



Program Year 2025-2026

Consolidated Annual Performance and Evaluation
Report
(CAPER)

DRAFT

PUBLIC COMMENT PERIOD

August 25, 2026 – SEPTEMBER 11, 2026

ADMINISTERED BY: PLANNING AND DEVELOPMENT SERVICES

CR-05 - Goals and Outcomes

Progress the jurisdiction has made in carrying out its strategic plan and its action plan. 91.520(a)

The Consolidated Annual Performance and Evaluation Report (CAPER) is a report that demonstrates the overall progress realized through the City's priorities and specific objectives as identified in the Fiscal Year (FY) 2025-2026 Annual Action Plan and the 2025-2030 Consolidated Plan. The CAPER highlights accomplishments that occurred between July 1 2025, to June 30, 2026. This is the first year-end report of the 2025-2030 Consolidated Plan.

As shown in Table 1, the City of Palo Alto has accomplished immense success in FY2025-2026 (PY2025-2026, Program Year 2025-2026, PY2025) while meeting identified goals. The City has used Community Development Block Grant (CDBG) funds to support their community's residents. The City does not receive HOME Investment Partnership (HOME), Emergency Shelter Grant (ESG), or Housing Opportunities for Persons with AIDS (HOPWA) and thus these funds are not reflected in this report.

A total of \$646,183 in CDBG funds was available for projects and programs during the 2025-2026 Program Year (PY).

In PY2025, 240 persons and 11 microenterprise businesses were assisted through CDBG allocations.

Comparison of the proposed versus actual outcomes for each outcome measure submitted with the consolidated plan and explain, if applicable, why progress was not made toward meeting goals and objectives. 91.520(g)

Categories, priority levels, funding sources and amounts, outcomes/objectives, goal outcome indicators, units of measure, targets, actual

outcomes/outputs, and percentage completed for each of the grantee's program year goals.

Project/ Activity	Agency/ Operator	Strategic Plan Goal	Funding	Indicator	Unit of Measure	2025 Goal	2025 Actual	% Comp.
Affordable Housing Supply and Condition						15	0	0%
Safe at Home Program	Rebuilding Together Peninsula	Affordable Housing Supply and Condition	\$73,585.00	Homeowner Units Rehabilitated	Household Housing Units	5	0	0%
Alma Garden Apartment Rehabilitation	Community Work Group	Affordable Housing Supply and Condition	\$162,474.00	Homeowner Units Rehabilitated	Household Housing Units	10	0	0%
Respond to Homelessness and At Risk of Homelessness						136	35	26%
Case Management	LifeMoves	Respond to Homelessness and Risk of Homelessness	\$39,154.64	Public services for Low/Moderate Income Housing Benefit	Persons Assisted	32	35	109%
Homekey Recreation Project	LifeMoves	Respond to Homelessness and Risk of Homelessness	\$70,000.00	Public services for Low/Moderate Income Housing Benefit	Persons Assisted	104	0	0%
Strengthen Neighborhoods						168	188	112%
Case Management	SVILC	Strengthen Neighborhoods	\$20,067.43	Public services other than Low/Moderate Income Housing Benefit	Persons Assisted	21	24	114%
Ombudsman Program	Catholic Charities	Strengthen Neighborhoods	\$8,500.00	Public services other than Low/Moderate Income Housing Benefit	Persons Assisted	37	37	100%

Planning and Administration	City Staff	Strengthen Neighborhoods	\$123,246.60	Other	Other	1	1	100%
Safe Parking Program	MOVE Mountain View	Strengthen Neighborhoods	\$124,187.00	Public services other than Low/Moderate Income Housing Benefit	Persons Assisted	109	126	116%
Increase Opportunities for Workforce Development						15	11	73%
Boost Program	Upwards	Increase Opportunities for Workforce Development	\$90,000.00	Public Services other than Low/Mod Housing Benefit	Microenterprises Assisted	15	11	73%
Supportive Services for Low Income Households						30	18	60%
Fair Housing Services	Project Sentinel	Supportive Services for Low Income Households	\$22,005.33	Public Services other than Low/Mod Housing Benefit	Persons Assisted	10	4	40%
Solutions for Domestic Violence	Nextdoor Solutions	Supportive Services for Low Income Households	\$7,200.00	Public Services other than Low/Mod Housing Benefit	Persons Assisted	20	14	70%

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Assess how the jurisdiction’s use of funds, particularly CDBG, addresses the priorities and specific objectives identified in the plan, giving special attention to the highest priority activities identified.

