen, on the HACSC board.

HACSC has been a MTW agency since 2008. In this time the agency has developed 31 MTW activities. The vast majority of its successful initiatives have been aimed at reducing administrative inefficiencies, which in turn opens up more resources for programs aimed at LMI families.

**If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable.

**Discussion**

Please see discussions above.

## **AP-65 Homeless and Other Special Needs Activities – 91.220(i)**

### **Introduction**

The Santa Clara region is home to the fourth-largest population of homeless individuals (6,556 single individuals) and the highest percentage of unsheltered homeless of any major city (75 percent of homeless people sleep in places unfit for human habitation). The homeless assistance program planning network is governed by the Santa Clara Continuum of Care (CoC), governed by the Destination: Home Leadership Board, who serves as the CoC Board of Directors. The membership of the CoC is a collaboration of representatives from local jurisdictions comprised of community-based organizations, the Housing Authority of Santa Clara, governmental departments, health service agencies, homeless advocates, consumers, the faith community, and research, policy and planning groups. The homeless services system utilized by the CoC is referred to as the Homeless Management Information System (HMIS). The HMIS monitors outcomes and performance measures for all the homeless services agencies funded by the County.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including**

#### **Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

In January 2015, a Point in Time (PIT) count was conducted for Santa Clara County by the City of San Jose in conjunction with the County of Santa Clara. The PIT is an intense survey used to count the number of homeless living throughout Santa Clara County on the streets, in shelters, safe havens or in transitional housing, or in areas not meant for human habitation. The survey was conducted by hundreds of volunteers who asked those living on the streets, as well as the residents of shelters, safe havens and transitional housing, to respond to questions related to their needs. A portion of the survey addresses the needs of those surveyed. Palo Alto financially contributed to this effort. The next PIT is scheduled for January 2017.

#### **Addressing the emergency shelter and transitional housing needs of homeless persons**

In addressing the Consolidated Plan and the Continuum of Care strategic plans, Palo Alto will provide funding for essential services and operations to local emergency shelters and transitional housing facilities. The facilities provide shelter and services to homeless families with children, single parents with children, single men and women, victims of domestic violence and sexual abuse, homeless veterans, and the population living on the street. One example includes the Hotel de Zink rotating shelter, which provides overnight shelter to approximately 15 individuals every night.



**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

The City spends part of its CDBG funds and local funds toward a variety of public services to address the needs of homeless and very low income persons. Services provided include free food, clothing, medical care, legal assistance, and rental assistance. The City allocates funding to the following homeless service providers:

#### CDBG Funded

- LifeMoves - Opportunity Services Center: \$35,592

The Opportunity Services Center facility in Palo Alto provides a clean, safe environment and resources for 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.

- Downtown Streets Team – Workforce Development Program: \$290,723

This economic development program helps motivated graduates of the Downtown Streets Team programs move on to stable employment. The program includes mentoring, counseling, job readiness, job training, and assistance.

#### HSRAP Funded

- Abilities United – Disability Services: Amount Pending

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

- Community Technology Alliance – Shared Technical Infrastructure: Amount Pending

The 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.

- Downtown Streets Team – Downtown Streets: Amount Pending

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.

- Momentum for Mental Health – Homeless Outreach Program: Amount Pending

Momentum for Mental Health outreach program provide 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.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.**

Palo Alto Housing Corporation – SRO Tenant Counseling: \$22,893

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.

Avenidas – Senior Services:

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

La Comida de California – Hot Meals for The Elderly:

Daily meal program for the elderly.

May View Health Center – Health Care for Low Income & Homeless Palo Alto residents:

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 – Project Downtown Connect:

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.

SALA – Legal Assistance to Elders:

Senior Adults Legal Assistance (SALA) provides affordable legal assistance to elders.

**Discussion**

Please see discussion above.

## **AP-75 Barriers to affordable housing – 91.220(j)**

### **Introduction**

The incorporated and unincorporated jurisdictions within the County face barriers to affordable housing that are common throughout the Bay Area. High on the list is the lack of developable land, which increases the cost of available lands and increases housing development costs. Local opposition is another common obstacle as many neighbors have strong reactions to infill and affordable housing developments. Their opposition is often based on misconceptions, such as a foreseen increase in crime; erosion of property values; increase in parking and traffic congestion; and overwhelmed schools. However, to ensure a healthy economy the region must focus on strategies and investment that provide housing for much of the region's workforce – for example, sales clerks, secretaries, firefighters, police, teachers, and health service workers – whose incomes significantly limit their housing choices.

Even when developments produce relatively affordable housing, in a constrained housing supply market, higher income buyers and renters generally outbid lower income households and a home's final sale or rental price will generally far exceed the projected sales or rental costs. Public subsidies are often needed to guarantee affordable homes for LMI households.

