



DATE: April 8, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Sarah Wolf, Housing Specialist
Karen Shimizu, Assistant Director of Community Development

SUBJECT: Public Hearing to Receive Comments on the City's 2024-2025 Proposed Community Development Block Grant Program Annual Action Plan and 2024 Amended Citizen Participation Plan and Adoption of a Resolution Approving the Plans and Authorizing the City Manager to Sign All Documents Required by the Department of Housing and Urban Development

RECOMMENDATION

It is recommended that the City Council hold a public hearing to receive comments on the City's proposed 2024-2025 Community Development Block Grant Program Annual Action Plan and 2024 Amended Citizen Participation Plan and adopt the attached resolution approving the Plans and authorizing the City Manager to sign all documents required by the Department of Housing and Urban Development

BACKGROUND

The Community Development Block Grant (CDBG) Program is administered by the U.S. Department of Housing and Urban Development (HUD) and is authorized under Title 1 of the Housing and Community Development Act of 1974 (the Act), as amended. The primary objective of the CDBG program is to provide grants to local jurisdictions for 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." (42 United States Code section 5301). The City of Petaluma is an "entitlement" jurisdiction under the CDBG program and, as such, receives an annual allocation of funding for eligible activities. The City awards CDBG funding allocations to non-profit "subrecipient" agencies who apply for the funding. The applications are evaluated by City staff and recommendations for funding allocations to the subrecipients are presented for City Council review and approval.

Requests for funding for CDBG projects and programs must address not only the national objectives stated in the Act, but also the Council's local priorities as outlined in the City's 2020-2024 CDBG Consolidated Plan, Attachment 3. The City's Consolidated Plan is a five-year plan

that is required to receive CDBG funding and serves as the City's application for CDBG funds. The Consolidated Plan identifies the community development and housing needs of the City, especially for its low-moderate income residents, and the strategies and resources to meet the identified needs.

The priorities of the 2020-2024 Consolidated Plan are:

- Improve housing opportunities by preserving existing affordable housing
- Provide housing and services to the low-income population, including but not limited to, children, seniors, and special needs populations
- Increase the supply of affordable housing
- Promote housing opportunities for homeownership
- Improve accessibility in public facilities and infrastructure

The City's Annual Action Plan (Attachment - 3 City of Petaluma CDBG Annual Action Plan Link) identifies goals, projects, and funding amounts for the CDBG fiscal year.

Citizen Participation Plan Amendment

As a recipient of federal funds from the U.S. Department of Housing and Urban Development (HUD), the City is mandated to maintain a Citizen Participation Plan (CPP). This plan outlines the procedures through which the City involves citizens in advisory capacities during the planning, execution, and evaluation phases of the Consolidated Plan and Annual Action Plans (Action Plan). The CPP facilitates public engagement throughout the initial development of the Consolidated Plan, any amendments, the annual action plans amendments, and the annual performance report. Regulations stipulate that grantees must proactively promote broad citizen involvement, with particular attention to encouraging participation from specified populations:

1. Low- and moderate-income persons
2. Residents of slum or blighted areas, and predominantly low- and moderate-income neighborhoods,
3. Residents of areas in which community development funds are proposed to be used
4. Non-English-speaking persons, and minorities
5. Persons with mobility, visual or hearing impairments.

The City's original 2011 Citizen Participation Plan includes the following components:

1. A description of the public participation process, timing for noticing, hearings, and public comment periods related to the consolidated planning process, funding availability and applicant workshops.
2. Availability of the draft Consolidated Plan and annual Action Plans and the annual performance report and instructions for the public's submission of comments and the standards for the grantee's response.
3. Explanation of the opportunities for involvement of affected persons and other concerned citizens in the planning process.
4. Procedures for continuity of participation throughout all stages of the Plan's development.

The City last updated its Citizen Participation Plan in January 2021 to include virtual hearings as a method for citizen participation due to the COVID pandemic and since then several changes were incorporated to the federal regulations governing the CPP, therefore the CPP must be updated to align to current requirements.

This March 2024 Citizen Participation Plan (Attachment 4 link - City of Petaluma Amended Citizen Participation Plan) amends the current 2011 Citizen Participation Plan to provide a comprehensive plan that fully describes the actions that Petaluma will take to support the participation of all residents of the city.

The March 2024 amended version includes the below components:

1. **Providing new data on fair housing barriers:** Per HUD guidance the federally mandated Analysis of Impediments / Assessment of Fair Housing (AI/AFH) document was added to the list of requirements of entitlement jurisdictions.
2. **Increasing accessibility to city resources:** Updates to communication methods to encourage public participation including webpage translation of information up to 120 languages including English and Spanish, and upon request, the city will provide appropriate auxiliary aids or services for those individuals with hearing, sight, or speech impairments.
3. **Clarifying communication procedures:** Updates to include instructions for submitting written comments to clerks or through agenda portal on the city webpage.
4. **Adding the city's capacity building efforts through its Diversity, Equity and Inclusion initiative with its staff:** Description of the City's DEI efforts, initiatives, and specific focus on cultivating and ensuring inclusive communications within our community.
5. **Increasing accessibility to city meetings in the event of a public emergency:** Description of allowance of virtual meeting during a public emergency

DISCUSSION

HUD determines the City's CDBG entitlement utilizing a formula based on population, poverty, housing conditions, etc. Petaluma's estimated allocation for FY 2024-2025 is \$330,000. Given the constraints of CDBG funding local nonprofits in Petaluma providing critical services to low-income households have adapted by economizing, leveraging, collaborating, and reinventing their organizations.