Throughout PY2025-2026, the subrecipients of the City’s CDBG program persistently delivered essential services to households belonging to the extremely low-, very low-, low-, and moderate-income brackets. Simultaneously, they tackled the priorities and needs of the community, as outlined in the City’s officially adopted 2025-2030 Consolidated Plan.

The City achieved numerous goals as outlined in the PY2025-2026 Annual Action Plan (AAP) through CDBG funding. A total of \$646,183 was

available for funding projects and programs during the 2025 Program Year. At the time of this CAPER, the City has spent approximately \$461,825.76 in CDBG entitlement funds and \$71,616.45 in CDBG-CV funds.

In the first year of the 2025-2030 ConPlan, the City saw success with the following goals and activities:

- Responding to Homelessness and At Risk of Homelessness:
 - LifeMoves' Case Management exceeded its goal of assisting 32 persons by assisting 35 persons
 - LifeMoves' Recreation Project expects to begin construction before Fall 2026 and completed in PY2026-2027. Accomplishments will be reflected in the 2026-2027 CAPER.
- Strengthen Neighborhoods:
 - SVILC's Case Management exceeded its goal of assisting 21 persons by assisting 24 persons;
 - MOVE Mountain View's Safe Parking exceeded its goal of 109 by assisting 126 persons;
 - Catholic Charities' Ombudsman Program met its goal of assisting 37 persons
- Increase Opportunities for Workforce Development:
 - Upwards' BOOST program saw moderate success assisting 11 persons with a goal of assisting 15 persons;
- Supportive Services for Low Income Households:
 - Nextdoor Solution's for Domestic Violence assisted 14 persons with a goal of assisting 20 persons;
 - Project Sentinel's Fair Housing assisted 4 persons with a goal of assisting 10 persons;
- Affordable Housing Supply and Condition Goal expects to record accomplishments in PY2026-2027:
 - Rebuilding Together Peninsula has two projects in the pipeline and will likely find more eligible applicants, and projects completed in PY2026-2027 will be reported in the 2026-2027 CAPER;
 - Alma Garden Rehabilitation is expected to be completed prior to Fall 2026 and will be reported on in the 2026-2027 CAPER.

CR-10 - Racial and Ethnic composition of families assisted

Describe the families assisted (including the racial and ethnic status of families assisted).

91.520(a)

	CDBG
White	172
Black or African American	24
Asian	22
American Indian or American Native	2
Native Hawaiian or Other Pacific Islander	1
Total	251
Hispanic	111
Not Hispanic	140

Table 2 – Table of assistance to racial and ethnic populations by source of funds

Narrative

During PY2025-2026, the City was successful in collecting demographic data for 251 persons who were served with CDBG funds. Table 2 above outlines the racial and ethnic populations served by CDBG funds in PY2025-2026 for a variety of races, although this HUD IDIS formatted reporting table does not track persons identifying as multi-racial. **Not reflected in Table 2 above is an additional 30 persons (why the first 4-rows total 221) assisted with CDBG funds, with 21 identifying as Hispanic.**

CR-15 - Resources and Investments 91.520(a)

Identify the resources made available

Source of Funds	Source	Resources Made Available	Amount Expended During Program Year
CDBG	public - federal	646,183	\$461,825.76
Other	public - federal	\$127,822.21	71,616.45

Table 3 - Resources Made Available

Narrative

The City awarded \$646,183 in PY2025-26 and expended \$461,825.76 with \$97,101.16 for public service activities, \$90,000 for economic development activities, \$100,423.96 in program administration costs, and \$174,300.64 in housing rehabilitation activities. Additionally, the City had \$127,822.21 in CDBG-CV available and expended \$71,616.45 in PY2025-26 for the Safe Parking and Case Management program with Move Mountain View.