### **Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

The City is addressing the barriers to affordable housing through the following programs and ordinances:

#### Context-Based Design Codes

The City adopted form-based codes in 2006 to ensure and encourage residential development by following context-based design guidelines to meet increased density needs. The code encourages the creation of walkable, pedestrian-oriented neighborhoods, following green building design principles, and increasing density along transit corridors and in mixed-use neighborhoods. The Context-Based Design Code allows for increased density and mixed-use buildings in a way that enhances neighborhood character and walkability.

## Density Bonus Ordinance

Density bonus provisions are a tool for attracting and assisting developers in constructing affordable housing. Density bonuses allow a developer to increase the density of a development above that allowed by standard zoning regulations, as well as provide regulatory relief in the form of concessions. In exchange, a developer provides affordable units in the development.

In 2004, the California State Legislature lowered the thresholds required to receive a density bonus and increased the number of concessions a developer can receive. The City adopted a Density Bonus Ordinance in January 2014. The density bonus regulations allow for bonuses of 20 to 35 percent, depending on the amount and type of affordable housing provided. As required by state law, the regulations also allow for exceptions to applicable zoning and other development standards, to further encourage development of affordable housing.

## Discussion

### Below Market Rate Housing Program

Established in 1974, the City's BMR Housing Program has been instrumental in the production of affordable housing by requiring developers to provide a certain percentage of units as BMR in every approved project of three units or more. The program originally required that for developments on sites of less than five acres, the developer must provide 15 percent of the total housing units as BMR housing units. If the site was larger than five acres, the developer was required to provide 20 percent of the units as BMR housing.

However, recent court cases have drastically changed the BMR, or "inclusionary zoning", environment in California. Two factors have received recent attention by the courts: whether inclusionary housing is considered rent control, and whether inclusionary housing and related housing mitigation fees are considered exactions. As a result of ongoing litigation, many cities have suspended or amended the portions of their inclusionary housing requirements that require affordable units to be included in market rate rental developments and many cities have turned, instead, to the use of development impact fees charged on new, market-rate housing and/or commercial development. Known as "Housing Impact Fees" and "Commercial Linkage Fees," these fees are based on an assessment of the extent to which the development of new market-rate housing or commercial uses, respectively, generates additional demand for affordable housing. The City is currently in the process of updating its Commercial and Residential Impact Fee Nexus Studies and the estimated completion date is June 30, 2016.

## **AP-85 Other Actions – 91.220(k)**

### **Introduction**

This section discusses the City's efforts in addressing the underserved needs, expanding and preserving affordable housing, reducing lead-based paint hazards, and developing institutional structure for delivering housing and community development activities.

### **Actions planned to address obstacles to meeting underserved needs**

The diminishing amount of funds continues to be the most significant obstacle to addressing the needs of underserved populations. To address this, the City supplements its CDBG funding with other resources and funds, such as:

- The City's Human Service Resource Allocation Process (HSRAP) provides approximately \$1,099,347 million dollars from the General Fund in support of human services. The HSRAP funds, in conjunction with the CDBG public service funds, are distributed to local non-profit agencies.
- The Palo Alto Commercial Housing 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.
- The Palo Alto Residential Housing Fund is funded with mitigation fees provided under Palo Alto's BMR housing program from residential developers and money from other miscellaneous sources, such as proceeds from the sale or lease of City property.
- The City's Below Market Rate Emergency Fund was authorized in 2002 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.
- HOME Program funds are available on an annual competitive basis through the State of California HOME program, and the County's HOME Consortium.

## **Actions planned to foster and maintain affordable housing**

The City will foster and maintain affordable housing by continuing the following programs and ordinances:

- The Below Market Rate Emergency Fund which provides 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 Commercial Housing Fund is used primarily to increase the number of new affordable housing units for Palo Alto's work force.
- The Residential Housing Fund is used to assist new housing development or the acquisition, rehabilitation or the preservation of existing housing for affordable housing.
- The Density Bonus Ordinance, adopted by the City Council in January 2014. The density bonus regulations allow for bonuses of 20 to 35 percent, depending on the amount and type of affordable housing provided
- The City's participation in the County's HOME Consortium will allow developers of affordable housing projects to be eligible to competitively apply through an annual RFP process directly to the County for HOME funds to help subsidize affordable housing projects in Palo Alto, including acquisition, construction and rehabilitation.

## **Actions planned to reduce lead-based paint hazards**

The City's housing and CDBG staff provides information and referral to property owners, developers, and non-profit organizations rehabilitating older housing about lead-based paint (LBP) hazards. Any house to be rehabilitated with City financial assistance is required to be inspected for the existence of LBP and LBP hazards. The City will provide financial assistance for the abatement of LBP hazards in units rehabilitated with City funding. The City also requires that contractors are trained and certified in an effort to decrease the risk of potential use of LBP in new units. All development and rehabilitation projects must be evaluated according to HUD's Lead Safe Housing Rule 24 CFR Part 35.

