

For Period:
July 1, 2022, through
June 30, 2022

City of Merced

2022 HUD Annual Action Plan

FINAL DRAFT

For Review and Approval by City Council

July 5, 2022



City of Merced Housing Division
DEVELOPMENT SERVICES DEPARTMENT
MERCED, CALIFORNIA

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The 2020-2024 Consolidated Plan (the "ConPlan") is a document submitted to the U.S. Department of Housing and Urban Development (HUD) that assesses and analyzes local conditions and issues related to housing, homelessness, community development, and economic development and serves as a comprehensive housing affordability strategy, community development plan, and submission for funding under any of HUD's entitlement formula grant programs spanning the period of time from July 2020 to June 2025. Utilizing a comprehensive outreach and citizen participation process, the Consolidated Plan describes priority needs of the community and develops strategies to address those needs.

The ConPlan for Housing and Community Development was established through legislation passed by the U.S. Congress in 1990. Under the Cranston-Gonzalez National Affordable Housing Act, jurisdictions that receive federal entitlement funds for housing and community development activities are required to prepare a comprehensive three- to five-year plan for using those funds. Each year, the goals and priorities of the ConPlan are carried out through Annual Action Plans and details how the City will use its funding towards the accomplishment goals laid out in the ConPlan.

This City of Merced 2022 Annual Action Plan covers the third-year goals described in the 2020-2024 Consolidated Plan and covers the period spanning July 1, 2022, through June 30, 2023, a timeframe also referred to as "the 2022 Program Year" elsewhere in this plan. The Annual Action Plan identifies various activities proposed to be funded with Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and other fiscal resources to be received from HUD, as well as non-federal sources, such as Program Income received from existing State-funded first-time homebuyer loans with the City, and City of Merced 's own resources, such as Enterprise, Housing Successor Agency (HSA), and General Funds. The City expects to receive \$1,099,911 in CDBG funds and \$603,192 in HOME funds, totaling \$1,703,103 from HUD as entitlement formula grants during the 2022-23 fiscal year (note: these are the actual allocation figures announced by HUD on May 17, 2022). Including anticipated and received program income, projected carryover, and CDBG and HOME entitlement formula allocations, the City has a total Annual Plan budget for the 2022 program year of approximately \$6,778,185.

The entitlement formula utilizes population information, poverty level, and overcrowded housing data to establish funding allocations. The City of Merced qualifies as a CDBG entitlement City based on the grant formula. The City, The County of Merced (including the Continuum of Care), the County of Merced Housing Authority, and other regional agencies coordinate their efforts to provide a balanced approach to community needs using their available resources.

Methods of Evaluation

In preparing the Five-Year ConPlan in 2020, the City utilized several methods to analyze the housing and community development needs of Merced. Methods included hosting resident and stakeholder focus groups on affordable housing needs and potential housing-related policies, surveying community residents and stakeholders, surveying multi-family unit property owners, and utilizing information in several City and county planning documents. The City hosted community meetings and hearings and met with organizations as an effort to outreach to and encourage the participation of all residents, particularly low- and moderate-income residents, elderly persons, and persons with disabilities. The purpose of the meetings was to inform the community about the ConPlan process and to identify opportunities to improve collaborative efforts and eliminate service delivery gaps in order to develop and sustain decent and affordable housing, suitable living environments, and expanded community and economic opportunities. Likewise, in preparing this 2022 Annual Action Plan, which updates the ConPlan with "year three" projects and resources, the City used many of these same methods of evaluation to update the prior-year efforts.

Action Plan Format

In 2012, HUD released its new eCon Planning Suite with interactive tools and resources for grantees to use in the preparation of the Consolidated Plan and Action Plan in the Integrated Disbursement and Information System (IDIS). This new tool provides data from HUD-selected sources, primarily the most-recent Census and American Community Survey (ACS) data sets available. Despite the primary reliance on HUD-selected data sources, grantees are permitted opportunities to customize their ConPlan and Annual Plan.

COVID-19

In Spring of 2020, while preparing the draft of the 2020-2024 ConPlan, a new coronavirus known as SARS-CoV-2 was first detected in Wuhan, Hubei Province, People's Republic of China, causing outbreaks of the coronavirus disease COVID-19 that spread globally. The first case was reported in the United States in January 2020. In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic, and the President declared the outbreak a national emergency. During the same time, the State of California declared a state of emergency, shutting down large gathering places and limiting the movement of residents. Locally, the City and County of Merced both declared a local state of emergency on March 13, 2020.

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the crisis, and it was signed into law on March 27, 2020. The CARES Act is an over \$2 trillion economic relief package that provided direct economic assistance for American workers, families, and small businesses, and preserves jobs for industries. As part of the CARES Act, additional assistance was provided for HUD grantees, and the City received CARES Act allocation of CDBG funds (CDBG-CV funds) in Rounds 1 and 3. The City amended its 2019 Annual Action Plan after each round of allocations to include each CARES Act distribution and implement programs specific to the assessed needs that arose. The City received a total of \$1,193,573, of CDBG-CV funds, and repurposed \$125,239 of regular CDBG funds to be used towards

combating the local effects of the pandemic. These funds are still being distributed throughout the community as the pandemic continues and needs are still great.