Identify the geographic distribution and location of investments

Target Area	Planned Percentage of Allocation	Actual Percentage of Allocation	Narrative Description

Table 4 – Identify the geographic distribution and location of investments

Narrative

The City's approach to housing assistance encompasses all forms of housing support, aligning with the principles outlined in the City's Comprehensive Plan. CDBG-funded public service and housing activities are not confined to specific target areas. The City strives to offer affordable housing options and community services to individuals with lower incomes across the entire municipality. The City does not have any target areas.

Leveraging

Explain how federal funds leveraged additional resources (private, state and local funds), including a description of how matching requirements were satisfied, as well as how any publicly owned land or property located within the jurisdiction that were used to address the needs identified in the plan.

The City of Palo Alto does not receive HOME, ESG, or any other federal grants that require matching requirements. However, the City is consistently maximizing their use of available resources while simultaneously looking out for additional funding opportunities. In addition, the City actively encourages nonprofit organizations to pursue various avenues of funding, including state, local, and federal resources, to support housing and community development activities.

The following funds were leveraged during FY2025-2026

Human Services Resources Allocation Process (HSRAP): In FY2025-2026, the City allocated General Funds to HSRAP to address primary human service needs in Palo Alto. These funds support human service initiatives, guided by the Human Relations Commission's priority needs and administered by the Office of Human Services.

Local Housing Trust Fund (LHTF): In FY2025-2026, the City of Palo Alto received \$3.4 million from HCD to use alongside local matching funds toward the production of rental housing units at varying affordability levels. 70 percent of these funds target housing units for residents with incomes at or below 60 percent of the area median income (AMI), while 30 percent are for residents with incomes at or below 30 percent AMI.

Permanent Local Housing Allocation (PLHA): As a PHLA entitlement jurisdiction, Palo Alto received an annual PHLA allocation from HCD. The City uses these funds to assist persons who are experiencing homelessness or who are at risk of experiencing homelessness. Funding is used toward street outreach and operating expenses for the Palo Alto Homekey shelter, and for affordable rental housing preservation, new construction, and operating subsidies.

Homekey: Palo Alto Homekey is a forthcoming modular interim housing shelter with the capacity to serve over 200 individuals annually with on-site supportive services. As a co-development partnership between the City and LifeMoves, the project is receiving a combination of funding from both state and local contributions, including the Palo Alto Community Fund, the Peery Foundation, Sobrato Philanthropies, Santa Clara County, and the City itself. These additional funding sources address expenses beyond what federal funds can cover, such as pre-development costs, feasibility studies, and site acquisition.

CR-20 - Affordable Housing 91.520(b)

Evaluation of the jurisdiction's progress in providing affordable housing, including the number and types of families served, the number of extremely low-income, low-income, moderate-income, and middle-income persons served.

	One-Year Goal	Actual
Number of Homeless households to be provided affordable housing units	0	0
Number of Non-Homeless households to be provided affordable housing units	15	0
Number of Special-Needs households to be provided affordable housing units	0	0
Total	15	0

Table 5 – Number of Households

	One-Year Goal	Actual
Number of households supported through Rental Assistance	0	0
Number of households supported through The Production of New Units	0	0
Number of households supported through Rehab of Existing Units	15	0
Number of households supported through Acquisition of Existing Units	0	0
Total	15	0

Table 6 – Number of Households Supported

Discuss the difference between goals and outcomes and problems encountered in meeting these goals.

While not a recipient of HOME funds, the City continued its partnership with Rebuilding Together Peninsula through its Safe at Home Program. The Program represents preservation of affordable housing, as the program provides for critical home repairs and accessibility modifications at no cost to the recipient. In PY2025, Rebuilding Together Peninsula had a goal of assisting 5 households. Those served include LMI homeowners that are elderly and/or are people with disabilities, who are physically and financially unable to maintain safe living conditions for themselves and their families. With Rebuilding Together Peninsula, the City expects to assist at least 2 LMI households with rehabilitation through CDBG funds during PY2026-27 and will be reported in the 2026-27 CAPER. The number of households assisted through the Safe at Home Program is dependent on available funds and the extent of rehabilitation work needed per household.

The City also partnered with Community Work Group/Abode to rehabilitate rental housing units in Alma Garden, an affordable multi-family housing complex for very low- and low-income households. These rehabilitation efforts addressed health and safety concerns, with funding spent on a project manager, bathroom upgrades, exterior repairs, and electrical and water utility upgrades. During PY2025, Community Work Group/Abode nearly completed interior work to the Alma Garden multi-family housing complex. This work will finish before Fall 2026 and assist 10 LMI household units.

