



DATE: September 16, 2024

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

FROM: Karen Shimizu, Assistant Director of Community Development
Sarah Wolf, Housing Specialist
Carissa Cooper, Management Analyst II

SUBJECT: Public Hearing to Receive Comments on the 2023-2024 Draft Consolidated Annual Performance Evaluation Report (CAPER) and Resolution Approving the Community Development Block Grant (CDBG) 2023-2024 CAPER and Authorizing the City Manager to Submit the CAPER as Required by the Department of Housing and Urban Development

RECOMMENDATION

It is recommended that the City Council conduct a Public Hearing to receive comments on the 2023-2024 draft Consolidated Annual Performance Evaluation Report (CAPER) and adopt a resolution approving the Community Development Block Grant (CDBG) 2023-2024 CAPER and authorizing the City Manager to submit the CAPER as required by the Department of Housing and Urban Development (HUD).

BACKGROUND

On April 03, 2023, City Council conducted a public hearing and approved the 2023-2024 CDBG. Cities are required to submit an annual evaluation report known as a CAPER (Attachment 1) to HUD that documents the City's use of federal and state funding sources (CDBG and HOME) and how the City worked to meet its goals for helping low- and moderate-income households. Additionally, staff included in the report how the City utilized non-CDBG funds to address affordable housing, homelessness and housing stability for low-income residents. This report provides an overview of the allocation and impact of non-CDBG funds during FY 2023-2024 as outlined in the CAPER.

DISCUSSION

The 2023-2024 CAPER outlines how the City of Petaluma has met the community needs and objectives outlined in the fourth and final year of the 2020-2024 Consolidated Plan and the 2023-2024 Annual Action Plan. Staff will be returning to City Council in March 2025 to develop a

2025-2029 Consolidated Plan. The Consolidated Plan identifies five goals to address the City's housing and community development needs between the Fiscal Years 2020-2024 as follows:

1. Improve housing opportunities by preserving existing affordable housing.
2. Provide housing and services to the low-income populations, including but not limited to, children, seniors, and special needs population (homeless, disabled, etc.).
3. Increase the supply of affordable housing.
4. Promote housing opportunities for homeownership.
5. Improve accessibility in public facilities and infrastructure.

In Fiscal Year 2023-2024, the City was allocated \$330,388 of CDBG funding. During the 2023-2024 year \$315,540 was expensed, and the remaining funds of \$14,848 will be carried forward to FY 2024-2025. In addition to the 2023-2024 funding the City expensed the remaining program funds from prior years in the amount of \$54,848. This brought the total CDBG funds expended in FY 2023-2024 to \$370,388.

The CDBG program supported the City with achieving progress toward its housing and community development goals during the 2023-2024 program year. This year, City Council directed the funds to be allocated to Rebuilding Together Petaluma, PEP Housing and Petaluma People Services Center for their programs to preserve existing affordable housing and delivering meals to our seniors and residents with special needs. Using these funds, the minor home repair program run by Rebuilding Together Petaluma was able to meet its goal by serving 40 households, resident accessibility was improved in one of the city's senior housing developments, and the meal delivery program met its year-end goal by serving 400 clients. Below is a summary of programs and the number of community members that benefited from the CDBG program.

- Low-income seniors and people with special needs received food delivery services through a Meals program using regular CDBG funds. *Outcome – 400 persons were provided access to quality public services.*
- Rehabilitation of single-family dwellings occupied primarily by low-income seniors and disabled individuals using CDBG funds. *Outcome – Over 40 homeowners preserved their affordable housing via needed repairs.*
- Modernization of elevator for senior affordable housing development. *Outcome – 40 senior citizens now have a safer and more reliable elevator, ensuring consistent and secure access to their homes, especially for those with mobility challenges.*

Both the minor home repair and meal delivery programs have effectively leveraged CDBG funding to expand their reach and serve additional community members. Rebuilding Together

Petaluma assisted 12 additional households through other funding sources, while Petaluma People Services Center provided meals to an additional 297 clients.

