DATE: May 4, 2020

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

FROM: Jim Carney, Housing Administrator

SUBJECT: Regarding COVID-19 Funds, Public Hearing to Receive Comments on the 2019-2020 Proposed Amendment of the Action Plan and Adoption of a Resolution, Approving the Community Development Block Grant Amended Action Plan and Authorizing the City Manager to Sign All Documents Required by the Department of Housing and Urban Development

RECOMMENDATION

In order to allocate funds to address the impacts of the COVID-19 it is recommended that the City Council hold a public hearing to receive comments on the proposed amendment of the Community Development Block Grant 2019-2020 Action Plan; adopt the attached resolution and authorize the City Manager to sign all documents required by the Department of Housing and Urban Development.

BACKGROUND

The primary objective of the CDBG program is 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.” The City of Petaluma has an “entitlement” status under the CDBG program and, as such, receives an annual allocation of funding for eligible activities. The current 2019-2020 CDBG funding allocation of $329,913 is made available to non-profit agencies who provide services and housing rehabilitation activities for low and very low-income households in Petaluma, as well as for the city’s grant administration cost.

Requests for funding for projects and programs must address not only the national objectives, but also the Council’s local priorities as outlined in the adopted 2015-2020 Consolidated Plan. The document, required by the U.S. Department of Housing and Urban Development (HUD), is to serve as a five-year planning tool and as an application for federal funding. The priorities of the 2015-2020 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

While the normal CDBG eligible activities are listed above, the one-time COVID-19 response, referred to as the CARES CDBG allocation is now provided to address the COVID-19 emergency and to allow for a broader set of support and services on a temporary basis, in most cases up to a three month time period, as discussed below.

DISCUSSION

HUD determined the City’s CDBG entitlement annual grant amount utilizing a formula based on population, poverty, housing conditions, etc. However, in response to the COVID-19 emergency, the Federal CARES allocation included new, one-time CDBG funds to entitlement jurisdictions, including Petaluma, to be used to address local impacts of the coronavirus. The City of Petaluma has been allocated $206,544 of those CDBG funds.

HUD has instructed that in order to quickly access the new CARES CDBG funds the City must approve an amendment to the current CDBG 2019-2020 Annual Action Plan. The attached resolution once approved by the Council, will expedite rapid use of these funds.

The City has identified the need to provide low-income households with assistance to reduce the impacts of COVID-19, including temporary rental assistance and support for homeless families and individuals. That determination is based on the alignment of possible use of the COVID-19 CDBG funding allocation and the City’s goals, including:

• Ensuring that the funds are deployed rapidly to those in need.
• Assisting the most vulnerable families and individuals who may be unable to pay rent during COVID due to loss of income.
• Preventing individuals and families from falling into homelessness.
• Leveraging agreements with landlords to maximize the relief given to local resident.

Further, HUD has provided the guidance and a waiver for the use of the one-time CDBG funds to address local impacts of COVID-19. In addition to the eligible uses of the COVID-19 CDBG funds, HUD has also provided the City with the following information:

• There is no cap for the normal 15% allocation of CDBG funds for Public Services.
• The City can utilize its CDBG COVID-19 response funds for rental “emergency housing payments” for low and very-low income households limited to a three-month period of support.
• The City can utilize its CDBG COVID-19 funds to help provide temporary housing, shelter and related services for homeless families and individuals.

As part of the Amendment of the Annual Plan process, the City of Petaluma agrees to several CDBG certifications as required by 24 CFR 91.225. These certifications align with the City’s
policies, such as a Drug-Free Workplace, Anti-Lobbying, and Affirmatively Further Fair Housing. The COVID-19 CDBG sub-recipient agreements will provide that all HUD’s regulations and certifications are passed through to our nonprofit sub-recipients partners.

**PUBLIC OUTREACH**

A Public Notice was published in the Argus Courier in English and Spanish on April 23, 2020 following HUD instructions in response to the urgency of the COVID-19 response that calls for a Five-Day Public Notice announcing the Council meeting on May 4, 2020. All public notices were posted on the City’s Housing webpage, in both English and Spanish [https://cityofpetaluma.org/departments/housing/](https://cityofpetaluma.org/departments/housing/). Public Comment period ended on April 28, 2020.

**FINANCIAL IMPACTS**

The Block Grant Program is fiscally self-sustaining. All administrative, project, and program expenditures are covered by the entitlement and the subsequent COVID-19 allocation. Once we receive our CDBG CARES grant for FY 19-20, the City Budget will be updated. The City may use a portion of the COVID-19 CDBG, up to 20% of the total allocation, for city administration expenses.

