

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: August 22, 2024

PREPARED BY: Ivan Tenorio, Homeless and Supportive Services Manager

SUBJECT: REVISE FY 2024-25 ALLOCATION OF PERMANENT LOCAL HOUSING ALLOCATION PROGRAM FUNDS PURSUANT TO CONDITIONAL AWARD LETTER IN THE AMOUNT OF \$439,873

RECOMMENDATION:

1. Authorize Director of Finance to reduce FY 2024-25 PLHA Grant Revenue Account No. 2250000-3340000 in the amount of \$521,016, to reflect revised award in the amount of \$439,873.
2. Authorize Director of Finance to reduce PLHA Transfer Out Account No. 2254199-4501000 to General Fund Account No. 1100000-3910000 in the amount of \$165,000 for a restated Transfer Out from PLHA of \$100,000 in accordance with revised award from PLHA.
3. Authorize Director of Finance to increase PLHA Transfer Out Account No. 2254199-4501000 to General Fund Account No. 1100000-3910000 in the amount of \$141,873 to reimburse costs associated with prior year FY 2023-24 expenditures.

BACKGROUND/ANALYSIS:

On May 28, 2020, the City Council adopted the City's Five-Year Permanent Local Housing Allocation (PLHA) Plan, which is overseen by the California Department of Housing and Community Development (HCD). At that time, it was projected that the City would receive approximately \$1,028,000 over the five-year period to support programs addressing homelessness. The PLHA program is financed through a \$75 recording fee on real estate documents, aimed at increasing the supply of affordable housing. As such, this funding is subject to annual fluctuations in fee revenue. Currently, PLHA funds are used to support the following homelessness related costs:

Current Contracts	Purpose	Annual Amount
City Net (City's outreach provider)	Pays for two full time outreach workers (Monday – Friday) that provide the following services: Street outreach, case management, housing navigation, and referrals to local shelters.	\$150,000
Coachella Valley Rescue Mission (shelter access)	Reserves Five Shelter Beds per month for homeless individuals only from the City of Palm Desert.	\$45,000
Coachella Valley Association of Government's (CVAG) Coachella Valley Housing First Program (housing access)	Provides Two primary methods to housing solutions: Rapid resolution, crisis stabilization units, and street outreach.	\$100,000

City of Palm Desert
Revise Permanent Local Housing Allocation

The Formula Allocation distributed by HCD on December 29, 2023 indicated that Palm Desert would receive \$960,889 allocation as of July 2, 2024. However, staff received notice that an error in the allocation had occurred and on July 1, 2024 by HCD, HCD provided their Conditional Award and Commitment letter for PLHA in the much-reduced amount of \$439,873.

This change requires an adjustment to the FY 2024-25 affected budget line items to reflect the revised grant amounts and prior year reimbursements. The following adjustments are needed:

- 1) Revenue reduction to Account No. 2250000-3340000 in the amount of \$521,016.
- 2) Reduction to Transfer Out Account No. 2254199-4501000 in the amount of \$165,000.
- 3) Increase to Transfer Out Account No. 2254199-4501000 in the amount of \$141,873.

FISCAL ANALYSIS:

The changes to the FY 2024-25 budget remain within the contracted amounts for current homelessness services, therefore there is no additional impact to the General Fund with this action.

Additionally, in FY 2023-24 funds available were less than expended. Pursuant to the PLHA advancement program instructions, costs incurred within one year prior to commitment may be included as part of allowable expenses. Therefore, a portion of the FY 2024-25 will reimburse the General Fund for amounts paid in excess of the PLHA Revenue.

Fiscal Year 2024-25 PLHA Budget Reconciliation	
Original PLHA Revenue Estimate	\$960,889
Necessary Adjustment to Revised Award	(\$521,016)
Revised PLHA Revenue Estimate	\$439,873
<i>Less: Approved Contracts/Expenditures</i>	
Professional Other (City Net/CVRM)	(\$195,000)
Transfer Out to General Fund (CV Hsg/Bus Pass)	(\$100,000)
FY 2023-24 Allowable Expenses (Reimb GF)	(\$141,873)
Remaining PLHA Grant Balance	\$3,000

ATTACHMENT:

1. December 29, 2023 PLHA Formula Allocation Round 4 Awardee List
2. July 1, 2024 NOFA Conditional Award Letter Round 4