In the Fiscal Year 2023-2024, the City of Petaluma utilized an additional \$3.2 million in non-CDBG funding to support various housing programs aimed at homeless services, rental assistance, and affordable housing development. Both CDBG and non-CDBG funds play a pivotal role in addressing housing and homeless challenges in Petaluma. Through leveraging state and local funding, 224 new affordable units including 59 units designated for permanent supportive housing will be added to the City's existing housing supply. These programs complemented CDBG-funded activities and helped further the goals of the City's 2020-2024 Consolidated Plan. Continued collaboration with nonprofit partners and the strategic use of non-CDBG funds will be essential to meeting future housing needs in the community.

Key Programs

1. Homeless Services: \$2.98 million was allocated to programs: Landlord recruitment initiative, street outreach, emergency shelter operations, mental wellness and behavioral health programming.
2. Rental Assistance and Fair Housing Services: \$142,045 was allocated to Petaluma People Services Center for rental assistance and tenant counseling to prevent displacement, and promote housing stability and protection.
3. Preservation of Affordable Housing: \$75,000 was allocated to the Housing Land Trust of the North Bay to support affordable homeownership and stewardship.

Affordable Housing Development

1. 414 Petaluma Blvd North: A 44-unit affordable housing development completed July 2024, supported by \$900,000 in HOME funds and \$1.1 million in In-Lieu funds. The project includes 12 units of permanent supportive housing and 18 units for agricultural workers.
2. Meridian at Corona Crossing: A 131-unit affordable housing development was awarded \$2 million in local funds and leveraged an additional \$31 million from the State of California Affordable Housing and Sustainable Communities Program.
3. Washington Commons: The City allocated \$500,000 in In-Lieu funds for site acquisition to develop 50 units of affordable housing. Efforts are underway to secure additional funding for the project by the project proponent.

State and Regional Funding Programs

1. Prohousing Incentive Program: In 2024, Petaluma was awarded \$840,000 through receiving the State of California's Prohousing Designation to further address homelessness and affordable housing needs.
2. Local Housing Trust Fund (LHTF): A matching grant of \$1.1 million was secured for the Studios At Montero, a 60-unit permanent supportive housing project that was completed

in 2023.

PUBLIC OUTREACH

A public notice was published in the Argus Courier on August 15, 2024, meeting the required thirty day (30) public review period, and the report was posted on the City's housing webpage. All public comments received will be included in the report to Council during the Public Hearing and will also be included in the final CAPER submitted to HUD.

The CAPER is posted on the City Housing Webpage at the following link:
<https://cityofpetaluma.org/documents/city-of-petaluma-draft-caper-fy23-24/>

Additionally, this item appeared on the City's tentative agenda published on September 9, 2024, which was a publicly noticed meeting.

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.

CLIMATE ACTION/SUSTAINABILITY EFFORTS

Housing preservation positively impacts Petaluma's climate action plan by reducing greenhouse gas emissions through making energy efficient upgrades when feasible, and by preserving and upgrading existing structures therefore reducing waste while conserving raw materials.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, in that approving the CAPER Report and authorizing the City Manager to execute any documents related to submitting the CAPER to HUD for review/approval does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because the action constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

FINANCIAL IMPACTS

In Fiscal Year 2023-2024, the City was allocated \$330,388 of CDBG funding. During the 2023-2024 year \$315,540 was expensed, and the remaining funds of \$14,848 will be carried forward to FY 2024-2025. The City has up to six years from allocation to expend CDBG program funding

In addition to the 2023-2024 funding the City expensed the remaining program funds from prior years in the amount of \$54,848. This brought the total CDBG funds expended in FY 2023-2024 to \$370,388.

ATTACHMENTS

1. Resolution
2. Draft Consolidated Annual Performance and Evaluation Report (CAPER)
3. 2020-24 Consolidated Plan