The crisis drastically affected the preparation of the ConPlan, requiring a re-invent of effective means of citizen participation. In Spring of 2020, the City distributed an online survey to residents, schools, community business partners, and health agencies and received 204 responses. From the survey results and town hall meetings held before the local effects of COVID-19 were felt, the City was able to see a consensus of community needs and moved forward to public hearings with a final draft plan. However, some community residents felt public outreach was insufficient, and that more residents needed to be directly heard. Following two virtual outreach meetings held in September of 2020, the City restarted a second public review and comment period and public hearings. On November 30, 2020, the City Council approved the final draft of the ConPlan, 2020 Annual Action Plan, and Analysis of Impediments to Fair Housing. However, due to the fast-approaching December 31, 2020, submittal deadline for the Consolidated Annual Performance and Evaluation Report (CAPER) and another CARES Act Substantial Amendment process immediately following, more delays for submittal and HUD approval timelines occurred, and the City did not receive HUD approval and access to 2020 program funds until March 10, 2021. The unfortunate end result has been that delays in getting funding to our public service partners who directly assist vulnerable residents placed some programs in jeopardy of closing completely, and 2020 projects were not able to start until the 2021 program year. Now, as we approach the end of the 2021 Program Year in preparing this 2022 plan, a little over two years after COVID-19 arrived, we have not quite fully recovered from the snowball effect of these delays, 2021 programs linger into the 2022 plan year, and new COVID-19 variants continue to emerge.

As a result of COVID-19, the immediate needs of residents may differ slightly from those in this Annual Action Plan, but the information presented here shows trends that have been consistent over recent years and have been amplified by the effects of COVID-19, especially the needs of very low- to low-income residents.

The American Rescue Plan of 2021

In an ongoing effort to provide additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses, on March 10, 2021, Congress passed the \$1.9 trillion American Rescue Plan of 2021 (ARP). It was signed into law by President Biden on March 11, 2021, and became Public Law 117-2. The ARP builds upon previously enacted aid measures in 2020 and early 2021, including the CARES Act, a year-end spending and aid package, and the Families First Coronavirus Response Act (FFCRA).

ARP includes funding assistance for agriculture and nutrition programs; schools; childcare; COVID-19 vaccinations, testing, treatment, and prevention; emergency rental assistance; small business assistance; direct recovery rebate payments to families; and programs for health care and transportation workers, veterans, and other targeted populations.

Specifically, housing-related aspects of the ARP that may benefit Merced residents include:

- \$21.6 billion in Emergency Rental Assistance will be awarded to the Treasury Department, supplementing similar funding provided in the year-end appropriations.
- \$10 billion for a “Homeowner Assistance Fund,” also administered by the Treasury, for foreclosure protection assistance.
- \$5 billion funding for “Emergency Housing Vouchers” that will provide additional rent assistance, targeted to households who are homeless, recently homeless, or fleeing domestic violence.
- \$5 billion in funding, to be awarded using the 2021 HOME allocation formula (HOME-ARP funds), for various activities benefiting those who are homeless, at risk of homelessness, fleeing domestic violence, veterans who meet one of these criteria, and others where assistance or services would prevent homelessness or serve those with the greatest risk of housing instability.

On April 28, 2021, HUD notified the City of Merced of a one-time HOME-ARP allocation of \$1,988,778 that would be distributed to the City. On September 13, 2021, HUD issued CPD Notice 21-10: Requirements for the Use of Funds in the HOME-American Rescue Plan Program, and on October 5, 2021, the City Manager signed a HOME-ARP Grant Agreement with HUD, giving immediate access to \$99,438.90 (5% of allocation) of administrative and planning funds for initial use in preparation of the plan for activities using HOME-ARP funds (HOME-ARP Allocation Plan).

Development of the Allocation Plan will require separate consultation, public input, and needs assessment processes and a Substantial Amendment to the 2021 Annual Action Plan, an endeavor that the City will begin immediately after Council approval and submission of this Annual Action Plan. The funds can be used towards four eligible activities, including the production or preservation of affordable housing; tenant-based rental assistance; supportive services, including homeless prevention services and housing counseling; and the purchase or development of non-congregate shelter for individuals and families experiencing homelessness, and must be used to primarily benefit individuals and families in specific qualifying populations (homeless; at risk of homelessness; fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; and other specific population groups).

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The City’s priority need objectives and outcomes are based on the availability of CDBG and HOME funding allocation each year. In preparing the Annual Action Plan and contemplating what types of projects will be funded, the projects and funding amounts are based on assumptions that CDBG funding,

entitlement funding distribution formulas and/or the number of HUD communities eligible to receive entitlement grants will remain constant. If any of these conditions change, projected activities and accomplishments are also subject to change.

The needs assessment that was accomplished in the 2020-2024 ConPlan will continue to help guide us over the five-year span included assessments based on community characteristics, housing market and housing needs, strategies to address homelessness and help those at risk of homelessness, and ways to bolster jobs and economic development.

Target Populations

The needs assessment that has been completed as a part of the 2022 Annual Action Plan process closely mirrors that of the ConPlan and First and Second-year Annual Plans, in identifying the following target populations, ranked in general order of placing from surveys:

- Extremely low income and low-income households (those at risk of becoming homeless);
- Special needs populations (frail elderly, victims of domestic violence/abuse, or persons with disabilities, alcohol or drug addiction, or HIV/AIDS)
- Homeless persons;
- Children, youth, and adolescents
- Veterans

Barriers to Housing

Being able to locate safe, affordable housing for you and your family should ideally be a basic and barrier-free element of living in an established community like the City of Merced. However, residents who responded to the community needs survey stated that they have experienced or observed the following barriers to finding decent, safe housing, listed most experience/observed to least:

