





CDBG: INTRODUCTION

- 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.
- CDBG is the principal federal program providing localities with grants to improve the physical, economic, and social conditions in their communities.
- All activities in Palo Alto must benefit low and moderate-income persons.
- HUD requirements include:
 - Five-year Consolidated Plan Identified needs, strategies to meet needs, and sets goals
 - Annual Action Plan Specific projects to be funded



CDBG: 2020-2025 CONSOLIDATED PLAN GOALS

- Goal No. 1: Affordable Housing
- Goal No. 2: Homelessness
- Goal No. 3: Community Services and Public Improvements
- Goal No. 4: Fair Housing
- Goal No. 5: Economic Development



CDBG: FUNDING CATEGORIES

- Public Service 15% Cap
- Planning and Administration 20% Cap
- Non-Capped 65%
 - Economic Development
 - Public Facilities Improvements
 - Housing Rehabilitation



ESTIMATED AVAILABLE FUNDS

Funding Sources	Amount
CDBG Entitlement Grant	\$513,168
Estimated Program Income in FY 2022-23	\$140,000
Prior Year Resources (FY2021-22)	\$ 0
Estimated Total Available Funding	\$653,168



PUBLIC SERVICE APPLICANTS (15% CAP)

Agency	FY2021-22 Allocation	FY2022-23 Funding Recommendation
Catholic Charities	\$10,000	\$10,000
LifeMoves	\$31,545	\$26,660
Silicon Valley Independent Living Center	\$14,021	\$14,021
Project Sentinel*	\$0	\$24,881
Alta Housing	\$24,535	\$22,413
Grand Total	\$80,101	\$97,975



^{*} Project Sentinel has been split into the Public Service & Planning & Administration category for FY2023

PLANNING & ADMINISTRATION APPLICANTS (20% CAP)

Agency	FY2021-22 Allocation	FY2022-23 Funding Recommendation
City of Palo Alto	\$99,304	\$121,816
Project Sentinel*	\$33,698	\$8,817
Grand Total	\$133,002	\$130,633



ECONOMIC DEVELOPMENT, HOUSING, & PUBLIC FACILITIES - Revised

Agency	FY2021-22 Allocation	FY2022-23 Funding Recommendation
Rebuilding Together Peninsula	\$73,135	\$73,135
525 E. Charleston	N/A	\$351,425
Downtown Streets Team/Workforce Development Program	\$160,477	\$0
Grand Total	\$233,612	\$424,560



Downtown Streets - Revised

Agency	CDBG FY2021-22 Allocation	CDBG FY2022-23 Funding Recommendation	General Fund Recommendation
Downtown Streets Team/Workforce Development Program	\$160,477	\$0	\$160,477



TIMELINE

Selection Committee: February Human
Relations
Commission:
March

Public Review & Comment Period:

