

CITY OF PALM DESERT STAFF REPORT

MEETING DATE: September 11, 2025

PREPARED BY: Ivan Tenorio, Homeless and Supportive Services Manager

SUBJECT: REALLOCATE \$30,000 IN FISCAL YEAR 2025-26 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

RECOMMENDATION:

1. Approve the reallocation of \$30,000 in Fiscal Year (FY) 2025-26 Community Development Block Grant (CDBG) funds, originally designated for the Fair Housing Council of Riverside County, to the Palm Desert Housing Authority.
2. Authorize staff to notify the County of Riverside of the approved reallocation and submit any required documentation in the County’s CDBG records pursuant to the Joint Recipient Cooperation Agreement.
3. Authorize City Attorney to review and finalize any required agreements or amendments.
4. Authorize the City Manager to execute any documents necessary to complete the reallocation.

BACKGROUND/ANALYSIS:

In previous program years, the City has allocated a portion of its CDBG Public Services funding to the Fair Housing Council of Riverside County, Inc. (FHCRC), a HUD-approved nonprofit organization that works to protect housing rights and ensure compliance with fair housing laws. On January 9, 2025, the City Council approved the FY 2025-26 CDBG funding recommendations, of which \$30,000 was included for FHCRC.

Effective July 1, 2025, the City began participating in the County of Riverside’s Urban County Program under a Joint Recipient Cooperation Agreement. While the City retains Metropolitan City entitlement status, certain administrative functions are now delegated to the County, and the City must follow the County’s Citizen Participation Plan for CDBG program administration.

County staff has confirmed that the FHCRC is funded regionally through the County’s CDBG allocation. As a result, a separate City allocation is no longer necessary, and the \$30,000 previously allocated to FHCRC is available for reallocation to other eligible public service activities.

Staff recommend redirecting these funds to Palm Desert Housing Authority (PDHA) to support ready-to-implement public facility improvements that directly benefit low and moderate-income residents:

Agency	Council Approved on 01/08/2025	Recommended Amount
FHCRC	\$30,000	\$0
PDHA	\$117,750	\$147,750

Rationale for selecting PDHA

Staff reviewed the current FY 2025-26 CDBG projects and determined that reallocating the funds to the Palm Desert Housing Authority best supports the goals of the CDBG program. PDHA had requested more than its awarded amount, has a ready-to-implement playground project at the One Quail Place property, and serves income-qualified households. Redirecting funds to PDHA strengthens an existing local project without creating a new activity and provides a clear, direct benefit to residents.

Under the County of Riverside’s Citizen Participation Plan, a Substantial Amendment (SA) is required if any one of the following applies:

- A new activity not previously listed or described in the Annual Action Plan
- A change in the purpose, scope, location, or beneficiaries of an existing activity
- An increase in CDBG funding for public facilities or infrastructure projects exceeding \$1,000,000 or more than 100 percent of the original allocation, whichever is greater

The proposed reallocation does not introduce a new activity, materially alter the scope or beneficiaries of an existing project, or meet the funding thresholds for a Substantial Amendment. Therefore, this qualifies as an administrative reallocation. Although HUD regulations would allow this type of change to be processed administratively, the County requires formal City Council approval under the Joint Recipient Cooperation Agreement in order to incorporate the reallocation into its amendment process with HUD. If a Substantial Amendment were required, staff would conduct a public hearing before the County initiates the formal amendment process in accordance with its Citizen Participation Plan and HUD regulations

FINANCIAL IMPACT:

This item reallocates existing CDBG funds within the City’s FY 2025-26 Award and has been included in the approved FY 2025-26 Financial Plan. Costs for CDBG projects are eligible for 100% reimbursement from HUD; therefore, this action has no impact on the General Fund.

ATTACHMENTS:

1. Joint Cooperation Agreement Letter
2. Palm Desert Joint Recipient CDBG Cooperation Agreement