1. Cost of housing
2. Overall lack of available units
3. Affordable housing options available only in certain locations
4. Lack of units available to people with pets or support animals
5. Condition of housing units
6. Lack of diversity in housing stock (i.e. single-family homes, apartments, townhouses)
7. Utility cost
8. Unit size (too few or too many bedrooms)
9. Distance to employment, schools, shopping, or services
10. Accessibility for people with disabilities or disabling conditions
11. Transportation or access to public transportation
12. Other barriers not listed
13. Housing restricted based on age

Essential Project Types

Several types of projects were also identified as essential to the community for the 2022 program year:

- Public Infrastructure and Capital Improvements that build or improve neighborhood infrastructure and streetscapes, such as new/improved streets, water and sewer lines, sidewalks/crosswalks, and storm drainage.
- Programs that provide workforce or life skills training, increase jobs, or assist new businesses, such as microenterprises
- Increased public services to area nonprofit agencies, particularly those programs that provide services for low-income households and those with special needs, the homeless, youth, and veterans
- Affordable housing for at-risk households and permanent supportive housing for the chronically homeless and special needs groups
- Programs that promote and/or create fair and affordable housing, especially targeting extremely low- and low-income households, including fair housing tenant/landlord dispute resolution and tenant advocacy services, affordable homeownership opportunities, homeowner-occupied rehabilitation, and multi-family rental unit rehabilitation for low- to moderate-income tenants

Ranked Needs and Activities by Category

Additionally, through a combination of electronic resident needs assessment survey responses, public agency consultation survey responses, hybrid virtual/in-person town hall meetings, resident and stakeholders meetings discussions, and feedback during housing-related Council meetings, the following needs and activities were ranked highest and most important by respondents and attendees:

- Housing– 1) decent, safe affordable housing, especially affordable rental housing; 2) repairing homes owned by households with low- to moderate-incomes; and, 3) building new homes for homebuyers with low- to moderate-incomes
- Neighborhood Improvements/Infrastructure – 1) building or improving neighborhood infrastructure and streetscapes, including water and sewer lines, streets, tree planting, sidewalks/crosswalks, and drainage 2) eliminating environmental hazards, such as litter/trash/dumped items, vacant or dilapidated buildings, and overgrown lots; and 3) upgrading parks and recreational facilities
- Economic Development – 1) financing projects that increase jobs; and 2) making low-interest business development loans to people with low- or moderate-incomes; and 3) providing financing for job training programs
- Public Services – 1) providing services for people with special needs, like the frail elderly, victims of domestic violence/abuse, or persons with disabilities, alcohol or drug addiction, or HIV/AIDS, and, 2) providing services for people that are homeless; and 3) providing afterschool programs and childcare for children and youth under 13, including parenting classes.

- Fair Housing Education - 46% of survey respondents answered that they are unaware of their rights under Fair Housing and Anti-Discrimination laws (an increase of 8.3% over last year's survey), with 41.7% answering that they are at least somewhat familiar with the laws themselves (a decrease of 5.2% over last year's responses). The responses from this year's survey seem to signal a slight decrease in the effectiveness of fair housing and anti-discrimination education efforts, which could potentially be attributed to the COVID-19 pandemic and the inability of our fair housing services to hold in-person trainings through the pandemic. Still, even after slight improvements in last year's survey, both years' results show that a deeper effort should still be made by the City and its fair housing partner organization to reach and distribute education materials to renters and landlords to promote better understanding of their protections and rights.

Additionally, from the 2022 Community Needs Survey, the following types of projects were ranked in order of the most underfunded but with the greatest need, from highest to lowest:

1. Affordable rental housing
2. Affordable homeownership opportunities
3. Employment training/workforce development
4. Affordable quality childcare
5. Homeless prevention
6. Small business assistance (access to microenterprise grants or loans)
7. Programs for domestic violence victims or mental health and substance abuse patients
8. Sidewalks, lighting, crosswalks
9. Services for disabled persons
10. Re-entry into community by formerly incarcerated persons

Weighing Needs vs. Available Funding

While the Housing Division would like to fund all of these needed programs and projects, the reality is that the necessary funding and administrative staffing resources needed to run the programs will need to be secured from a variety of resources and partnerships. Given the City's relatively small CDBG and HOME allocations in comparison to the infinite amount of needed services, infrastructure, and LMI housing opportunities, funds to build enough affordable housing, complete large capital improvement projects, provide first time homebuyer assistance, or even create more programs to help prevent homelessness will need to come from other sources, such as other Federal or State grants or creative local funding strategies, as they become available and/or if the City successfully scores high enough to meet program guideline thresholds and funding availability. Addressing, making progress on, and ultimately striving to solve or achieve these issues, projects, and goals will take time, and some will take longer than others.

One Year and Continuing Goals

The City has identified the following goals and anticipated outcomes to accomplish through collaboration with non-profit organizations and other agencies, both year-to-year and over a span of several years:

1. Make Housing More Affordable for Merced Residents: the greatest housing issue the City continues to face is the lack of a sufficient number of affordable rental and homeownership housing units. The topic of affordable housing and policies to encourage the development of affordable housing was again, like last year, a major focus of discussion by the citizens during the development of this plan, with multiple Council and resident input meetings and staff presentations to Council on the topic. Accordingly, the City has been proactive in looking for ways to increase the number of affordable units, whether by creating workable, custom-fit policies unique to Merced, by seeking funding opportunities and creative subsidy layering strategies, or a combination of all. Specifically, this year, we examined and took action on avenues to amend or create policy aimed at encouraging the development of affordable housing by outside developers. As a result of our efforts, like last year, the 2022 program year appears promising for affordable housing in the City of Merced.

