

**STAFF REPORT  
CITY OF PALM DESERT  
CITY MANAGER'S OFFICE**

MEETING DATE: May 14, 2020

PREPARED BY: Christopher Gerry, Management Analyst

REQUEST: Request approval of policy guidelines for an Emergency Rental Assistance Program using Community Development Block Grant (CDBG-CV) funds

---

**Recommendation**

By minute motion, approve policy guidelines for an Emergency Rental Assistance Program using Community Development Block Grant (CDBG-CV) funds.

**Background**

Under the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), the City of Palm Desert will receive \$241,144 in CDBG-CV funds through the U.S. Department of Housing and Urban Development (HUD). The purpose of CDBG-CV funds are to prevent, prepare for, and respond to the coronavirus.

City staff conducted outreach to market-rate rental properties to identify impacts caused by the coronavirus. These properties represent over 1,000 units. Of these units, approximately 18% of households indicated they would be late on making rent payments for April. Consequently, many households were placed on payment plans. City staff is contacting the most impacted rental properties again to assess the amount of late payments for May. City staff anticipates the demand for emergency rental assistance will exceed the amount of available CDBG-CV funds.

City staff recommends using CDBG-CV funds for an Emergency Rental Assistance Program (Program) for low and moderate-income households. The Program would serve as an economic recovery tool for rental properties and a safety net for low and moderate-income households financially impacted by the coronavirus. Since operating the Program is labor intensive, City staff recommends subcontracting with a nonprofit organization (Subrecipient) to actually administer the program.

To summarize and simplify, the Program includes:

- Step #1: City selects Subrecipient to operate the Program
- Step #2: City requests rental properties to apply / opt-in the Program
- Step #3: City sets aside CDBG-CV funds on a rental property basis
- Step #4: Rental properties assist with advertising the Program to eligible households

- Step #5: Subrecipient selects eligible households to offer Program

Since time is of essence, City staff requests approval of the Program policy guidelines (Attachment A). Approval allows City staff to move forward with the development of the Program before the completion and submission of the appropriate federal plan to HUD. Furthermore, the City Council will hold a public hearing at their next meeting to consider multiple CDBG items, including the approval of the Program.

**Fiscal Analysis**

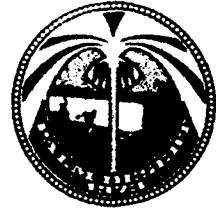
There is no fiscal impact associated with this request.

LEGAL REVIEW	DEPT. REVIEW	FINANCIAL REVIEW	ASSISTANT CITY MANAGER
<i>RWH</i>	<i>LA</i>	<i>Janet M. Moore</i>	<i>Andy Firestine</i>
Robert W. Hargreaves City Attorney	Lauri Aylaian City Manager	Janet Moore Director of Finance	Andy Firestine Assistant City Manager
City Manager Lauri Aylaian: <i>LA</i>			

**Attachments**

- Policy Guidelines
- Estimated Timeline
- Household Income
- Support Documentation
- Prioritization
- Roles and Responsibilities

**City of Palm Desert  
Community Development Block Grant (CDBG)  
Emergency Rental Assistance Program  
Policy Guidelines**



**1. Overview**

Under the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), the City of Palm Desert will receive a special allocation of Community Development Block Grant (CDBG-CV) Program funds from the U.S. Department of Housing and Urban Development (HUD). The purpose of these CDBG-CV funds are to prevent, prepare for, and respond to the coronavirus.

The City will subcontract with a nonprofit organization (Subrecipient) to provide an Emergency Rental Assistance Program (Program) to qualified households living in selected rental properties located in Palm Desert. The Program serves as a homelessness prevention safety net for residents and an economic recovery tool for rental properties.

**2. Anticipated Outcome**

The City anticipates assisting 40 to 50 households with emergency rental assistance.

**3. Budget**

The budget is \$241,144 in CDBG-CV funds, including City administrative costs.

**4. Eligible Costs**

Costs include up to \$5,000 per household for rental arrears for March 2020 and/or beyond. Rental arrears cannot exceed three consecutive months. Amounts per household will be recommended by the Subrecipient to the City, and may exceed the limitation on a case-by-case basis and subject to available funds. Utilities arrears are an ineligible costs.

**5. Program Timeline**

Based upon the initial allocation of CDBG-CV funds, the Program is anticipated to operate from June through September 2020. An estimated timeline can be found as Attachment A.