## **Actions planned to reduce the number of poverty-level families**

The City, in its continuing effort to reduce poverty, will prioritize funding agencies that provide direct assistance to the homeless and those in danger of becoming homeless. In FY 2016-2017, these programs will include the following:

- The Workforce Development Program will provide a transition from unemployment and homelessness to regular employment and housing through case management, job training, mentoring, housing, and transportation assistance.
- Downtown Streets Team is a nonprofit in the City that works to reduce homelessness through a “work first” model. Downtown Streets Team uses their community connections to provide training and job opportunities to homeless people, specifically in the downtown area. The Downtown Streets Team has helped 282 people find housing and 334 find jobs since its inception in 2005. The Downtown Streets Team has initiatives in Palo Alto, Sunnyvale, San Jose, and San Rafael.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

The City benefits from a strong jurisdiction and region-wide network of housing and community development partners, such as the County and the CoC. To improve intergovernmental and private sector cooperation, the City will continue to participate with other local jurisdictions and developers in sharing information and resources.

In addition to the actions listed above, the City will continue to coordinate with the City’s human services funding efforts to comprehensively address community needs.

### **Discussion**

Please see discussions above.



## Program Specific Requirements

### AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

#### Introduction

The following provides additional information about the CDBG program income and program requirements.

#### Community Development Block Grant Program (CDBG)

##### Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

|  |                |
|--|----------------|
| 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed  | 100,000        |
| 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan. | 0              |
| 3. The amount of surplus funds from urban renewal settlements  | 0              |
| 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan   | 0              |
| 5. The amount of income from float-funded activities   | 0              |
| <b>Total Program Income:</b>   | <b>100,000</b> |

#### Other CDBG Requirements

|   |         |
|---|---------|
| 1. The amount of urgent need activities   | 0       |
| 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. | 100.00% |

# Appendix A: Application for Federal Assistance Form SF-424

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**Application for Federal Assistance SF-424**

|  |  |  |
|--|--|--|
| * 1. Type of Submission:<br><input type="checkbox"/> Preapplication<br><input checked="" type="checkbox"/> Application<br><input type="checkbox"/> Changed/Corrected Application | * 2. Type of Application:<br><input type="checkbox"/> New<br><input checked="" type="checkbox"/> Continuation<br><input type="checkbox"/> Revision | * If Revision, select appropriate letter(s):<br><input type="text"/><br>* Other (Specify):<br><input type="text"/> |
|--|--|--|

|  |  |
|--|--|
| * 3. Date Received:<br><input type="text" value="05/15/2016"/> | 4. Applicant Identifier:<br><input type="text"/> |
|--|--|

|  |   |
|--|---|
| 5a. Federal Entity Identifier:<br><input type="text"/> | 5b. Federal Award Identifier:<br><input type="text" value="B-16-MC-06-0020"/> |
|--|---|

**State Use Only:**

|   |   |
|---|---|
| 6. Date Received by State: <input type="text"/> | 7. State Application Identifier: <input type="text"/> |
|---|---|

**8. APPLICANT INFORMATION:**

|   |   |
|---|---|
| * a. Legal Name: <input type="text" value="City of Palo Alto"/>                                     |   |
| * b. Employer/Taxpayer Identification Number (EIN/TIN):<br><input type="text" value="94-6000389C"/> | * c. Organizational DUNS:<br><input type="text" value="0505207820000"/> |

**d. Address:**

|                      |  |
|----------------------|--|
| * Street1:           | <input type="text" value="250 Hamilton Avenue"/> |
| Street2:             | <input type="text"/>                             |
| * City:              | <input type="text" value="Palo Alto"/>           |
| County/Parish:       | <input type="text"/>                             |
| * State:             | <input type="text" value="CA: California"/>      |
| Province:            | <input type="text"/>                             |
| * Country:           | <input type="text" value="USA: UNITED STATES"/>  |
| * Zip / Postal Code: | <input type="text" value="94301"/>               |

**e. Organizational Unit:**

|   |  |
|---|--|
| Department Name:<br><input type="text" value="Planning &amp; Comm. Environment"/> | Division Name:<br><input type="text" value="Long Range Planning"/> |
|---|--|

**f. Name and contact information of person to be contacted on matters involving this application:**

|  |   |
|--|---|
| Prefix: <input type="text" value="Ms."/>                 | * First Name: <input type="text" value="Eloiza"/> |
| Middle Name: <input type="text"/>                        |   |
| * Last Name: <input type="text" value="Murillo-Garcia"/> |   |
| Suffix: <input type="text"/>                             |   |
| Title: <input type="text" value="Senior Planner"/>       |   |

|   |
|---|
| Organizational Affiliation:<br><input type="text"/> |
|---|

|   |   |
|---|---|
| * Telephone Number: <input type="text" value="650-329-2561"/> | Fax Number: <input type="text" value="650-329-2154"/> |
|---|---|

|   |
|---|
| * Email: <input type="text" value="eloiza.murillogarcia@cityofpaloalto.org"/> |
|---|

**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:

Type of Applicant 3: Select Applicant Type:

\* 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.):**

Add Attachment

Delete Attachment

View Attachment

**\* 15. Descriptive Title of Applicant's Project:**

The City of Palo Alto's Community Development Block Grant (CDBG) program for Fiscal Year 2017.

