



# **CITY COUNCIL/HOUSING AUTHORITY AGENDA REPORT**

---

MEETING DATE: OCTOBER 6, 2020

ITEM NUMBER: NB-2

**SUBJECT: SUBRECIPIENT AGREEMENTS FOR PROGRAM ADMINISTRATION OF A COMMUNITY DEVELOPMENT BLOCK GRANT CORONAVIRUS (CDBG-CV) RENTAL ASSISTANCE PROGRAM**

**DATE: SEPTEMBER 30, 2020**

**FROM: CITY MANAGER/EXECUTIVE DIRECTOR'S OFFICE**

**PRESENTATION BY: SUSAN PRICE, ASSISTANT CITY MANAGER/ASSISTANT EXECUTIVE DIRECTOR**

**FOR FURTHER INFORMATION  
CONTACT:**

**SUSAN PRICE, ASSISTANT CITY  
MANAGER/ASSISTANT EXECUTIVE  
DIRECTOR (714) 754-5122**

---

## **RECOMMENDATION:**

Staff recommends that the City Council and the Housing Authority Board of Directors:

1. Authorize the City Manager/Executive Director to execute a Subrecipient Agreement (SRA) with Serving People in Need (SPIN), Inc. in an amount not-to-exceed \$207,000 for program administration of a Rental Assistance Program for households with children;
2. Authorize the City Manager/Executive Director to execute a SRA with Mercy House Living Centers in an amount not-to-exceed \$180,321 for program administration of the City's CDBG-CV Rental Assistance Program for households without children;

## **BACKGROUND:**

On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the "CARES Act"). The CARES Act provides \$5 billion in CDBG to assist "America's low-income families and most vulnerable citizens." The U.S. Department of Housing and Urban Development (HUD) allocated \$2 billion of these funds to eligible jurisdictions by using the existing CDBG grant formula.

On April 2, 2020, the City was notified by HUD that it will receive \$668,658 in "Round 1" CDBG-CV funds.

On June 16, 2020, City Council held a public hearing to amend the City's Citizen Participation Plan and 2019-2020 Annual Action Plan to allocate Round 1 CDBG-CV funds (\$668,658) for programs that will benefit homeless services and prevention caused by the Coronavirus pandemic.<sup>1</sup>

Implementation of the subject program is in response to City Council feedback during the September 22, 2020 Study Session on Homelessness, and in previous meetings, highlighting the need to temporarily assist households unable to meet rental obligations due to the current economic crisis resulting from the COVID-19 pandemic. Further, the program aligns with the express intent of CARES ACT legislation by targeting funds towards households facing higher risks of eviction. Finally, the program complies with the Council and HUD approved plans using a portion of Round 1 funds with no impact to the City's General Fund.

### **ANALYSIS:**

The City's Purchasing Division released a Request for Proposals (RFP) for the City's CDBG-CV Rental Assistance Program (Attachment 1). The RFP was posted on the City's online bid platform, Planet Bids, advertised in the newspaper, and sent to three nonprofit organizations with specific experience related directly to administration of rental assistance programs in the region. The RFP period closed on September 23, 2020, and two proposals were received.

A panel comprised of City staff reviewed the submittals. After careful review of each proposal, including review for compliance with the City's RFP and evaluations based on project understanding, depth of experience, technical expertise, ability to meet the schedule, and associated factors, staff has deemed SPIN and Mercy House as well qualified to perform the work. Both organizations' proposals (Attachments 2 and 3) exhibited a thorough understanding of the project scope, and demonstrated proven technical ability and expertise with similar programs that they have managed throughout Orange County.

The City has executed SRAs with Mercy House in the past to administer CDBG rental assistance and food programs, so the organization is familiar with material terms of a SRA and HUD boilerplate language. SPIN provides CDBG-funded public service programs like rental assistance for cities in Orange County, so they, too, are familiar with material terms of a SRA and HUD boilerplate language. A SRA template is attached to this report (Attachment 4).

Mercy House specializes in serving individuals who are homeless or at risk of experiencing homelessness. SPIN specializes in serving families who are homeless or at risk of experiencing homelessness. Therefore, to ensure all eligible households in the City of Costa Mesa can take advantage of the Rental Assistance Program, staff recommends contracting with both entities to administer the program.

---

<sup>1</sup> <http://ftp.costamesaca.gov/costamesaca/council/agenda/2020/2020-06-16/PH-1.pdf>

Following Council and Housing Authority approval, the City Manager/Executive Director will negotiate and execute the final SRA, scope of work, schedule, and fee for not-to-exceed amounts of \$207,000 for SPIN and \$180,231 for Mercy House, respectively.

### **RENTAL ASSISTANCE PROGRAM GUIDELINES**

The Costa Mesa CDBG-CV Rental Assistance Program provides residents experiencing a loss of income, directly related to COVID-19, with up to \$6,000 per household or a maximum three (3) months full rent, whichever is less. Residents with incomes at or below 80% Area Median Income (AMI) who were current with rent payments prior to March 31, 2020, and who are otherwise in good financial standing may qualify. Additional details about the program can be found in Attachment 1.

### **ALTERNATIVES CONSIDERED:**

City Council and the Housing Authority may elect to not award a SRA to Mercy House or to SPIN for administration of the subject program, and direct staff to re-advertise the program, or choose only one entity to administer the program to specified households. This action may delay CDBG-CV funds in addressing the community needs in a timely manner to help residents retain housing stability.

### **FISCAL REVIEW:**

The CDBG-CV Rental Assistance Program will have no impact to the General Fund. The total amount for both SRAs to administer the program shall not exceed \$387,231 and may be paid for using a portion of the City's Round 1 CDBG-CV funds, which are included in the FY 2020/21 Adopted Budget. The recommended use of the remaining funds of CDBG CV Round 1 of \$181,038 will be brought back for City Council and Housing Authority consideration in the context of a comprehensive plan that will also include Round II funding. This action is being expedited in order to fast track assistance to families and individuals in greatest need. The SRA amounts requested at this time are based on the workloads both SPIN and Mercy House are prepared to address at this time.

### **LEGAL REVIEW:**

The City Attorney/Housing Authority General Counsel's office has reviewed this report and approves it as to form.

### **CITY COUNCIL GOALS & PRIORITIES:**

Preventing homelessness is a priority for the City Council. As such, the City Council adopted the following goals and objectives in 2019.

- GOAL 1:** Keep our Community Safe.
- d) Develop and implement a strong homeless shelter and homeless prevention plan

**GOAL 2:** Improve our Neighborhoods and Quality of Life.

**GOAL 3:** Keep the City Fiscally Sustainable.

**GOAL 4:** Address Housing Shortages and Homelessness.

- a) Ensuring that those Costa Mesa residents who are chronically homeless and who need specialty care get it

**CONCLUSION:**

The CDBG-CV Rental Assistance Program assists low to moderate income Costa Mesa residents that are impacted by the Coronavirus. The City Council and the Housing Authority Board of Director's approval of the recommended actions will authorize the City Manager/Executive Director to execute both professional services agreements to assist residents in maintaining housing stability during this pandemic.

---

**SUSAN PRICE**

Assistant City Manager/Assistant Executive Director

---

**CAROL MOLINA**

Finance Director

---

**KIMBERLY HALL BARLOW**

City Attorney/General Counsel

- Attachments:
1. [RFP for Rental Assistance Program Administration](#)
  2. [SPIN Proposal for Rental Assistance Program Administration](#)
  3. [Mercy House Proposal for Rental Assistance Program Administration](#)
  4. [Subrecipient Agreement \(SRA\) Template](#)