



CITY OF
**PALO
ALTO**

PLANNING & COMMUNITY ENVIRONMENT

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MEMORANDUM

To: Human Relations Commission
From: Eloiza Murillo-Garcia, Senior Planner
Cc: Elena Lee, Interim Planning Manager
Date: February 28, 2017
Re: Recommendations for Fiscal Year 2018 Community Development Block Grant Funding Allocations

ACTIONS

1. Open the Public Hearing and take public comment; and
2. Recommend funding allocations for Fiscal Year 2018.

BACKGROUND

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

It is estimated that approximately \$844,583 in CDBG Program funds will be available to the City to distribute to eligible programs and projects in FY18, beginning July 1, 2017 (see Attachment A). This includes: \$379,477 of CDBG Entitlement Grant funds; \$136,049 in anticipated program income to be received; and \$329,057 in reallocated funds from previous years.

The CDBG funding budget is broken down into five principle categories with funding “caps” (maximums) placed on Public Service and Planning/Administration Activities by HUD. No more than 15 percent of the City’s entitlement grant and 15 percent of any program income received during the previous fiscal year can be spent on public services. It is estimated that \$76,489 will be available for public service activities for FY 18. Similarly, a maximum spending cap of 20 percent of the grant allocation and estimated program income for the following year is placed on Planning/Administration. It is estimated that \$103,105 will be available for this category for FY 18.

DISCUSSION

On February 17, 2017 the Selection Committee, comprised of three representatives of the Human Relations Commission (HRC) as well as City Staff from the Planning & Community Environment, met to review eight (8) funding applications, which included one (1) new application that was received in response to the City's RFP for Multi-Family and Public Facility Rehabilitation Projects. The RFP was released on January 12, 2017 and applications were accepted through February 3, 2017.

The proposed programs and projects were reviewed based on available funding (see Attachment A) and the funding criteria for consideration (see Attachment B). The selection committee reviewed and scored each proposal and provided funding recommendations to City staff.

Applicants awarded CDBG allocations for programs which begin in FY 18 are required to enter into a one-year agreement for FY 18 (Year 1) with consideration for second year renewal in FY 19 (Year 2). An increase or decrease in the City's total CDBG allocation from HUD for Year 2 can result in an equivalent proportional change for subrecipients in Year 2. Funding is contingent upon the satisfactory accomplishments of contract goals as determined by City staff. The funding available for Public Services was approximately 1% less and approximately 5% less for Planning & Administration than in FY 17. The Selection Committee recommended funding reduction for the majority of the Public Service agencies and a slight reduction for Planning & Administration activities in FY 18.

The following summarizes the change in funding compared to Fiscal Year 2017:

- Public Service – several of the agencies received a slight reduction in funding while two agencies experienced a slight increase in funding. The funding reductions were based on the Selection Committee's goal of minimizing funding cuts and maintaining services to Palo Alto residents.
- Planning & Administration – Project Sentinel and CDBG administration received slightly less funding (7% and 4% respectively) than Fiscal Year 2017.
- Economic Development – The funding for the Downtown Streets Team increased to \$317,400. This is a 9% increase in funding.
- Housing Rehabilitation – La Comida was recommended for \$321,000 in funding for the rehabilitation and remodel of its kitchen facilities where meals are provided to low income residents. City staff recommends adding an additional \$26,589 for a total of \$347,589. The additional funds will be utilized for project delivery costs for the City. The City will need to hire a Davis-Bacon monitor and complete an environmental review (among other tasks) for the La Comida rehabilitation project. The City anticipates that this project will be staff intensive as it will be La Comida's first CDBG grant. The additional funds will also allow the City to provide the services needed for a successful La Comida project, despite the reduction in available CDBG administrative funds.