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

**Application for Federal Assistance SF-424**

**16. Congressional Districts Of:**

\* a. Applicant

\* b. Program/Project

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

Add Attachment

Delete Attachment

View Attachment

**17. Proposed Project:**

\* a. Start Date:

\* b. End Date:

**18. Estimated Funding (\$):**

|                     |   |
|---------------------|---|
| * a. Federal        | <input type="text" value="441,253.00"/> |
| * b. Applicant      | <input type="text" value="0.00"/>       |
| * c. State          | <input type="text" value="0.00"/>       |
| * d. Local          | <input type="text" value="0.00"/>       |
| * e. Other          | <input type="text" value="213,165.00"/> |
| * f. Program Income | <input type="text" value="100,000.00"/> |
| * g. TOTAL          | <input type="text" value="754,418.00"/> |

**\* 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 in attachment.)**

Yes  No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

**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:  \* First Name:

Middle Name:

\* Last Name:

Suffix:

\* Title:

\* Telephone Number:  Fax Number:

\* Email:

\* Signature of Authorized Representative:

\* Date Signed:

## Appendix B: Certifications

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## 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.

**Anti-Lobbying --** To the best of the jurisdiction's knowledge and belief:

1. 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;
2. 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
3. It will require that the language of paragraph 1 and 2 of this anti-lobbying certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

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

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

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

---

Signature/Authorized Official

Date

## 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:

1. 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);
2. Overall Benefit. The aggregate use of CDBG funds including section 108 guaranteed loans during program year(s) \_\_\_\_\_ , \_\_\_\_\_ (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;
3. 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:

1. 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

2. A policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction;

**Compliance With Anti-discrimination laws** -- The grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 USC 2000d), the Fair Housing Act (42 USC 3601-3619), and implementing regulations.

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

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

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

## **APPENDIX TO CERTIFICATIONS**

### **INSTRUCTIONS CONCERNING LOBBYING:**

#### **A. 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.

## Appendix C: Public Hearing Advertisement

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**NOTICE OF PUBLIC REVIEW PERIOD AND  
PUBLIC HEARINGS ON PALO ALTO'S  
COMMUNITY DEVELOPMENT BLOCKGRANT (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 Fiscal Year 2017 Community Development Block Grant (CDBG) funds, will begin on March 17, 2016 and end on April 15, 2016. The Draft Annual Action Plan describes the activities the City may fund under the 2017 CDBG Program. Collectively these activities are intended to meet Palo Alto's affordable housing and community development objectives described in the 2015-2020 Consolidated Plan.

Copies of the Draft Annual Action Plan will be available on March 17, 2016 at the Department of Planning and Community Environment, 250 Hamilton Avenue, 5<sup>th</sup> Floor, Palo Alto, CA 94301, on the City's website [http://www.cityofpaloalto.org/depts/pln/advance\\_planning/cdbg.asp](http://www.cityofpaloalto.org/depts/pln/advance_planning/cdbg.asp) or by calling Eloiza Murillo-Garcia, Senior Planner, at (650) 329-2561. 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.

**PUBLIC HEARINGS AND MEETINGS**

The **City of Palo Alto Human Relations Commission** will hold a **Public Hearing on March 10, 2016** to review the Fiscal Year 2017 CDBG funding allocations recommended by the CDBG Human Relations Selection Committee. The Public Hearing will be held at 7:00 p.m., or as soon as possible thereafter, in City Hall Community Meeting Room, 250 Hamilton Avenue, Palo Alto.

The **City of Palo Alto Finance Committee** will hold a **Public Hearing on April 5, 2016** to review the proposed Fiscal Year 2017 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 Community Meeting Room, 250 Hamilton Avenue, Palo Alto.

The **Palo Alto City Council** will hold a **Public Hearing on May 2, 2016** to adopt the Annual Action Plan and the associated Fiscal Year 2017 CDBG allocations. The Public Hearing will be held at 7:00p.m., or as soon as possible thereafter, in City Hall Council Chambers, 250 Hamilton Avenue, Palo Alto.

Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs, or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact:

ADA Coordinator, City of Palo Alto,  
650-329-2550 (Voice)  
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## Appendix D: Public Comments

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