The funding recommendations presented to Council this year are based upon the best use of funds with the most potential for leveraging resources from partner agencies. Some other considerations upon which the staff recommendations are based are: (1) reducing the 20% allowable administration costs to this program and increasing the investment in programs; (2) funding programs which provide the most basic support services; and (3) funding a minimal number of subrecipient agreements in order to minimize staff oversight and monitoring responsibilities.

After a public solicitation process, staff recommends the following uses of FY2024-2025 CDBG funds (Attachment 2 CDBG Funding Proposals for FY 2024-25).

1. \$49,500 of Public Service funds to Petaluma People Services Center (PPSC) for the Meals Program for 325 unduplicated community members
2. \$238,000 to Rebuilding Together Petaluma (RTP) for a minimum of 50 housing rehabilitation projects serving 50 low-income community members by providing emergency repairs for homeowners; and,
3. \$42,500 for City program administration which represents a reduced admin fee of 12.8% of the maximum 20% allowable, which increases the investment in programs.

Each applicant for subrecipient funding has been notified of the April 8th, 2024, public hearing and representatives from each non-profit agency have been invited to attend, present information if they wish, and be available for questions.

As part of the CDBG application process, the City of Petaluma makes a number of certifications regarding the CDBG as required by Section 91.225 of Title 24 of the Code of Federal Regulations. These certifications require City compliance with federal regulations, such as those regarding maintaining a drug-free workplace, prohibitions against using federal funds for lobbying, and enforcing affirmative action and non-discrimination regulations. The CDBG sub-recipient agreements that the City awards to local non-profit service providers incorporate all HUD regulations and certifications that apply to our nonprofit sub-recipients of CDBG funds.

The CDBG funds are subject to the following two statutory restrictions on the use of funds: (1) a 20% cap applies to expenditures for program administration; and (2), a 15% cap applies to expenditures for “public service” activities. Program administration expenses include staff and support services, and a share of Petaluma’s commitment to the county-wide Continuum of Care program. Some examples of public services are defined as childcare services, health services, drug abuse programs, services to seniors, etc.

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| 2024-2025- Entitlement (estimate) | \$ 330,000 |
| Administration Cap – 20% | \$ 66,000 |
| Public Service Cap – 15% | \$ 49,500 |

In accordance with CDBG regulations, the City of Petaluma has published a public notice of a public hearing on the 2024-2025 Action Plan. The public comment period ends April 8, 2024. All comments received will be considered and recorded as part of the proposed CDBG 2024-2025 Annual Action Plan. Staff’s recommendation is current with public comments received and any public comments received on April 8, 2024, will be attached as comments for Council’s consideration. The Action Plan will be submitted to HUD within forty-five days after the announcement of Petaluma’s Grant amount or no later than July 15, 2024.

The Petaluma Block Grant application process consisted of a public notice, online application packets for community agencies and technical assistance to potential applicants provided by Housing staff. The City solicits applications through the housing webpage, the newspaper, the Argus Courier, and to our existing community service providers. The City received 5 applications, all from existing community partners, 3 applications submitted are programs funded with other sources, not CDBG. The 2 remaining applications are long standing CDBG grant recipients, Rebuilding Together Petaluma Home Repair and Modification program and

Petaluma People Services Center, Meals on Wheels program. Several conversations were held with community service organizations interested in applying for CDBG funding, however their programs either didn't align well with the Consolidated Plan objectives or would have been categorized as a public service. Due to strict limitations on how to invest CDBG funds, and the 15% cap on public services, which is primarily absorbed by the Meals on Wheels program, we are severely limited to the programs we can fund outside housing-related programs. However, while the public services cap may limit the extent to which public service programs can be funded directly with CDBG funds, there may be opportunities for collaboration with other organizations or explore alternative funding sources to extend the scope of funded programs to better serve our low-income community.

Citizen Participation Plan Amendment (CPP)

The City created its original CPP in 2011, before the City's 2020-2024 Consolidated Plan was approved. Several changes were incorporated the federal regulations governing the CPP since that time. Therefore, the CPP must be updated to align to current requirements. These changes include:

1. Providing new data on fair housing barriers through the updated Fair Housing Plan (AI/AFH)
2. Increasing accessibility to city resources through updates to communication methods that increase public participation
3. Increasing accessibility to city meetings during an emergency through conducting virtual meetings

Virtual Meetings in a state of emergency

The City of Petaluma and surrounding area are occasionally faced with emergencies, which is defined as any incident that threatens the public safety, health and welfare of our community. Local emergencies include wildfires, power shutoffs, flooding and Coronavirus. To minimize the impact of an emergency on our community, our emergency response team has developed protocols and standards for handling emergencies. We are committed to helping you stay safe and informed during any emergency.