Discuss how these outcomes will impact future annual action plans.

Rebuilding Together Peninsula’s multi-year success demonstrates a continued need for home rehabilitation for LMI households in the City of Palo Alto. Future plans would build upon these consecutive successes to continue providing home rehabilitation.

The City expects to begin its City-owned housing stock condition audit in Fall to identify potential affordable housing rehabilitation projects to pursue.

Include the number of extremely low-income, low-income, and moderate-income persons served by each activity where information on income by family size is required to determine the eligibility of the activity.

Number of Households Served	CDBG Actual	HOME Actual
Extremely Low-income	0	0
Low-income	0	0
Moderate-income	0	0
Total	0	0

Table 7 – Number of Households Served

Narrative Information

The City of Palo Alto continues to prioritize the promotion of affordable housing for its residents. Currently, the City has the second highest inventory of affordable housing for incorporated jurisdictions within Santa Clara County (as a percentage of total housing stock). Since 2017, the City has contributed or pledged \$52 million towards affordable housing, has approximately 2,300 units (nine percent of total housing stock) dedicated to affordable housing through deed restrictions, and has permitted over 1,000 housing units in the last eight years. Further, the Palo Alto City Council adopted “housing for social and economic balance” as a key priority in both 2023 and 2024.

For 2025, the City Council has made “implementing housing strategies for social and economic balance” a key priority. To make the search for affordable housing easily accessible to LMI residents, the City has an interactive Affordable Housing Resources Map embedded on their website featuring affordable housing properties and projects managed by affordable housing organizations.

In addition, the Santa Clara County Housing Authority (SCCHA) administers the federal Section 8

program countywide, providing rental subsidies and developing affordable housing for low-income households, seniors, and persons with disabilities.

CR-25 - Homeless and Other Special Needs 91.220(d, e); 91.320(d, e); 91.520(c)

Evaluate the jurisdiction's progress in meeting its specific objectives for reducing and ending homelessness through:

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

The City of Palo Alto has an enduring local commitment to address homelessness and provide services for the unhoused. Jurisdictions in the County of Santa Clara participate in the county-wide Point-in-Time (PIT) Count every two years. At the time of this report, the 2025 PIT Count's preliminary results show that there are 10,711 individuals experiencing homelessness in Santa Clara County. This represents an 8.2 percent increase from 2023. Simultaneously, the number of sheltered homeless individuals increased to 30 percent, marking an increase in shelter capacity. Unsheltered homeless individuals remained relatively the same as in 2023, with an increase of just one percent. The full 2025 PIT Count Report, which includes detailed data about the City of Palo Alto's homeless trends, will be available in late summer or early fall of 2025.

Move Mountain View's Safe Parking Program assisted 126 persons with off-street parking and access to case management services and permanent housing solutions. Since the Safe Parking Program opened in February of 2021, 50% of client households have been placed in safe housing or other interim housing. MMV expects this percentage to rise as more safe housing options are developed by the state of California. The Safe Parking lots contain spaces for parking, commuter parking, and RVs. One of the Safe Parking lots contains a library, laundry, kitchen, showers, and office spaces, which will create many options for service to the clients in the program.

The City of Palo Alto provides funding for unhoused services and homelessness prevention through multiple funding channels, including CDBG, Human Services Resource Allocation Process (HSRAP), Permanent Local Housing Allocation (PLHA), and the Emerging Needs Fund. This broad financial support is directed toward service provision and homeless prevention.

Services for the City's homeless population include workforce development, basic needs stipends for work experience, food, seasonal homeless shelter, school supplies for children, case management, tele-medicine equipment, and shower/laundry services. Additionally, the City contracted with a local nonprofit to provide a two-person full-time Outreach Team to reach out and provide services to unhoused individuals in the community, including those living in cars and RVs. The City also opened an Overnight Warming Location (OWL) that operated during winter and provided 19 "nights indoors."