**6. Eligible Households**

Households shall meet all of the following qualifying criteria:

- Earn less than 80% percent of the area median income (Attachment B)
- Experience loss of income directly related to the coronavirus
- Delinquent on rent payment for March 2020 and/or beyond
- Reside within a rental property that has opted into the Program (via application)
- No rental property eviction prior to the Governor's Executive Order (March 19, 2020)

## **7. Eligible Rental Properties**

Rental properties shall meet all of the following qualifying criteria:

- Located within the jurisdictional limits of Palm Desert
- Consist of at least two contiguous rental units or greater
- Assist in advertising the opportunity for emergency rental assistance to all households delinquent on rent payment(s) for March 2020 and/or beyond
- Assist households with obtaining the appropriate documentation (Attachment C) for emergency rental assistance
- Waive late fees for delinquent rent payment(s) for qualified household(s)

## **8. Prioritization**

City staff anticipates the demand for emergency rental assistance will exceed the amount of available CDBG-CV funds. Furthermore, “first come, first served” policies are opportunistic and reward tenacity and endurance, but are less focused on serving households based upon greatest need nor an equitable distribution to rental properties.

As a result, the City will take a strategic approach to identify and set-aside CDBG-CV funds equitably to rental properties based upon specific criteria (e.g., household income, geography, percentage of households late on payments). In turn, the respective rental properties will work with the Subrecipient to offer all households delinquent on rent payment(s) for March 2020 and/or beyond an opportunity to apply for emergency rental assistance. Additional information regarding prioritization can be found as Attachment D.

## **9. Roles and Responsibilities**

The roles and responsibilities per stakeholder can be found as Attachment E.

**Attachment A**  
**Estimated Timeline**

<b>Task</b>	<b>Completion Date</b>
City Council approves the policy guidelines for the Program	May 14, 2020
Release application for a Subrecipient to operate the Program	May 18, 2020
Release application for rental properties to opt-in to the Program	May 18, 2020
Recommend the City Council approve an Annual Action Plan Amendment, including the Program, and allow the Outside Agency Funding Committee to select the Subrecipient in the future	May 28, 2020
Deadline for Subrecipient applications to operate the Program	May 29, 2020
Deadline for rental property applications to opt-in to the Program	May 29, 2020
Recommend to the Outside Agency Funding Committee a Subrecipient to operate the Program, detailed Program guidelines and CDBG-CV fund set-aside per rental property	June 5, 2020
The City manages and Subrecipient operates the Program until CDBG funds are depleted	June 6, 2020

**Attachment B**  
**HUD 2020 Household Income Eligibility Requirements**

In order to be eligible for emergency rental assistance, a household shall meet the income requirements determined by the U.S. Department of Housing and Urban Development. The household income cannot exceed the maximum 80% area median income limits below.

<b>Household Size</b>	<b>Income Limits (2020)</b>
1	\$42,200
2	\$48,200
3	\$54,250
4	\$60,250
5	\$65,100
6	\$69,900
7	\$74,750
8	\$79,550

