

January 16, 2025

City of Palm Desert
Attn: Todd Hileman, City Manager
73510 Fred Waring Drive
Palm Desert, CA 92260

**RE: Palm Desert Urban Self-Help
Contract No. C36510**

Dear Mr. Hileman,

As per our meeting yesterday, the Coachella Valley Housing Coalition (“CVHC”) respectfully re-submits this request for additional funding due to construction cost overruns to the Palm Desert Urban Self-Help project (“Project”).

As you’re aware, this project has encountered numerous challenges due to circumstances outside of CVHC’s control. With over 40 years of affordable housing experience, CVHC has never experienced the unique ‘perfect storm’ set of challenges that have impacted the construction of this Project.

We saw the advent of the COVID-19 pandemic while negotiating the Disposition and Development Agreement (“DDA”) and, due to decreases in available staff levels, it caused periodic delays in the negotiation process, contributing to the delay in project start.

The construction industry as a whole, due to the pandemic, saw significant impacts in costs and supply lines. The Project incurred increases in the cost of construction materials and labor, with significant increases happening between when the original, conservative budget was submitted to the City and when construction actually started. The pandemic created lasting long-term impacts to CVHC’s ability to find low-cost subcontractors and suppliers, causing staff to spend significantly more time trying to secure suppliers and contractors with quality products/work that were within our budget; in some cases we were unsuccessful and over budget.

Additionally, despite CVHC’s best efforts and drawing on years of construction experience, the dry and wet utility suppliers have adversely impacted the Project. As with all CVHC’s projects, and as per the DDA requirements, CVHC staff thoroughly conducted its due diligence activities, and as per industry standard, relied heavily on the accuracy of utility company mappings, plans and on-site markings.

CVHC expected the dry utilities, as per City staff comments and Edison plans, to be stubbed out at the property line for each house, which was not the case. Additionally, Edison requested new lines

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for the entire project, as well as a new backbone line be installed (from the vault at the north side of the retention basin) adding significant costs to the project and far exceeding the underground materials/electric drop utility budget.

The sewer laterals, per CVWD plans and their curb and gutter markings, were supposed to be located behind the sidewalk. However, both the plans, and the curb and gutter markings, were incorrect. CVHC was required to dig in several locations and was still unable to find a single sewer lateral, necessitating that a civil engineer and sewer video company be hired to locate the laterals. Some of the laterals were located under the sidewalk, which required that CVHC demo the existing sidewalk to be able to connect the sewer to the houses. Due to these additional CVWD requirements, CVHC was also obliged to relocate the temporary fencing from behind the pre-existing sidewalks to the street. The additional professional services and demolition work contributed to the overall Projects cost overruns and time delays to the project.

All of these circumstances resulted in financial impacts to the Project such as increased construction costs, increased professional services costs, additional required Participant mortgage payments during construction, and an approximate overall 6-month time delay to the project.

CVHC secured additional funding for the Project, including

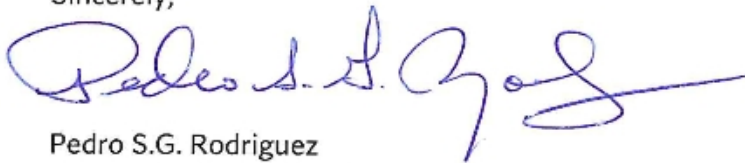
- \$802,000 CalHome/CalHome Re-Use;
- \$105,000 Pacific Western Bank/Banc of CA (grant);
- \$ 46,587 NeighborWorks Capital (grant);

and \$180,682 in homebuyer mortgages.

CVHC therefore respectfully requests the City of Palm Desert approve and provide a grant in the amount of \$65,000, or \$4,642 per unit, to the Palm Desert Urban Self-Help project.

We look forward to your positive response.

Sincerely,



Pedro S.G. Rodriguez
Executive Director & CEO