

READ AND CONSIDERED  
DATE 8/24/22 BY gpa

## Response to Grand Jury Report Form

Report Title: Affordable Housing: Monitoring and Compliance  
Report Date: June 14, 2022  
Response by: Teresa Barrett Title: Mayor  
Agency/Department Name: City of Petaluma

### FINDINGS: F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11

I (we) agree with the findings numbered: F3, F4, F5, F6, F9

I (we) disagree wholly or partially with the findings numbered: F1, F2, F7, F8, F10, F11

(Attach a statement specifying any portions of the findings that are disputed with an explanation of the reasons.)

### RECOMMENDATIONS: R1, R2, R3, R5, R6, R7, R8

- Recommendations numbered: R2, R3, R6 have been implemented.  
(Attach a summary describing the implemented actions.)
- Recommendations numbered: R5, R8 have not yet been implemented, but will be implemented in the future.  
(Attach a timeframe for the implementation.)
- Recommendations numbered: R1, R7 require(s) further analysis.  
(Attach an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. ***This timeframe shall not exceed six months from the date of publication of the Grand Jury report.***)
- Recommendations numbered: \_\_\_\_\_ will not be implemented because they are not warranted or are not reasonable.  
(Attach an explanation.)

Date: August 17, 2022 Signed: Teresa Barrett

Number of pages attached: 4 pages attached

(See attached Civil Grand Jury Response Requirements)

**SONOMA COUNTY GRAND JURY REPORT 2022**  
**Affordable Housing: Monitoring and Compliance**

City of Petaluma Responses to Findings

**F1. Monitoring of compliance with Affordable Housing regulations has been inconsistent and often inadequate.**

*Disagree with this finding – The City has an established compliance program and conducts annual compliance reporting for all deed-restricted affordable housing projects. This includes review of annual audits, tenant rent roll to ensure rent and income level of units, and annual operations budgets. Per the City of Petaluma Regulatory Agreement, the property owner, an annual audit is required to be completed by a third party, independent Certified Public Accountant.*

**F2. The use of self-reported data in monitoring is the accepted norm.**

*Disagree with this finding – As part of the ongoing compliance program, the City conducts site visits. Site visits include a physical site inspection, unit inspection, and resident file review. City staff reviews to ensure tenant income is documented via third-party verification, annual unit inspections are conducted, and all maintenance requests are tracked and completed. An independent third-party licensed Certified Public Accountant prepares an annual audit regarding property operations and conducts sampling of tenant files, funding agreements, and unit mix to ensure compliance with regulatory agreements.*

**F3. On-site (in-person) monitoring beyond that required by law is rare due to insufficient personnel, budgetary limitations, and relatively low incentives.**

*Agree with this finding – At this time, the City does not have the resources to conduct annual on-site inspections for all properties. The City is in the process of adding additional staff to the department and will implement bi-annual site inspections for all deed-restricted rental units.*

**F4. COVID-19 further reduced in-person, on-site monitoring due to public health restrictions.**

*Agree with this finding – On-site monitoring was reduced and/or waived by federal funders to ensure the safety of the community and staff.*

**F5. Surprise or unscheduled monitoring of individual units is not done, for reasons of privacy, availability, efficiency, and practicality.**

*Agree with this finding – For privacy and due process concerns, prior notice for site visits is scheduled to accommodate on-site staff and residents. The lease agreements between the residents and the ownership of the property include a clause that requires the tenant to receive 24-hour written notice prior to any inspections or entry of the unit.*

**F6. Unscheduled monitoring of properties and management, in order to review tenant files, grounds, and the amenities is not done.**

*Agree with this finding – Prior notice is provided to accommodate on-site staff and resident schedules.*

**F7. The Community Development Commission has informational documents and policies to provide upfront training in the monitoring process.**

*Partially agree with this finding – There have been recent improvements in the documents and policies to support programs and training in the monitoring process, specifically in the area of Homeless Services.*

**F8. There is limited or no standardized training in Affordable Housing compliance regulations for developers and managers of inclusionary housing within the nine Cities.**

*Partially agree with this finding – While the City has a program focused on specific funding sources (CDBG and HOME) and works closely with affordable housing Managers, there is no ongoing standardized training countywide.*

