



Agenda Report

May 12, 2025

TO: Honorable Mayor and City Council

FROM: City Manager's Office

SUBJECT: DIRECT THE CITY MANAGER'S OFFICE TO EXECUTE FEDERAL GRANT AGREEMENTS

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action contained in the agenda report is exempt from review pursuant to the California Environmental Quality Act ("CEQA") in accordance with State CEQA Guidelines § 15061(b)(3), the "common sense" provision that CEQA only applies to projects that may have a significant effect on the environment; and
2. Direct the City Manager's Office to execute federal grant agreements.

BACKGROUND:

The City of Pasadena expends approximately \$60 million dollars annually in grant funds from the federal government. These dollars are used to support the City's delivery of essential public services related to transportation, public safety, housing assistance, homelessness services, utilities, public health, and public works projects. The City's ability to deliver these services at the same level and effectiveness would be adversely impacted if these funds were to become unavailable.

Since taking office in January 2025, President Trump has signed over 140 Presidential Executive Orders (EO) that have established new grant conditions which may impact the City's eligibility to receive federal grant funds. In March 2025, The Department of Housing and Urban Development (HUD) transmitted a grant agreement to the City, through the Housing Department, for the provision of \$351,407 in grant funding to support permanent supportive housing through HUD's Continuum of Care Program (CoC). This is the first grant agreement transmitted to the City that contains the new grant conditions arising from the President's EOs, and more are expected in the future.

Staff has carefully reviewed the new grant conditions and determined that the new grant conditions are unrelated to the CoC's purpose of ending homelessness. As such, staff has determined that it can comply with the requirements of the HUD grant. It should be noted, however, that this agreement purports to impose new provisions that were not required under the application.

The City remains committed to complying with all applicable laws. However, the City is aware of ongoing lawsuits brought by other state and local agencies challenging the new HUD agreement conditions and several of the Presidential Executive Orders. As to future grant agreements that may include these new grant conditions and other related grant conditions required by EOs, the City intends to comply with such conditions, if accepted, unless it is determined that the conditions are unconstitutional or otherwise invalid.

COUNCIL POLICY CONSIDERATION:

The information provided in this report is consistent with the City Council's strategic goals of maintaining fiscal stability and responsibility and supporting and promoting the quality of life of Pasadena residents.

ENVIRONMENTAL ANALYSIS:

The proposed action has been determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061 (b)(3), the Common Sense Exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Adoption of this Resolution would have no adverse impact on the environment.

FISCAL IMPACT:

The immediate fiscal impact associated with the recommended action is the receipt of \$351,407 in federal grant funds to support permanent supportive housing. The maximum fiscal impact associated with the recommended action is the expenditure of approximately \$60 million in federal grant funds to support a variety of essential City services.

Respectfully submitted,



ALEX SOUTO
Deputy City Manager

Approved by:



MIGUEL MÁRQUEZ
City Manager