On the cusp of completion in late May or June 2022 are 89 low-income affordable housing units and related multi-modal infrastructure improvements (plus 30 permanent supportive units for homeless) as part of the larger 119-unit Childs and B Street Affordable Housing project (to be renamed “The Retreat Apartments”), and on April 14, 2022, the rental management website went live and began accepting waiting list applications to start pre-screening potential tenants. And, thanks to an unexpected change of ownership in January 2021 of the 2004-constructed The Grove Apartments that resulted in a large payoff of CDBG, HOME, Section 108 loan, and LMI Asset (former Redevelopment Agency) funds, the Gateway Terrace II project’s 40 affordable units (plus 10 units for homeless veterans) now has alternative local funding to rejuvenate the project and see start of construction within the year. Moreover, as aforementioned, the City will receive a special allocation of American Rescue Plan HOME (HOME-ARP) funds in the amount of \$1,988,778 (less administrative funds) that can be used towards production of affordable rental housing for qualifying populations (a required HOME-ARP Allocation Plan and Substantial Amendment process to adopt the plan will begin immediately after completion of this Annual Action Plan).

In addition, the City will continue to allocate HOME funding towards Community Housing Development Organization (CHDO) projects for new construction and/or rehabilitation of multi-family rental unit projects.

(Continued - 1)

On December 20, 2021, the Merced City Council authorized application to and adoption of an allocation plan for State of California Permanent Local Housing Allocation (PLHA) Plan funds that the City of Merced is eligible for each year as a part of SB2 and the Permanent Local Housing Allocation Program. As of 2019, the PLHA Program is funded in large part from recording and other fees collected and deposited into the Building Homes and Jobs Trust Fund. Each year, entitlement and non-entitlement

local governments can apply for and receive funds from this permanent, ongoing source of funding for housing-related projects and programs that assist in addressing the unmet housing needs of their communities. The City is eligible for approximately \$3,112,314 of these funds over the five-year span of 2019-2023. On June 6, 2022, the City Council approved acceptance and appropriation of \$1,324,969 of 2019 and 2020 PLHA funds, of which 95% will be used to support construction of a 66-unit affordable/permanent supportive project on Park Avenue, under a partnership with Up Holdings and Self-Help Enterprises. The remaining 5% will be used to support related administrative activities.

Earlier this spring, the City began formal negotiations and the preparation of necessary documents, including environmental assessments, for disposition of all ten of its State Housing Successor Agency properties to three different affordable housing development partners (Linc Housing, Fuller Center for Housing of Merced County, and Custom Containers 915) for various affordable housing projects – duplexes, single family homes, and “container” apartment units for homeless veterans.

Additionally, in November 2021, the City applied for 2021 State CalHome Program funding, in partnership with Self-Help Enterprises, to provide First Time Homebuyer (FTHB) Mortgage and Owner-Occupied Rehabilitation (OOR) Assistance to Merced residents totaling \$2,500,000. On April 19, 2022, the City was notified that the application was successful, and will be awarded \$1,125,000 for FTHB and \$1,375,000 for OOR program assistance, which will provide funding for a proposed 12 units of mortgage assistance, 9 units of OOR, and 1 unit of Accessory Dwelling or Junior Accessory Dwelling Units (ADU/JDU) for residential property owners (another way to generate affordable housing units). To help administer these State-funded programs, the City intends to use \$12,000 of its CDBG Administrative funds each year over the next three years to contract with Self-Help Enterprises.

In late December 2021, the City Council adopted Resolution 2021-109, authorizing a joint application and participation in Round 2 of the California Department of Housing and Community Development’s (HCDs) Homekey Program to jointly apply with Up Holdings California LLC and RH Community Builders LP for Homekey funding towards a motel acquisition and rehabilitation/conversion project at 1213 V Street in Merced. The motel had served as Project Roomkey location during the COVID-19 pandemic. With proposed financing also involving U.S. Treasury American Rescue Plan Act (ARPA) funding of \$1.69 million, this project will convert a current 95-room motel to affordable housing for chronically homeless (“at-risk”) households and permanent supportive housing for those currently experiencing homelessness. All units will be studio units and support services will be made available on site. On March 28, 2022, HCD notified the City that the project would be awarded \$24,024,054 of Homekey funding, and the project is expected to be completed within eight months of the award.

(Continued - 2)

As aforementioned at the top of this section, the City of Merced has taken decisive policy-related actions to further affordable housing in an inclusive and balanced manner. The City has listened to the urgings expressed by its residents over the last two years to find balanced policy solutions that aim to increase affordable housing in the community. The City recognizes that the adjacent University of

California Merced campus' student and staff population has grown along with the City as a whole, and although there is some housing on campus, there has been an increased strain on existing units and, thus, a need for more housing within the City limits. The City is actively working with developers to bring more housing to the community.

In May 2021, the City put out a request for qualifications for affordable housing developers. Several partners were chosen and, with the aid of several preliminary funding commitments, are working through the planning, purchasing, and construction phases of their projects.

In September of 2021, the City Council reviewed staff's report on pro-housing strategies and listen to public input on the topic. Various tools were discussed, the Council directed staff to work with the County and Cities to explore options for a regional approach to affordable housing with Merced County Association of Governments (MCAG). They made available \$5 million to support this regional effort.

In November of 2021, following extensive public surveying and conversation, the Council gave initial direction to staff to set aside funding to affordable housing development from its U.S. Treasury American Rescue Plan Act (ARPA) fund allocation, and in December 2021, formally pledged \$6.5 million towards funding affordable housing projects.

Additionally, the City has modified some of the zoning ordinances to simplify and streamline affordable housing production of all types. For example, the City has updated its ordinances on accessory dwelling units, parking requirements, infill development, and is developing programs to make it easier to construct ADU's, duplexes, and triplexes.