**F9. The cities of Petaluma and Rohnert Park use computerized compliance monitoring programs to facilitate and improve the quality of their work.**

*Agree with this finding – The City implemented an online database system in the spring of 2019 and continues to build out the online system.*

**F10. The property titles of Affordable single-family houses have not always been flagged as deed restricted.**

*Partially agree with this finding – Prior to the release of any new funding, resale, or financial restructuring of existing rental developments and homeowner program properties, city staff works in partnership with the legal team to review regulatory agreements, title reports, deal documents, and escrow instructions to ensure all transactions including recorded documents and deed restriction are in place, and recorded in the proper order. The City is in the process of reviewing the homeowner program to ensure the deed restrictions are accurate. As this work is completed, the program will be built into the online database to ensure ongoing compliance.*

**F11. The majority of the housing representatives the Grand Jury interviewed felt that there is not enough staff within their departments to make anyone a full-time compliance monitor.**

*Partially disagree with this finding – The report does not accurately reflect the staffing capacity listed within the report. It should be modified to 50% of 1 FTE.*

City of Petaluma Responses to Recommendations

**R1. By December 31, 2022, the Sonoma County Community Development Commission and the nine Cities meet and develop agreed-upon standards and procedures for the monitoring of Affordable Housing. (F7, F8)**

*The recommendation requires more analysis. The City is happy to meet with the County and other cities to collaborate on standards and procedures, where standardizing those is possible and makes sense. However, different rules, agreements and standards may apply in different jurisdictions, limiting the extent to which procedures can be standardized. The City has a monitoring handbook established for federal and state-funded programs, which require extensive monitoring. Information is gathered for city financed projects, but not to the same level of detail as state and federal projects.*

**R2. The Sonoma County Community Development Commission and the nine Cities resume on-site monitoring by October 1, 2022. (F3, F4)**

*The recommendation has been implemented. The City has resumed on-site monitoring of sites. Starting with HOME-funded properties, on-site inspections of all properties will be scheduled when a housing specialist is hired. Properties will be inspected on a bi-annual basis.*

**R3. By January 1, 2023, the Sonoma County Community Development Commission and the nine Cities review and ensure that they have sufficient personnel to conduct on-site monitoring and process self-reported monitoring data to meet future Regional Housing Needs Allocations. (F1, F2, F3, F5, F6, F11)**

*The recommendation has been implemented. The City contracted with a consultant to provide compliance monitoring services. The City is in the process of hiring a full-time staff member, and about 50% of that time will be used for compliance monitoring, with a consultant available for backup as needed.*

**R4. The Sonoma County Community Development Commission use informational documents and policies to provide ongoing training in the monitoring process for developers and managers of Affordable Housing projects by January 1, 2023. (F7)**

*Not Applicable*

**R5. By January 1, 2023, the nine Cities develop informational documents and policies to provide both upfront and ongoing training in the monitoring and compliance procedures for developers and managers of Affordable Housing projects. (F8)**

*The recommendation will be implemented in the future. The City already has a training program for HOME and CDBG program operations and monitoring. That program can be expanded to meet the requirements for all funding sources.*

**R6. By November 1, 2022, the nine Cities meet and discuss to jointly or individually utilize Affordable Housing monitoring software. (F9)**

*The recommendation has been implemented. The County has already scheduled these meetings. The City has built out City Data Systems, and it is fully implemented. The County will be using another database system. We could consider switching the database if needed, but much time went into building our existing system.*

**R7. By November 1, 2022, the nine Cities meet and discuss pooling resources to fulfill their monitoring responsibilities, through either a consultant or designated employees. (F11)**

*The recommendation requires further analysis. The City is willing to collaborate on any regional solutions that make sense. The County may be the best entity to build the regional system. With existing staff and on-call consultants at this time, the City feels we have the resources to properly implement our monitoring responsibilities.*

**R8. By December 31, 2022, the Sonoma County Community Development Commission and the nine Cities should update and maintain their inventory of Affordable houses within their jurisdictions and verify that all their property titles are flagged for restricted sale. (F10)**

*The recommendation will be implemented in the future. Petaluma will be working with the Housing Land Trust on this recommendation.*