



STAFF REPORT
2/14/2024

TO: Honorable Mayor and City Council Members

FROM: Celina Jimenez, Director of Economic Development

SUBJECT: Adopt Resolution No. 2024-01 Authorizing the City Manager to Submit an Application to the County of Riverside for the Fiscal Year 2024-25 Community Development Block Grant Program Entitlement Funds in the Amount of \$267,405 for the City of Coachella Home Enhancement Program

STAFF RECOMMENDATION:

Staff recommends that the City Council hold a public hearing, receive public comment, and consider adopting Resolution No. 2024-01 authorizing the City Manager to submit an application for the Community Development Block Grant program Entitlement Funds for Fiscal Year 2024-25 in the amount of \$267,405 for the Home Enhancement Program.

BACKGROUND:

The County of Riverside and City of Coachella executed a Cooperation Agreement, for a term commencing July 1, 2024 through June 30, 2027 for the Community Development Block Grant, Home Investment Partnership Program and Emergency Solutions Grant for fiscal years 2024-25, 2025-26, and 2026-27, whereby the City elected to participate with the County, which has qualified as an “Urban County” for purposes of receiving Community Development Block Grant (CDBG) funds, and to assist and undertake essential community development and housing assistance activities pursuant to the Housing and Community Development Act of 1974.

Through this agreement, the City agreed to undertake and assist with the community development activities, within its jurisdiction, by utilizing the sum of \$267,405, CDBG Entitlement Funds for the City of Coachella Home Enhancement Program. The program will help rehabilitate and extend the life of existing single-family homes, correct health and safety hazards in deteriorated and blighted housing units, and improve the quality of life for Coachella’s most impoverished homeowners. This allocation reflects a proportional share of the County of Riverside’s entitlement allocation from the Department of Housing and Urban Development (HUD). The City can use its allocation for any eligible CDBG-activity, including, but not limited to, housing rehabilitation, code enforcement, and infrastructure improvement needs, as long as the primary beneficiaries are low-to-moderate income households. The City’s annual allocation is based on a formula that includes population, poverty rate, overcrowding, and sub-standard housing. For fiscal year 2024-2025, the City of Coachella’s allocation is approximately \$267,405 for CDBG-related activities.

DISCUSSION/ANALYSIS:

Through the 2024-2025 CDBG General Allocation, City Staff is proposing the submittal of a grant application for up to \$267,405 to implement a Home Enhancement Program (HEP). Under the proposed Program, qualified homeowners can receive grants of up to \$50,000 should they meet the requirements set forth in the City of Coachella Home Enhancement Grant Program Guidelines (Program Guidelines), which include but are not limited to the following: (i) the applicant/homeowner must be low-income, (ii) the subject residential dwelling must be owner-occupied, (iii) the subject dwelling must be located within the boundaries of the City of Coachella and Qualified Census Tracts, (iv) the subject residential dwelling must be a single-family home, duplex, manufactured home, mobile home, or condominium, and (v) the applicant/homeowner's total household income shall be at or below fifty (50%) percent of the area median income, adjusted for household size.

The \$50,000 maximum grant amount will allow for the completion of most repairs requested by applicants, including roof replacement on smaller residential dwellings. The eligible repairs are limited to those necessary for the health and safety of the occupants and other items necessary to bring the property into code compliance. Ineligible repairs are those not related to health and safety that involve routine maintenance, cosmetic repairs, or luxury improvements. Based on the maximum allowable grant amount of up to \$50,000, a minimum of approximately six (6) residential structures will be rehabilitated with grants from the Program. However, the number of rehabilitated homes may increase depending on the individual grant amounts which will likely vary as they will be based on project specifications and needs. Construction of the eligible repairs will be performed by qualified, licensed construction contractors solicited through a competitive bid process. Bids will be awarded to the most responsive and responsible bidder. Program grants will be evidenced by forgivable loan promissory notes (the notes convert to grants upon expiration of affordability period, which is five (5) years) and secured by deeds of trust and affordability covenants.

Eligible Repairs

In order to ensure that the goals of the HEP are met, the following list of specific priorities has been established to serve as a guide for the personnel assigned to the program. It should be noted that the items listed are not meant to exclude other improvements:

- 1) Health and Safety Issues/Systems
- 2) Exterior Improvements
- 3) Energy Efficiency Measures (i.e. doors, windows, weatherization, etc.)
- 4) Address repairs needed for residential homes that are “deteriorated/deteriorating”

Note: Certain improvements are subject to specific requirements and limitations.

Exterior Repairs:

- Minor Roof Repair / Roof Replacement (if necessary)
- Replacement of broken or missing windows and doors (energy efficiency)
- Repair or replace damaged and falling fencing (equivalent to existing fencing material)
- Exterior paint and other improvements
- Exterior Paint walls and trim
- Repair or replace flashing and guttering
- Repair or replace porches and steps
- Repair exterior foundation walls
- Removal of aging, dangerous trees and/or hedges (to be considered for this service, the homeowner will be required to install a water-smart landscape, gardening, and/or vegetation upon project completion).

Environmental Compliance

Pursuant to the California Environmental Quality Act (CEQA), the City of Coachella Home Enhancement Grant Program was reviewed and determined to be categorically exempt under State CEQA Guidelines Section 15301, Class 1 - Existing Facilities and State CEQA Guidelines Section 15061(b)(3), General Rule or “Common Sense” Exemption. The project relates to the establishment of a program and fund to pay administration fees and rehabilitation costs relating to existing residential dwellings such as traditional single-family housing, duplexes, manufactured homes, mobile homes, or condominiums (Project). The proposed Project is exempt under State CEQA Guidelines Section 15301, Class 1 - Existing Facilities since it includes the minor rehabilitation of existing residential structures, and not expansion of an existing use will occur. In addition, the Project is also exempt under the common sense exemption of State CEQA Guidelines section 15061(b)(3) in that it can be seen with certainty there is no possibility that the City of Coachella Home Enhancement Grant Program may have a significant effect on the environment, as the payment of costs, fees and expenses necessary to rehabilitate pursuant to the program will have mostly financial effects and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by the City of Coachella staff with the County Clerk within five days of the approval of the City of Coachella Home Enhancement Grant Program.

Additionally, the proposed activity is considered eligible for CDBG funding because it meets one or more of the following CDBG national objectives:

- Provide a benefit to low and moderate income persons;
- Prevent or eliminate slums and blight; or
- Meet other urgent community development needs due to natural disasters or other emergencies.

ALTERNATIVES:

1. Adopt Resolution No. 2024-01 Authorizing the City Manager to Submit an Application to the County of Riverside for the Fiscal Year 2024-25 Community Development Block Grant Program Entitlement Funds in the Amount of \$267,405 for the City of Coachella Home Enhancement Program
2. Provide alternative direction

FISCAL IMPACT:

Program Budget \$267,405

Once the application is approved, the County will send a Supplemental Agreement for signature. After that, the County will operate the program and disburse \$267,405 in CDBG entitlement funds to eligible households who apply for the City of Coachella Home Enhancement Program. This program will not impact the General Fund as this program will be fully funded through the CDBG grant program.

ATTACHMENT:

Resolution No. 2024-01