The City also has several initiatives aimed at preventing homelessness from occurring, including assistance through LifeMoves and the Silicon Valley Independent Living Center. LifeMoves' Opportunity Services Center (OSC) is specifically designated by the County of Santa Clara as the Emergency Assistance Network Agency for financial assistance in the City of Palo Alto. The OSC in Palo Alto

exclusively serves homeless individuals. Furthermore, LifeMoves at the OSC provides intake services to all clients served to assess needs and to provide appropriate resources and referrals. LifeMoves also provides basic need services such as access to restrooms, showers, laundry, used clothing, hygiene supplies, healthcare, mail and telephone services, food, transportation assistance, counseling, information and referral services, and other critical services as needed.

The City of Palo Alto will continue to explore its funding strategy and collaborate with other Santa Clara County cities to ensure that limited federal and local resources are targeted to critical community needs such as homelessness.

Addressing the emergency shelter and transitional housing needs of homeless persons

During PY2025-26, LifeMoves' Opportunity Services Center (OSC) received funding from the City of Palo Alto to provide emergency shelter and/or transitional housing for homeless persons. This project received \$39,154.64 in CDBG funding from the City and has significantly extended its operational hours, thereby providing enhanced support to Palo Alto's homeless community. This extension has provided vulnerable clients with more time within a secure and nurturing environment, ensuring they receive the critical assistance they require. During PY2025-26, LifeMoves offered case management services to 35 individuals in the City of Palo Alto through its CDBG funds.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: likely to become homeless after 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); and, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs

In PY2025-26, the City of Palo Alto administered CDBG funds to LifeMoves to help low-income individuals and families avoid becoming homeless, especially those who are extremely low-income and those who are discharged from publicly funded institutions and systems of care. LifeMoves received \$39,154.64 in CDBG funding and provided case management services to 35 homeless and/or very low-income City residents. Case management services included assistance with housing and job searches, referrals to other resources, and mentoring.

The City follows the guidance of Santa Clara County's Continuum of Care (CoC) as it relates to individuals who may be discharged from publicly funded institutions and systems of care. The Santa Clara County CoC has developed the Santa Clara County Countywide Quality Assurance Standards for Homeless Housing and Service Programs (2021). This was developed with the expectation of providing quality, standardized services to persons who have become homeless to facilitate their successful re-entry back into their communities. As a member of the CoC, the City of Palo Alto will be following the standards established in the documents.

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

In PY2025-26, the City undertook several activities to help 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. Through CDBG funding, Silicon Valley Independent Living Center (SVILC) conducted case management and offered their Housing Workshops. These Housing Workshops educate households on skills and topics that are conducive to independent living. Topics and skills include credit card readiness and credit repair, types of low-income housing and eligibility, application and interview preparation, tenant and landlord rights and responsibilities, housing and home modifications laws and resources, security deposit and rental assistance programs, and long-term supportive services. During PY2025-26, SVILC used CDBG funds to assist 24 unduplicated Palo Alto residents with disabilities with one-on-one assistance and the development of an independent living plan for housing. These individualized independent living plans resulted in improved access to decent affordable housing.

In addition, Project Sentinel provided community education and outreach regarding housing laws and practices, investigation, counseling, and legal referrals for victims of housing discrimination. During PY2025-26, 4 LMI residents were provided individual case management and consultation through CDBG funds.

CR-30 - Public Housing 91.220(h); 91.320(j)

Actions taken to address the needs of public housing

SCCHA administers Housing Choice Vouchers (HCVs) and Project-Based Vouchers (PBVs) in the City of Palo Alto. As of January 2025, there were 272 total vouchers in use in the City, including 67 PBVs at the Buena Vista Mobile Park. SCCHA's waiting list for the County is operated on a lottery basis, with preference given to households who have lived and worked in the County for the past five years and to veterans. For PBV units, accessibility features are tracked, and a lottery is used to match households based on specific accessibility needs.

SCCHA currently has no public housing units in its portfolio that are located in the City of Palo Alto. Following SCCHA's conversion of its public housing portfolio under the Rental Assistance Demonstration (RAD) program, only four traditional public housing units remain in the County, all of which are located in the City of Santa Clara.

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

While the majority of the public housing units have been converted to affordable housing stock, SCCHA is proactive in incorporating resident input into the agency's policy making process including the having two tenant commissioners on the Authority's board.