**RECOMMENDATION**

In order to expeditiously make the CARES CDBG funding available it is recommended that the Council adopt the attached resolution approving an amended Community Development Block Grant Action Plan for 2019-2020 allocating CARES CDBG funds in the amount of $100,000 to critically needed support for low and very low-income Petaluma families and individuals to maintain their current housing with support of rent and related needs for a period of three months per household, and funds in the amount up to $106,544 to replenish the rental assistance effort to support low and very-low income Petaluma individuals and/or allocate from the remaining CDBG-CV funds to address the needs for housing, shelter and support services for homeless families and individuals to be administered by a local non-profit or community organization.

Therefore, it is recommended that the local non-profit organization, that currently represents the City in its Fair Housing Program—Petaluma People Services Center, receive an immediate disbursement of the City’s CDBG CARES grant funds totaling $100,000, for current housing support for low income families and individuals, and that the use of the remaining allocation of $106,544 be revisited in one month for consideration of replenishment of the rental assistance effort to support low and very-low income Petaluma individuals and/or address the needs for housing, shelter and support services for homeless families and individuals.

**ATTACHMENTS**

1. Resolution
2. EXHIBIT A Amendment of the 2019-2020 Action Plan for the COVID-19 CDBG Funds
Resolution No 2020
of the City of Petaluma, California

APPROVING THE 2019-2020 COMMUNITY DEVELOPMENT BLOCK GRANT ACTION PLAN AS AMENDED BY THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

WHEREAS, the City of Petaluma, is an entitlement community under the jurisdiction of the Department of Housing and Urban Development (HUD) Community Development Block Grant program; and,

WHEREAS HUD provides each entitlement jurisdiction with an annual allocation of federal funds to be utilized for the benefit of low- and moderate-income recipients; and,

WHEREAS, HUD has allocated additional CDBG CARES funds to the City of Petaluma to address the impacts of the COVID-19 virus on the moderate and low-income residents of the City;

NOW, THEREFORE, BE IT RESOLVED by the Petaluma City Council that:

1. The Amended Action Plan attached to and made a part of this resolution as Exhibit A is approved and adopted for FY 2019-2020. The Amended Action Plan allocates $100,000 in CDBG CARES funding to Petaluma People’s Services Center for rent and related support for low income families and individuals and/or the reimaging CDBG-CV funds of $106,544 for temporary housing, shelter and related services to homeless families and individuals; and

2. The City Manager, or her designee, is hereby authorized to sign any additional program documents required by the Department of Housing and Urban Development; and

3. The City Manager or her designee is hereby authorized and directed to sign on behalf of the City a standard Subrecipient Agreement with Petaluma People’s Services Center to provide rent and related support for low income families and individuals for a total allocation in amount of $100,000 of CDBG-CV funds; and for additional such funds up to amount of the maximum CDBG_CV allocation of $206,544 after the initial thirty days of program performance; and/or

4. The City Manager or her designee is hereby authorized and directed to sign on behalf of the City a standard Subrecipient Agreement with one, or more, local non-profit organization(s) to provide housing, shelter and related support services for homeless families and individuals for an allocation of CDBG-CV funds not totaling up to $106,544 of such funds.
City of Petaluma, California
SUMMARY OF AMENDMENT TO THE
2019-2020 ACTION PLAN
May 4, 2020

INTRODUCTION

PURPOSE: 2019-2020 Community Development Block Grant (CDBG) Amended Annual Action Plan for Use of the COVID-19 CARES Funding Allocation

Operating as an entitlement jurisdiction under the CDBG program, the City of Petaluma has an adopted 2015-2020 Consolidated Plan, as required by the Department of Housing and Urban Development (HUD). The City Council has adopted on May 4, 2020 a Resolution approving this amendment regarding HUD’s allocation of $206,554 of one-time CDBG funds to address the COVID-19 impacts in the City of Petaluma.

All strategies and activities proposed to be undertaken in FY 2019-2020 promote one or more of the goals of the 2015-2020 Consolidated Plan and the Block Grant Program: provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities particularly for low and moderate-income persons. The COVID-19 CDBG allocation is specifically provided to address the local impacts of the coronavirus.

HUD has waived the normally-required CDBG thirty day (30) public notice and has specified a five-day (5) published notice to allow the public to comment on the proposed action of the City Council to adopt a resolution for acceptance and utilization the one-time CDBG funds to address the impacts of the coronavirus in the City of Petaluma. The required public notice was published in the Petaluma Argus Courier newspaper, the City’s official newspaper, on Thursday April 23, 2020.