May-June

City Council:
June 20th

Submission to HUD: By July 12th

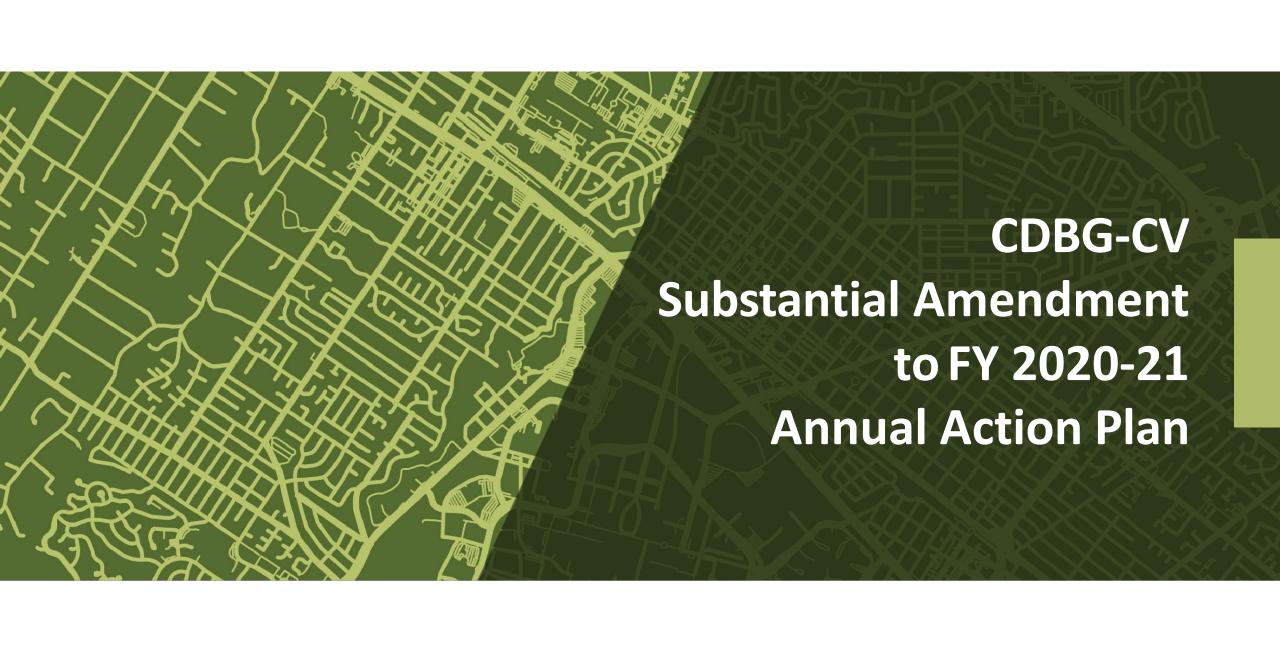


Council Recommended Motion

Staff recommends the City Council take the following actions:

- Adopt the draft FY 2022-2023 Annual Action Plan (Attachment A) and the associated resolution (Attachment B) allocating Community Development Block Grant (CDBG) funding for FY 2022-2023;
- 2. Authorize the City Manager to execute the FY 2022-2023 CDBG application to fund the FY 2022-2023 Annual Action Plan and 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 FY 2022-2023 Annual Action Plan (Attachment A) to HUD by the July 12, 2022 deadline.
- 4. (ADDED) Approve an amendment to the Fiscal Year 2023 Operating Budget Appropriation for the General Fund (requires 2/3 approval) by:
 - a. Increasing the expense appropriation in the Planning and Development Services Department by \$167,477; and
 - b. Decreasing the Budget Stabilization Reserve by \$167,477.





ANNUAL ACTION PLAN - AMENDMENTS

- Amendments to the adopted Annual Action Plan are required when the City's CDBG funding situation changes.
- There are two types of amendments:
 - Minor Amendment: Changes to a previously adopted Annual Action Plan that does not meet the thresholds to qualify as a Substantial Amendment.
 - Substantial Amendments, which require City Council approval:
 - (a) Change in the use of CDBG funds from one eligible activity to another;
 - (b) Implementation of an activity not previously identified; or
 - (c) Change in an activity's budget exceeding 10% of the latest annual grant.



SUBSTANTIAL AMENDMENT

- Substantial Amendment to FY 2020-21 Annual Action Plan is triggered due to:
 - **1. Returned Funds:** Returned funds from previous CARES Act grant by LifeMoves for their Rental Assistance Program.
 - 2. Reallocation of CARES Act Funding: Reallocation of CARES Act funding that was returned by subrecipient to two new COVID-19 related activities.



AVAILABLE FUNDS

Funding Sources	Amount
Returned CDBG Coronavirus (CV) Grant	\$194,500.50
Total Available Funding	\$194,500.50



RECOMMENDED ALLOCATIONS

Agency	Funding Request	Funding Recommendation
MOVE Mountain View – Safe Parking Program	\$160,300	\$160,300
LifeMoves – COVID-19 Testing Program	\$34,200.50	\$34,200.50
Total	\$194,500.50	\$194,500.50



TIMELINE

Council Approval: June 20th

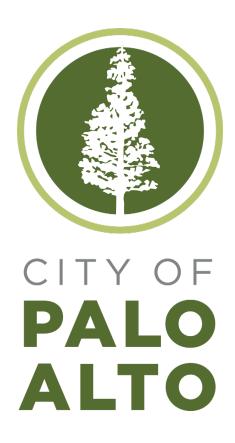
Submit Substantial Amendment to HUD: July Agreement Execution w/Agencies: July



RECOMMENED MOTION

- 1. Approve CDBG Substantial Amendment to the Fiscal Year 2020-21 Annual Action Plan to reallocate \$194,501 of CDBG-CV funding to two new projects;
- 2. Adopt a Resolution (Attachment C) reallocating CDBG-CV funding as recommended in the above action and as described in this report; and
- 3. Authorize staff to submit CDBG Substantial Amendment to the Fiscal Year 2020-2021 Annual Action Plan to HUD.
- 4. Approve and authorize the City Manager to accept \$653,168 in grant funding from the U.S. Department of Housing and Urban Development (HUD)
- 5. Approve an amendment to the Fiscal Year 2023 Operating Budget Appropriation for the Community Development Block Grant Fund (requires 2/3 approval) by:
 - a. Increasing the revenue estimate by \$847,669; and
 - b. Increase expense appropriations by \$761,307; and
 - c. Increase estimated ending fund balance by \$86,362.





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