SCCHA also operates a Family Self-Sufficiency (FSS) Program for households participating in the Housing Choice Voucher (HCV) Program. Through the FSS Program, as earned income and rent portions increase, SCCHA makes monthly deposits into a household savings account. Upon the completion of the Program, which involves meeting personal goals, the savings are provided to the household. The FSS Program encourages financial independence and stability, and is typically five years in length, with an average completion time of 3 years and 10 months.

Actions taken to provide assistance to troubled PHAs

SCCHA is a Moving to Work agency and has a stable outlook from S&P Global Ratings with a "AA-" credit rating.

CR-35 - Other Actions 91.220(j)-(k); 91.320(i)-(j)

Actions taken 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. 91.220 (j); 91.320 (i)

The City of Palo Alto is committed to taking actions to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing. In July 2024, the City adopted the 2023-2031 Housing Element, which includes several programs meant to tackle impediments to affordable housing development. The 2023-2031 Housing Element was certified by HCD on August 20, 2024. Programs include modifications to existing zoning standards to allow for denser development, further streamlining the development review process, provisions of development standards that incentivize housing production, reevaluation of fees to support development, and more.

The Housing Trust Silicon Valley (Housing Trust) was established to provide available financial resources targeted at bridging the affordable housing gap within Santa Clara County. Originally known as the Housing Trust Fund of Santa Clara County, the Housing Trust's overarching mission is to contribute to rendering Silicon Valley a more financially accessible place to live. The Housing Trust achieves this by disbursing loans and grants to increase the affordable housing supply, supporting first-time homebuyers, forestalling homelessness, and enhancing community stability. Palo Alto was one of the founding contributors to this initiative and has continued to support and help fund the Housing Trust. Notably, the partnership has a provision to ensure that funds allocated by the City of Palo Alto are exclusively channeled toward qualifying affordable housing projects within the City's municipal boundaries.

To further remove or ameliorate the negative effects of public policies that result in barriers, the City has development impact fees encompassing four distinct categories. These include housing, traffic, community facilities, and parkland dedication. The introduction of development impact fees in the City is a result from comprehensive nexus studies undertaken for both commercial and residential development. Outcomes from the studies laid the groundwork for revised fees associated with residential and non-residential housing, which became effecting on June 19, 2017. The housing impact fees are subject to annual updates, with fees charged being periodically evaluated and modified to ensure that they support, rather than prohibit, housing development.

Actions taken to address obstacles to meeting underserved needs. 91.220(k); 91.320(j)

The City's CDBG program demonstrates a committed effort to collaborate with various funding entities, aiming to maximize the impact of each dollar invested. This is accomplished through strategic collaborations with other municipal resources, such as the Human Services Resource Allocation Process (HSRAP), enabling the pooling of funds designated for site acquisition in low-income housing alongside diverse funding sources. However, Palo Alto faces challenges in fully addressing barriers that impede the

fulfillment of underserved needs, given that needs outshine the annual availability of CDBG funds over the years. In response, the City supplements its CDBG funding with other resources and funds. For example:

- During FY2025-2026 (PY 2025), the City allocated General Funds to the City's Human Service Resource Allocation Process (HSRAP) to address primary human service needs in Palo Alto. HSRAP funds, coupled with CDBG public service funds, are allocated to local non-profit organizations.
- Palo Alto's 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.
- Palo Alto's Residential Housing Fund is derived from mitigation fees collected through the City's Below Market Rate (BMR) Housing Program from residential developers and various other miscellaneous sources, such as the proceeds generated from the sale or leasing of City property.
- The City established the Below Market Rate (BMR) Emergency Fund to offer continuous funding for loans to BMR owners, encompassing special assessment loans. This supports the restoring and safeguarding of the City's collection of BMR ownership units.
- While the City itself is not a recipient of HOME funds, HOME funds are made accessible through a competitive selection process administered by the State of California HOME program and the County's HOME Consortium.