Additionally, in April of 2022, the Council adopted Resolution 2022-15 approving a Regional Housing Needs Allocation Unit Production Plan. The Plan's intent is centered on developing a mechanism for an accountability process requiring the production of affordable housing units as part of new market rate development and is meant as an interim affordable housing production plan until further study can be completed. The intent was to utilize a tool that is similar to Inclusionary Zoning policies, but yet tailored to the City of Merced's desire to maintain a balance between the number of units needed and the business and profit margin needs of the builders themselves. Council's direction was to require the provision of affordable housing at 12.5% when certain discretionary land use entitlement actions would be considered by the City Council. More specifically, the production of affordable units would be implemented when land use entitlements require the execution of the following discretionary actions:

- Pre-Annexation Development Agreement (PADA)
- Development Agreement (DA)
- Legislative Action Agreement

Council gave further direction to prepare an assessment of this policy, including a nexus study and determination of in-lieu fees, that may be assessed as an alternative to constructing inclusionary units. A request for proposals has currently been issued seeking consultants for this endeavor.

(Continued - 3)

2. Increasing the Number of Permanent Supportive Units: during this program year, with HUD funds, we expect to add approximately 35 units of permanent supportive units through the nearly-completed Childs and B Street Affordable Housing/Retreat Apartments project (30 units) and via an existing partnership with Sierra Saving Grace Homeless Project (expanding to a multi-family project in 2022 with at least 5 units) for an acquisition project that will purchase, repair, and convert market rate multi-family units to both LMI and permanent supportive rental units.

Additional permanent supportive units will soon be constructed through a separate \$4.4 million State Homekey award announced on March 14, 2022, for the City and Certified Container 915, who will be enlisting the experience of the Merced Rescue Mission to manage once complete, to construct 20 units (plus one management unit) of permanent supportive housing for homeless veterans using former shipping containers converted to living space. An extremely important project for the regional effort to address homelessness, it will enable all 12 of the (estimated) unsheltered homeless veterans counted in the January 2022 Point in Time count to be permanently housed, plus an additional 8 that are currently housed in transitional or other temporary shelter arrangements. The City's contribution to the project is through a land donation of the property located at 73 South R Street, which is one of the State Housing Successor Agency properties the City has been working to dispose to a qualified affordable housing partner and project.

If the Gateway Terrace II Apartments project is successful with new funding strategies in continuing forward with construction, another 10 units of permanent supportive housing for homeless veterans will be added, although project completion may not occur until the following program year (2023-2024). Once completed, combined with CC915's Homekey-funded container housing project, this will mean that the entire population of homeless veterans counted countywide in January of 2022 will be permanently housed.

Also, as mentioned in "1" above, the City and Up Holdings California LLC, with RH Community Builders LP, received a \$24 million State Homekey award to convert an existing 95-unit motel to approximately 80 units of permanent studio apartments. Approximately 50 of those units will be set aside for case-managed permanent housing for homeless individuals. And, also mentioned above, the Park Avenue project - also with Up Holdings - will include more permanent supportive units with the support of City-provided State PLHA funding.

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3. Assisting Low-Income Homeowners with Housing Rehabilitation: oftentimes, low- to moderate-income individuals and families may be able to afford the initial purchase a home, but not be able to afford the inevitable large or even minor repairs that come with homeownership. Thus, over this program year, the City will restart its Homeowner Rehabilitation program with Habitat for Humanity of Stanislaus County with a three-year contract that the City will amend with additional new funding

through the three-year period, after initial funding with \$150,000 of 2022 CDBG funds. We expect to assist at least 3 low- to moderate-income homeowners with needed minor and/or major repairs with this initial amount in 2022, thereby preserving and extending the long-term livability and legacy of the homes and making them safer for families to live in. Through the remaining two years, the City and Habitat-Stanislaus hope to assist another six homeowners.

Additionally, as mentioned in “1” above, low-income homeowners will receive additional support with needed repairs over the next three years with \$1,375,000 of 2021 CalHome funding the City and Self Help Enterprises was awarded for completion of Owner Occupied Rehabilitation projects within the City. The City and Self Help expect to assist another 9 homeowners through these State funds.

4. Improving Streets and Parks with ADA Infrastructure projects: the City will supplement the Program Year 2021 S. Canal Street/W. Childs Avenue Street, Sidewalk, Curb and Gutter infrastructure project with \$373,190 (project cost only) of 2022 CDBG funds, in order to include installation of crosswalk improvements across W. Childs Avenue to the original project. When complete, this project will have improved both streets with repaved surfaces, and installed sidewalk, curb, gutter, and crosswalk improvements at the Southeast Corner of S. Canal Street and W. Childs Avenue. The City expects that installation of these improvements will encourage a grocery store chain to develop the adjacent vacant property and improve pedestrian safety for residents living in the immediate area. The overall project is expected to benefit over 19,000 South Merced residents.

Additionally, the City will invest \$88,000 (project cost only) towards installation of missing ADA accessibility improvements at five different neighborhood parks in the South Merced area. These projects will improve access to playground equipment at each park for both disabled and non-disabled area residents in HUD Income-Eligible census tract areas and where these quality-of-life improvements are most needed. We expect these improvements to benefit approximately 15,830 residents living near these five parks.

5. Fund Vital Public Services that Address High Community Need: the City anticipates the provision of \$182,788 in CDBG funding to assist programs that benefit low- to moderate-income individuals and families, especially those who are at-risk or currently homeless, victims of domestic violence, or LMI youth. Each year, the City works to solicit non-profit organization proposals that address the needs of the community, and this year is no exception.