When COVID-19 hit in 2020, federal legislation was passed to direct funds to state and local governments to prevent the spread and mitigate the economic impacts of COVID-19. The legislation included the Coronavirus Preparedness and Response Act, the Families First Coronavirus Response Act, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Along with other waivers that help communities to use HUD funds quickly to serve COVID-19 needs, HUD waived regulatory provisions regarding the Public Comment Period and providing Reasonable Notice and Opportunity to Comment for Consolidated Plan Amendments. The CARES Act also waived these provisions for Plans and Amendments to Plans to approve the use of CARES Act funds. In its guidance, HUD directed jurisdictions to make changes to their CPPs consistent with the waivers to acknowledge the ability to streamline lengthy processes in time of emergency.

Communication methods to reach diverse populations

- To engage harder-to-reach populations, additional outreach might include targeted events in underserved neighborhoods, utilizing social media platforms for broader reach, and outreach to social service provider organizations serving minority populations. Please refer to the Fair Housing Plan on the city webpage at: <https://cityofpetaluma.org/housing-reports-documents/>
- Residents may submit written public comment by emailing comments to cityclerk@cityofpetaluma.org or through the agenda portal on the City of Petaluma webpage <https://cityofpetaluma.org/meetings/> select the date of meeting and the scroll to the options column on the right.

Diversity, Equity, Inclusion and Belonging in Action

- The City of Petaluma prioritizes fostering a prosperous, healthy, and equitable community. Embracing diversity, equity, inclusion and belonging (DEIB) in all policies, programs, and services is essential to our success. City employees from various departments are participating in internal DEIB training. We actively listen, take action, and remain committed to advancing inclusivity, ensuring a safe environment for all Petaluma residents.
- To review the ways we support inclusivity in communications please see the section Public Participation found on pages 3 and 4 of this document or visit the city DEIB webpage at: <https://cityofpetaluma.org/departments/diversity-equity-inclusion-and-belonging/>

PUBLIC OUTREACH

A public notice was published in the Argus Courier announcing a community meeting and technical workshop on February 8, 2024. An email was sent out to all interested parties. All public notices were posted on the City's Housing webpage, in both English and Spanish. Applications were due by February 23rd, 2024. Another public notice, in English and Spanish, was published in the Argus Courier on March 8th, 2024, announcing the public hearing on the proposed draft Annual Action Plan and the proposed program funding allocations and the amended Citizen Participation Plan. The 30-day Public Comment period will end on April 8th, 2024.

COUNCIL GOAL ALIGNMENT

The proposed action supports the following Council Goals, Objectives, and Workplan Items: City that Works for Everyone: (#1) Develop a fiscal sustainability plan with the community that balances City services with available revenues, integrates policies and identifies potential revenue sources that ensure long-term financial health and effectiveness of the City. (#7) Leverage local, regional, and state programs and resources to maximize city revenues.

ENVIRONMENTAL REVIEW

Adoption of the CDBG Annual Action Plan is exempt from California Environmental Quality Act (CEQA) review because the Public Service Programs funded under the Action Plan are exempt under CEQA Guidelines Section 15061(b)(3), which exempts activities under the common sense rule that CEQA only applies to projects that have the potential for causing a significant effect on the environment. The proposed programs provide services to the public within existing facilities. No new development or construction which would alter the built form of the community is proposed. Because CDBG program funding is from the federal government, the proposed projects may be subject to review under the federal National Environmental Policy Act (NEPA). However, NEPA does not require analysis as part of the adoption of the Action Plan. Rather, NEPA review is required prior to the initiation of projects subject to NEPA. Therefore, no NEPA review is required at this time. The City can ensure that the proposed subrecipient projects satisfy applicable NEPA requirements by incorporating NEPA compliance requirements into the subrecipient agreements awarded to the non-profit service providers.

FINANCIAL IMPACTS

There is a minor cost to the city associated with the cost of staff time for program administration. CDBG fund covers all project, and program expenditures.

ALTERNATIVES

Alternatively, the Council could take one or more of the following actions:

- Adjust the amount or the source of the funding allocations. Amounts to individual nonprofits and/or activities could be revised.
- Direct staff to conduct more research with community partners and return with revised recommendations.

ATTACHMENTS

1. Resolution
2. CDBG Funding Proposals for FY2024-2025
3. City of Petaluma CDBG Annual Action Plan Link - <https://cityofpetaluma.org/housing-reports-documents/>
4. City of Petaluma Amended Citizen Participation Plan Link - <https://cityofpetaluma.org/housing-reports-documents/>
5. 2023 Area Median Income Chart Link - <https://cityofpetaluma.org/housing-reports-documents/>