## **Attachment C**

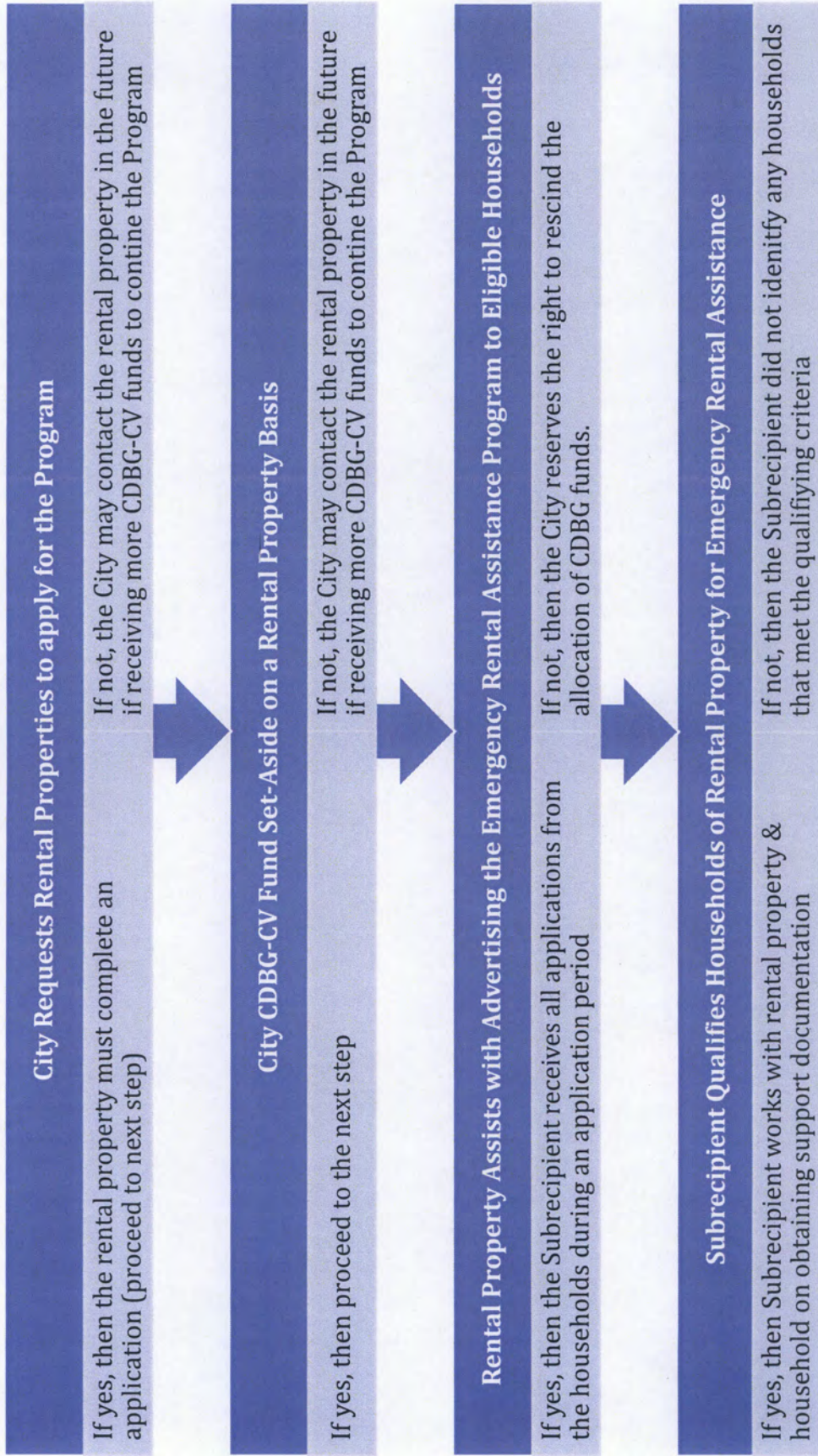
### **Support Documentation**

Support documentation will be required for emergency rental assistance. The exact documentation will be determined in the future. Below are examples.

- Request form for emergency rental assistance
- California driver's license or identification
- Lease agreement
- Proof of household income
- Proof of loss of income due to the coronavirus (e.g., employment termination letter)
- Proof of total household income (e.g., unemployment, bank statements)
- Proof of delinquent rent payment (e.g., late notice)
- Invoice from rental property requesting payment for emergency rental assistance
- Certification form as acceptance of emergency rental assistance
- Proof of payment from rental property (e.g., cashed check)

**Attachment D**  
**Rental Property & Household Prioritization Process**

Below is an overview of the prioritization process for rental properties and households.





## **Attachment E Roles and Responsibilities**

The roles and responsibilities per stakeholder include, but are not limited to:

### **City of Palm Desert**

- Obtain approval from the City Council and subsequently HUD to fund the Program
- Identify rental properties that opt-in (via application) to the Program
- Recommend set-aside of CDBG-CV funds per rental property
- Identify Subrecipient to subcontract the management of the Program
- Manage Subrecipient through the duration of the Program

### **Subrecipient**

- Enter into a Subrecipient agreement with the City
- Provide case management and funding recommendations per household
- Work collaboratively with households and rental properties on obtaining the appropriate documentation for Program files

### **Rental Properties**

- Opt-in (via application) for households to be eligible for the Program
- Advertise the opportunity for emergency rental assistance to all households delinquent on rent payment(s)
- Assist households with obtaining the appropriate documentation for emergency rental assistance
- Waive late fees for delinquent rent payment(s) for qualified household(s)

### **Households**

- Apply directly to the Subrecipient for emergency rental assistance
- Meet the household qualifying criteria for the Program
- Provide the support documentation to the Subrecipient in a timely manner