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

Each year, the U.S. Department of Housing and Urban Development (HUD) assesses the City of Merced’s management of CDBG program funds, the City’s compliance with the ConPlan, and the extent to which the City is preserving and developing decent affordable housing, creating a suitable living environment,

and expanding economic opportunities. Overall, especially under the circumstances of the past two and a half years with the Coronavirus crisis, constraints on in-person meetings and large gatherings, managing additional CARES Act funding and programs, and finding creative ways to spur the production of affordable and permanent supportive housing to serve both at-risk and those experiencing homelessness, the City has performed satisfactorily in addressing its priority needs and carrying out the programs described in the ConPlan. Though staff is still actively recovering and catching back up to regular yearly cycle timelines since the COVID-related delays experienced with preparation and approval of both the 2020-24 ConPlan/2020 First Year Annual Action Plan and the 2021 Annual Action Plan and being able to implement all associated projects, the City has evaluated its performance during the last program year in order to set goals and strategies for this year.

Successes

Over the last (2015-2019) Consolidated Plan cycle and over the first two years of the current 2020-2024 cycle, we have been consistently successful with the two acquisitions programs by Sierra Saving Grace Homeless Project and Merced Rescue Mission, both of which convert a range of one to three units of market rate housing to permanent supportive rental units for homeless individuals and families each year. These two programs are providing not only the benefit to the clients being served with housing and case management by the complete and similar programs these subrecipients offer, but the surrounding neighborhoods also benefit with the aesthetic improvement and the long-term managed upkeep of the homes thereafter. However, in the current “seller’s market” – where homes are selling at higher prices and buyer competition is high – Merced Rescue Mission has chosen to withdraw their 2022 Request for Funding application, as successfully purchasing a home in the open housing market with their awarded 2021 CDBG funds has been too competitive. They are currently in escrow for purchase of a single-family home in North Merced that will eventually become housing for a previously homeless and/or low-income family, and Sierra Saving Grace is experiencing similar success with a concurrent two-unit purchase in East North Merced.

Successes (Continued)

The 119-unit Childs and B Affordable Housing project, which broke ground in January 2021, is nearly completed and began accepting waiting list from prospective tenants mid-April 2022. Renamed “The Retreat Apartments” for marketing purposes, this complex used \$2 million of 2020 CDBG formula and program income funds towards the on-site Neighborhood Facility, which will be open for community use once the complex is fully complete, and also features a swimming pool, gardening area, and dog park for residents. 88 of the 119 units are affordable units, while 30 units are set aside for permanent supportive housing for formerly homeless. Currently, the City is installing the right-of-way improvements that surround and provide access to the complex, to be finished in mid-July 2022. Roadway improvements, which will include a new multi-modal transit stop, new and replaced sidewalks, curbs, and gutters, a storm drain basin, streetlights, and bike lanes and sharrows markings, were funded in part by a \$13.9

million State Affordable Housing and Sustainable Communities (AHSC) award as part of the nearly \$50 million total project financing.

Additionally, the City is still making steady progress towards the Gateway Terrace II 50-unit affordable/permanent supportive housing project (10 units for homeless veterans). Following the January 2021 “The Grove Apartments” payoff of a large amount of Housing Successor Agency LMI Asset funds (former Redevelopment Agency funds), the City made plans to redirect these LMI Asset funds towards the stalled Gateway Terrace II, which HUD has determined cannot use federal CDBG and HOME funding sources. In last year’s Annual Plan, \$700,507 of LMI Asset funds were set aside to repay HUD for premature expenditures of pre-development soft costs, and the City is currently drawing up the necessary draft documents for both the funding switch and the HUD repayment, which will both require future Council approval before moving forward.

Successes can also be celebrated with the ongoing progress that continues to be made with multiple affordable and permanent supportive housing projects, most especially the two State HCD Homekey funding awards and State CalHome funding award that were discussed above.

And, during the last year, the Housing Division’s difficulty in consistently maintaining adequate staffing levels was relieved with the hiring of a third staff person. The increased activity delivery administrative revenue that can be charged for direct hours worked on current and progressing affordable housing projects greatly assists in our ability to maintain this current three-person level.

Lastly, the COVID-19 related delays of the 2020 and 2021 Programs Years are nearly behind us, as the public service subrecipient agreements for the last of the backlogged programs from the 2021 Program Year are currently being drafted, Coronavirus CDBG (CDBG-CV) programs with the Merced County Food Bank, Sierra Saving Grace, Salvation Army, and United Way are implemented and serving the community with funding assistance, and vital 2021 CDBG public service programs are implemented and ongoing into the 2022 Program Year (to finish by early Spring 2023).

Shortcomings

While we have had encouraging success over the last year with affordable housing projects, we were not able to assist any new Homeowner Occupied Rehabilitation (OOR) project locations under our partnership with Habitat for Humanity, Stanislaus (HFHS) during the 2021 Program Year, on account of National Environmental Protection Act (NEPA) environmental review recordkeeping deficiencies discovered by HUD during a January 2020 monitoring of Housing Division environmental records. The findings reported that NEPA records of four 2015 assisted projects were not retained in written files as required. As a result, no further projects could be undertaken under the previous contract with HFHS. Thus, for the 2022 Program Year, the Housing Division is restarting and refunding this beneficial partnership with HFHS, which includes re-doing the required environmental impact analysis as required under NEPA and related laws and authorities and careful stewardship of proper records here forth. The

City plans to sign a three-year contract that will finish out the current ConPlan period through June 2025, with additional CDBG funding supplemented to this contract in Program Years 2023 and 2024.