Actions taken to reduce lead-based paint hazards. 91.220(k); 91.320(j)

Lead-based paint (LBP) was popularized in the early twentieth century but was banned for use in public housing through the Lead-Based Paint Act of 1971 and later in 1978 for use in private residential housing. According to the U.S. Environmental Protection Agency (EPA), LBP can be found on window frames, walls, on the outside of a home, or on other surfaces. While LBP in good condition does not typically pose a threat, chipped paint or paint dust is harmful when ingested. This is particularly concerning for young children, as elevated blood lead levels are associated with cognitive impairments amongst other issues. According to the State of California Department of Health, children are most susceptible to LBP poisoning due to hand-to-mouth behaviors.

City housing and CDBG staff disseminate information and make referrals to property owners, developers, and non-profit organizations engaged in the restoration of older housing, particularly concerning hazards linked to LBP. In line with this, any dwelling slated for rehabilitation aided by City financial support is subjected to an assessment for the presence of LBP hazards. The City extends financial support for mitigating LBP hazards in rehabilitated units with City funding. Additionally, the City enforces contractor training and certification to mitigate the potential use of LBP in the construction of 40 new units. All development and rehabilitation projects must be evaluated according to HUD's Lead Safe mitigating LBP hazards in rehabilitated units Housing Rule 24 CFR Part 35.

Actions taken to reduce the number of poverty-level families. 91.220(k); 91.320(j)

The City of Palo Alto is actively committed to ending and reducing poverty. All activities funded in PY2025-26 aimed to reduce poverty through program beneficiaries. CR-05 details the accomplishments of PY2025-26.

Actions taken to develop institutional structure. 91.220(k); 91.320(j)

The City is actively working towards enhancing collaboration between governmental bodies and private sector entities to harness collective endeavors, pool resources, and identify additional revenue to address community service requirements and create affordable housing. This collaborative approach encompasses several key initiatives, including participation in:

- Meetings among entitlement jurisdictions through the CDBG Coordinators;
- Meetings of the Regional Housing Working Group;
- Joint jurisdiction Request for Proposals and project review committees;
- Community service and housing initiatives funded by multiple jurisdictions; and
- HOME Consortium meetings among member jurisdictions to discuss affordable housing projects.

Actions taken to enhance coordination between public and private housing and social service agencies. 91.220(k); 91.320(j)

The City of Palo Alto benefits from a strong housing and community development partnership network both within its jurisdiction and the wider region. Collaborative relationships with organizations such as the County and the Continuum of Care (CoC) further strengthen this network. To foster increased collaboration between public and private sectors, the City actively partners with local jurisdictions and developers, facilitating the exchange of knowledge and resources. In addition to the strategies mentioned above, the City remains dedicated to harmonizing its goals with its Human Services Resource Allocation Process (HSRAP) funding initiatives, ensuring a comprehensive approach to meeting community needs.

Identify actions taken to overcome the effects of any impediments identified in the jurisdictions analysis of impediments to fair housing choice. 91.520(a)

The City is committed to actively promoting fair housing in accordance with the adopted Analysis of Impediments. Measures undertaken to advance fair housing in Palo Alto include:

- 2023-2031 Housing Element: Includes programs to address affirmatively further fair housing, such as outreach/education services, the continuation and enforcement of the Below Market Rate (BMR) program that provides more affordable units, the expansion of housing services, and the implementation of more renter protections.
- City of Palo Alto Local Housing Funds: A sizable portion of the City's local housing funds were allocated toward augmenting and conserving the inventory of affordable housing.
- Section 8 Housing Vouchers: The Office of Human Services held regular meetings with the Santa Clara

County Housing Authority to facilitate the placement of homeless individuals using Section 8 vouchers.

- Information Access: The Office of Human Services provided affordable housing information and referral services.
- Assessment of Fair Housing (AFH) Plan: In a joint effort with the County of Santa Clara and its cities, Palo Alto adopted its updated AFH Plan in May 2023.
- Project Sentinel: During FY2025-2026, the City provided CDBG funding to Project Sentinel, a non-profit organization dedicated to assisting individuals with housing problems. Project Sentinel served 4 LMI individuals with fair housing services.

CR-40 - Monitoring 91.220 and 91.230

Describe the standards and procedures used to monitor activities carried out in furtherance of the plan and used to ensure long-term compliance with requirements of the programs involved, including minority business outreach and the comprehensive planning requirements

The City remains actively engaged in overseeing all subrecipients and projects to ensure their adherence to the federal CDBG program and comprehensive planning requirements. This monitoring process encompasses the review of quarterly performance reports, reimbursement requests, supporting documentation, and agency audit reports.