The City of Petaluma City Council conducted a public hearing at its meeting, in a virtual online setting, on May 4, 2020. That public meeting was held to provide opportunities for public input during the meeting and to submit comments to the Housing Division, at the City of Petaluma.

PROPOSED AMENDMENT OF THE ACTION PLAN

Per HUD direction and guidance, the COVID-19 CDBG funds allocated to the City of Petaluma are for provision of one-time services temporary service to address the local impact of the coronavirus. HUD has directed that the new allocation must be provided via an amendment to the current entitlement 2019-2020 CDBG Annual Action Plan.
The normal annual CDBG entitlement grant for the City of Petaluma for 2019-2020 is $329,913. Those funds have been committed for FY 19/20 for low income and very low-income services that will end on June 30, 2020. Therefore, it not intended to use that normal annual allocation for services needed to address the COVID-19 emergency. The new COVID-19 CDBG allocation is separate and distinct from the annual grant and cannot be used for standard CDBG eligible projects, programs or activities. Also, HUD has provided the CDBG COVID-19 funds from May 4, 2020 to December 31, 2020.

Pursuant to HUD approved waiver and guidance, the City Council has by resolution approved an amendment of the current FY 2019-2020 Action Plan and allocated the $206,554 COVID-19 CDBG funds as follows on the pages below:
<table>
<thead>
<tr>
<th><strong>Project Name</strong></th>
<th><strong>Support of Low-Income Renter Households Impacted by COVID-19</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target Area</strong></td>
<td>Citywide</td>
</tr>
<tr>
<td><strong>Goals Supported</strong></td>
<td>Provide temporary income payments and services to low-income households</td>
</tr>
<tr>
<td><strong>Needs Addressed</strong></td>
<td>Income payments</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>COVID-19 CDBG: 2019-2020:  $100,000 – entitlement funding allocation to Petaluma Peoples’ Services Center (PPSC), with additional funds of $106,544 allocated for an amount not to exceed the total CDBG-CV 2019 grant of $206,544</td>
</tr>
<tr>
<td><strong>Description</strong></td>
<td>Program: “income payments” consisting of subsistence-type grant payments made to an individual or family for items such as food, clothing, housing (rent), and/or utilities. Emergency grant payments to be made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family.</td>
</tr>
<tr>
<td><strong>Target Date</strong></td>
<td>Beginning in May 2020, and for up to three months per low income recipient households for the period to December 31, 2020.</td>
</tr>
<tr>
<td><strong>Estimate the number and type of families that will benefit from the proposed activities</strong></td>
<td>The City estimated aiding approximately 30 to 50 low-income households</td>
</tr>
<tr>
<td><strong>Location Description</strong></td>
<td>Citywide</td>
</tr>
<tr>
<td><strong>Planned Activities</strong></td>
<td>Income assistance to provide support for rent, utilities, food and other monthly bills and necessary services in order to enable low-income households to remain in their homes for up to three months</td>
</tr>
<tr>
<td>Project Name</td>
<td>Support of Low-Income Households Impacted by COVID-19</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>Target Area</td>
<td>Citywide</td>
</tr>
<tr>
<td>Goals Supported</td>
<td>Provide temporary housing, shelter and related services for persons who are homeless in the City</td>
</tr>
<tr>
<td>Needs Addressed</td>
<td>Housing, shelters and services to address homelessness</td>
</tr>
<tr>
<td>Funding</td>
<td>COVID-19 CDBG: 2019-2020: Up to $106,544 – entitlement funding to support local efforts to provide temporary housing, shelter and related services to homeless families and individuals.</td>
</tr>
<tr>
<td>Description</td>
<td>Program: grant payments for the provision of temporary housing, shelter, food, medical and/or mental health care and related services. Emergency grant payments to be made over a period of up to three consecutive months to the provider of such items or services on behalf of an individual or family. Funds to be provided per execution of a CDBG-CV subrecipient with an eligible local non-profit or community organization.</td>
</tr>
<tr>
<td>Target Date</td>
<td>Beginning in May 2020, and for up to three months temporary payments per family or individuals during the period to December 31, 2020.</td>
</tr>
<tr>
<td>Estimate the number and type of families that will benefit from the proposed activities</td>
<td>The City estimated aiding approximately 30 to 40 homeless families and individuals</td>
</tr>
<tr>
<td>Location Description</td>
<td>Citywide</td>
</tr>
<tr>
<td>Planned Activities</td>
<td>Support of local non-profits, public agencies and community organizations that provide temporary housing, shelter and services to homeless families and individuals.</td>
</tr>
</tbody>
</table>