Secondly, while we have made great progress on catching up to the bottlenecks created by COVID-19 related delays, additional funding, insufficient staffing levels, monitoring findings, and other matters, we are still finishing the year just behind our goal of 100% recovery by June 2022. This being said, the City of Merced is not the only entitlement jurisdiction still struggling back to normal timelines – thus, on October 21, 2021, the Principal Deputy Assistant Secretary of HUD issued a memorandum to all CDBG entitlement grantees that provided for a temporary change in the normal “corrective action” process related to the required expenditure deadlines of on-hand CDBG funds. In short, the memorandum grants leniency to grantees like the City of Merced who had more than 1.5 times the 2021 CDBG allocation by the annual timeliness deadline of May 1st. This appreciated leniency allows us to overlap and complete the 2021 projects that are still behind as of the preparation of this Annual Plan into the 2022 program year, as most of our 2021 CDBG programs are now up to speed and are expected to complete and spend down their project funding by our next timeliness deadline on May 1, 2023.

What We Learned

Much as we learned the previous year, as the dynamic of Merced continues to change and transform from a smaller, rural metropolitan area to the more progressive, socially-active dynamic of a UC college town, we have continued to grow, seek new, and expand upon current relationships with advocacy groups and community organizations that will help us to improve services to and more effectively connect with low-income and disadvantaged populations that exist within our community. Even as we recover and maintain more appropriate staffing levels in relation to workload, the ability of staff to regularly connect directly with residents and attend neighborhood and Continuum of Care meetings continues to be a challenge, something that has been compounded by the difficulties put forth by the Coronavirus pandemic over the last two and a half years. For this reason, the ability to hold and attend virtual meeting continues to be a technological blessing.

Valuable lessons were learned during the development of the 2020-2024 Consolidated Plan/First-year Annual Action Plan regarding the value of our resident advocacy groups in helping us make connections to interested residents, but it also exposed the need to find new and/or better ways to reach the populations that most need the funding assistance provided through this plan. This year, we once again utilized social media, website postings, a hybrid of in-person and live streaming, and radio spots, television broadcasting in holding resident input meetings, social media in distributing our Community Needs Survey and advertising meetings, direct mail to ensure that the survey went out in the monthly utility bill newsletter, and participated in a local news radio station interview to inform listeners how they could participate in the development of this plan.

What Will We Change to be More Effective?

Recognizing that ways to reach residents in the community are continually changing and that most of the more efficient electronic means learned during the pandemic of reaching the public will likely stay and become part of the norm, the City will continue to look for better and deeper ways to reach a greater number of residents each year. We need to, especially, continue to make a robust commitment to a much deeper reach to very low- to moderate-income residents, the general business community, and to our service and agency partners in the City, not just during the development of each Annual Plan update, but throughout the year, while keeping in mind that boots on the ground methods may still be the best, as many residents might not have access to computers, social media, cellular phones, or other means of getting online to answer surveys and communicate their needs. In this way, we will be better equipped, informed, and innately able to anticipate and respond to the needs for the next year of funding, and possibly even be working on programs for the year after that in order to develop programs earlier than we have in the past. In short, especially with more adequate Housing staffing, we continually need to spend time actively connecting so that we can truly provide to the community in the deep ways and areas that it is needed. Equivalently, the Housing Division needs to push and encourage our subrecipients to reach those sectors of citizens who may not know about the assistance that is available to them, as well as be more active in our City and County Continuum of Care at a staff-level so that we are a directly informed part of the important coordinated community conversations that are occurring.

Table 1
Program Funding for FY 2022-23

Source of Funds	CDBG	HOME	Other	Total
Grant FY 2022/23	\$ 1,099,911.00	\$ 603,192.00	\$ -	\$ 1,703,103.00
Program Income FY 2022/23 (estimate)	\$ 90,000.00	\$ 66,000.00	\$ -	\$ 156,000.00
Funding to be disencumbered and reallocated	\$ -	\$ 824,698.45		\$ 824,698.45
Funds paid back from Fund 071 to reallocate	\$ 530,600.09	\$ 662,233.54	\$ -	\$ 1,192,833.63
CalHome 06 (FTHB Program)	\$ -	\$ -	\$ 335,036.00	\$ 335,036.00
CalHome 12 (FTHB Program)	\$ -	\$ -	\$ 305,222.00	\$ 305,222.00
CalHome 21 (FTHB Program & OOR Program)	\$ -	\$ -	\$ 2,500,000.00	\$ 2,500,000.00
FUND 071/471 - LMI Housing	\$ -	\$ -	\$ 2,384,692.98	\$ 2,384,692.98
State HOME (92/93/94)	\$ -	\$ -	\$ 523,666.56	\$ 523,666.56
HOMEKEY			\$ 28,444,054.00	\$ 28,444,054.00
Fiscal Year 2022/23 Carryover	\$ 1,593,043.60	\$ 3,428,039.08	\$ -	\$ 5,021,082.68
Current Active Projects & ADC (Previously Approved and/or Encumbered/Funded)	\$ 2,471,566.85	\$ 193,988.48	\$ 532,223.45	\$ 3,197,778.78
Total Revenue / Carryover / Previously Encumbered FY 19-20	\$ 5,785,121.54	\$ 5,778,151.55	\$ 35,024,894.99	\$ 46,588,168.08
HUD Funding Allocations – CDBG				
Total CDBG Program Amount (Allocation + Program Income + Carryover)				\$ 5,785,121.54
Administrative (Admin + Activity Delivery Cost)				\$ 597,344.69
Capital Improvements				\$ -
Development Projects & Activities				\$ 2,533,422.00
Public Service				\$ 182,788.00
Current Active Projects (Previously Encumbered/Funded)				\$ 2,471,566.85
CDBG - Total Unencumbered Balance				\$ -
HUD Funding Allocations – HOME				
Total HOME Program Amount (Allocation + Program Income + Carryover)				\$ 5,778,151.55
Administrative (Admin + Activity Delivery Cost)				\$ 863,085.09
Development Projects & Activities				\$ 4,721,077.98
Current Active Projects (Previously Encumbered/Funded)				\$ 193,988.48
HOME - Total Unencumbered Balance				\$ 0.00
Other				
Total Other Program Amount (Allocation + Program Income + Carryover)				\$ 35,024,894.99
Administrative (Admin + Activity Delivery Cost)				\$ 245,531.75
Projects & Activities - Other (GT2 Infrastructure)				\$ 34,247,139.79
Current Active Projects (Previously Encumbered/Funded)				\$ 532,223.45
Other – Total Unencumbered Balance				\$ 0.00
Total Remaining to be Allocated				\$ 0.00