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

ATTACHMENTS:

Attachment A: Estimated Funds Available

Attachment B: Criteria for Funding Consideration & Consolidated Plan Goals

Attachment C: Selection Committee Funding Recommendations

ATTACHMENT A: ESIMATED FUNDS AVAILABLE

FISCAL YEAR 2018 CDBG ALLOCATION PROCESS
Estimated Funds Available

<u>Estimated FY2017 Funds Available</u>	
2018 Entitlement Grant*	\$ 379,477
Estimated Program Income 2018	\$ 136,049
Reallocated Funds Previous Years	\$ 329,057
Estimated Total Available to Allocate	\$ 844,583
<u>Maximum for Public Services</u>	
2018 Estimated Entitlement Grant*	\$ 379,477
Program Income FY2017 –Actual	\$130,451
Public Service Cap (15% of \$509,928)	\$ 76,489.20
<u>Maximum for Planning/Admin</u>	
2018 Entitlement Grant*	\$ 379,477
Estimated Program Income 2018	\$ 136,049
Planning/Admin Cap (20% of \$515,526)	\$ 103,105.20

*CDBG federal appropriations for FY18 have not yet been determined. Currently, HUD is requesting a 14% reduction in funds for formula application grants from FY17. For budgeting purposes, City staff has estimated the City’s HUD Entitlement Grant for FY18 based on a 14% reduction in funds from FY17. When available, the final amount will be provided under separate cover and the budget will be adjusted accordingly.

ATTACHMENT B – CRITERIA FOR FUNDING CONSIDERATION & CONSOLIDATED PLAN GOALS

FISCAL YEAR 2018 CDBG ALLOCATION PROCESS
Criteria for Funding Consideration

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

Agency	Annual Goal	Semi-Annual Report
Palo Alto Housing Corp. – SRO Resident Support Services	131	137
Catholic Charities – Long Term Care Ombudsman Program	236	323
LifeMoves (formerly InnVision Shelter Network) – OSC Drop	400	361
YWCA/Support Network – Domestic Violence Services	45	25
Silicon Valley Independent Living Center – I&R	17	31
Project Sentinel – Fair Housing Services	15	12
Downtown Streets, Inc. – Workforce Development Program	30	15

ATTACHMENT B – CRITERIA FOR FUNDING CONSIDERATION & CONSOLIDATED PLAN GOALS

2015-2020 Consolidated Plan Goals

Goal No. 1: Affordable Housing

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

Goal No. 2: Homelessness

- Support activities to end homelessness.

Goal No. 3: Community Services

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

Goal No. 4: Strengthen Neighborhoods

- Support activities that strengthen neighborhoods.

Goal No. 5: Fair Housing

- Promote fair housing choice.

Goal No. 6: Economic Development

- Expand economic opportunities for low-income households.

ATTACHMENT C: HRC SELECTION COMMITTEE FUNDING RECOMMENDATIONS

SOURCES:

	ESTIMATED
CDBG ENTITLEMENT	\$379,477
PRIOR YEAR RESOURCES	\$329,057
PROGRAM INCOME	\$136,049
TOTAL	\$844,583

Uses:

AGENCY	PROGRAM NAME	FY 2018 FINAL ALLOCATIONS	FY 2018 REQUEST	SELECTION COMMITTEE RECOMMENDATION
Public Services (15% CAP = \$76,489)				
Palo Alto Housing Corp.	SRO Resident Support		\$ 49,457	\$ 21,000
Catholic Charities	Ombudsman		\$ 10,000	\$ 7,000
LifeMoves (formerly Inn Vision)	Opportunity Center		\$ 50,000	\$ 35,000
YWCA/Support Network	Domestic Violence Services		\$ 10,000	\$ 8,489
Silicon Valley Independent Living Center	Housing and Emergency Services		\$ 5,032	\$ 5,000
	<i>Public Service Total</i>	\$ -	\$ 124,489	\$ 76,489
Planning & Administration (20% CAP = \$ 103,105)				
Project Sentinel	Fair Housing Services		\$ 32,012	\$ 28,810
City of Palo Alto	CDBG Administration		\$ 85,000	\$ 74,295
	<i>Planning & Administration Total</i>			\$ 103,105
Economic Development				
Downtown Streets	Workforce Development Program		\$ 317,400	\$ 317,400
	<i>Economic Development Total</i>		\$ 317,400	\$ 317,400
Housing/Public Facilities Rehabilitation				
La Comida	Kitchen Renovation		\$ 321,000	\$ 321,000
	<i>Rehab Total</i>		\$ 321,000	\$ 321,000
GRAND TOTAL		\$ 844,583	\$ 874,786	\$ 817,994