Biennial desk-site monitoring is conducted for CDBG subrecipients, involving assessing client files, project objectives, compliance with agreements, administrative and financial management, and internal controls. The City completed its last subrecipient monitoring process in Winter 2026 for selected subrecipients and will conduct subrecipient monitoring again in the next Fiscal Year. The City also completed risk assessments for all subrecipients.

Citizen Participation Plan 91.105(d); 91.115(d)

Describe the efforts to provide citizens with reasonable notice and an opportunity to comment on performance reports.

Electronic copies of the PY2025-2026 CAPER were made available on the City's website for the required 15-day public comment period from August 25, 2026, through September 11, 2026. Hardcopies of the draft CAPER were also available for review at the Development Center, Planning and Development Services at City Hall, and at the City's Downtown Public Library. On August 21, 2026, an advertisement was placed in the Daily Post newspaper advertising the upcoming availability of the CAPER for public review and comment. The Human Relations Commission (HRC) held a public hearing on September 10, 2026, to discuss and hear public comments on the CAPER.

Per the City's adopted Citizen Participation Plan (CPP), Palo Alto offers translation services when a substantial number of non-English speaking residents can be reasonably expected to participate or when a reasonable accommodation request is made. Non-English speaking residents requiring translation assistance or any accommodations, along with persons with disabilities requiring assistance, are advised to submit their request as soon as possible but no later than 48 hours before a scheduled meeting, program, or service.

For the September 10th HRC meeting agenda, staff report, and meeting information, please visit City's website.

[Comments, if any, received by phone, email, and/or during the public meeting will be summarized and provided in the draft CAPER attachments that will later be submitted to HUD.]

CR-45 - CDBG 91.520(c)

Specify the nature of, and reasons for, any changes in the jurisdiction's program objectives and indications of how the jurisdiction would change its programs as a result of its experiences.

Not applicable. The City does not plan to change the CDBG program objectives.

Does this Jurisdiction have any open Brownfields Economic Development Initiative (BEDI) grants?

No

[BEDI grantees] Describe accomplishments and program outcomes during the last year.

CR-58 – Section 3

Identify the number of individuals assisted and the types of assistance provided

Total Labor Hours	CDBG	HOME	ESG	HOPWA	HTF
Total Number of Activities	0	0	0	0	0
Total Labor Hours	0				
Total Section 3 Worker Hours	0				
Total Targeted Section 3 Worker Hours	0				

Table 8 – Total Labor Hours

Qualitative Efforts - Number of Activities by Program	CDBG	HOME	ESG	HOPWA	HTF
Outreach efforts to generate job applicants who are Public Housing Targeted Workers					
Outreach efforts to generate job applicants who are Other Funding Targeted Workers.					
Direct, on-the job training (including apprenticeships).					
Indirect training such as arranging for, contracting for, or paying tuition for, off-site training.					
Technical assistance to help Section 3 workers compete for jobs (e.g., resume assistance, coaching).					
Outreach efforts to identify and secure bids from Section 3 business concerns.					
Technical assistance to help Section 3 business concerns understand and bid on contracts.					
Division of contracts into smaller jobs to facilitate participation by Section 3 business concerns.					
Provided or connected residents with assistance in seeking employment including: drafting resumes, preparing for interviews, finding job opportunities, connecting residents to job placement services.					
Held one or more job fairs.					
Provided or connected residents with supportive services that can provide direct services or referrals.					
Provided or connected residents with supportive services that provide one or more of the following: work readiness health screenings, interview clothing, uniforms, test fees, transportation.					
Assisted residents with finding child care.					
Assisted residents to apply for, or attend community college or a four year educational institution.					
Assisted residents to apply for, or attend vocational/technical training.					
Assisted residents to obtain financial literacy training and/or coaching.					
Bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.					
Provided or connected residents with training on computer use or online technologies.					
Promoting the use of a business registry designed to create opportunities for disadvantaged and small businesses.					
Outreach, engagement, or referrals with the state one-stop system, as designed in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.					
Other.					

Table 9 – Qualitative Efforts - Number of Activities by Program

Narrative

No activities required Section 3 considerations in PY2025-2026.