Table 1 - Program Funding

Table 2
Program Activities for FY 2022-23

Current Active Projects (Previously Approved and/or Encumbered/Funded)	
CDBG	
Project Activity Costs (ADC) - Prior Fiscal Years	\$ 190,000.00
Gateway Terrace II - CVCAH	\$ 250,000.00
Alliance for Community Transformations (VCC)	\$ 10,800.00
Harvest Time - Food Distribution Program	\$ 22,026.00
Merced County - Continuum of Care	\$ 38,000.00
Symple Equazion - Employment Readiness & Transitional Shelter Support Program	\$ 38,960.00
Alliance for Community Transformations (VCC)	\$ 33,480.00
Harvest Time - Food Distribution Program	\$ 56,412.00
Lifeline	\$ 25,000.00
Merced County - Continuum of Care	\$ 38,000.00
Merced Rescue Mission - Property Acquisition/Rehab	\$ 400,000.00
Sierra Saving Grace - Emergency Rental Assistance	\$ 20,000.00
Sierra Saving Grace - Property Acquisition/Rehab	\$ 500,000.00
Symple Equazion - Employment Readiness & Transitional Shelter Support Program	\$ 61,310.00
City of Merced Engineering Dept - Infrastructure Improvements	\$ 750,000.00
Salvation Army - Rental Assistance Program due to COVID19	\$ 37,578.85
CARES Act/CDBG-CV Funding - Salvation Army Merced Social Services	\$ 181,786.75
CARES Act/CDBG-CV Funding - Sierra Saving Grace - Emergency Assistance Program	\$ 155,859.50
CARES Act/CDBG-CV Funding - United Way - Economic Dev/Microenterprise Assist. - Workplace Stabilization Prm	\$ 450,601.55
CDBG Total	\$ 2,471,566.85
HOME	
Habitat for Humanity – Homeowner Rehabilitation	\$ 150,000.00
Project Sentinel / Fair Housing Services	\$ 13,988.48
Project Activity Costs (ADC) - Prior Fiscal Years	\$ 30,000.00
HOME Total	\$ 193,988.48
OTHER	
Gateway Terrace II Apartments (Offsite Public Infrastructure)	\$ 436,280.00
NSP3 - Habitat for Humanity Rehabilitation / Homeowner Rehab	\$ 54,030.45
Project Activity Costs (ADC) - Prior Fiscal Years	\$ 41,913.00
OTHER Total	\$ 532,223.45
Previously Encumbered Projects Total	\$ 3,197,778.78
Total for All Programmed Activities	\$ 46,588,168.08

Table 2 - Current Active Projects

Table 3
Program Activities for FY 2022-23

Administrative	
CDBG	
Administrative Expenses - Fiscal Year 2022/23	\$ 68,991.10
Project Activity Delivery Costs - Fiscal Year 2022/23	\$ 270,929.40
Project Activity Delivery Costs - Fiscal Year 2022/23	\$ 88,433.09
Merced County Human Services Agency - Continuum of Care Collaborative Applicant	\$ 38,000.00
Professional/Consultant Services	\$ 12,000.00
Indirect Administrative Expenses - Fiscal Year 2022/23	\$ 118,991.10
CDBG Total	\$ 597,344.69
HOME	
Administrative Expenses - Fiscal Year 2022/23	\$ 30,319.20
Project Activity Costs - Fiscal Year 2022/23	\$ 665,318.08
Project Activity Costs - Fiscal Year 2022/23	\$ 137,447.81
Project Sentinel - Fair Housing Services	\$ 30,000.00
HOME Total	\$ 863,085.09
OTHER	
CalHome 06 - Administrative & Activity Delivery Costs	\$ -
CalHome 12 - Administrative & Activity Delivery Costs	\$ -
CalHome 21 - Administrative & Activity Delivery Costs	\$ -
State HOME (92/93/94) - Activity Delivery Costs	\$ -
Project Activity Delivery Costs - Fiscal Year 2022/23 (071)	\$ 57,044.75
Administrative Expenses - Fiscal Year 2022/23 (071)	\$ 57,247.00
Professional Services Contracts (Fund 071)	\$ 131,240.00
Other Total	\$ 245,531.75
Total Administrative Costs (CDBG/HOME/Other)	\$ 1,705,961.53
Public Services / Fair Housing Services	
CDBG	
Harvest Time - Food 4 YOU Program	\$ 54,442.00
Sierra Saving Grace Homeless Project - Emergency Assistance Program	\$ 30,000.00
Boys & Girls Club - Journey Upward Merced Program (JUMP)	\$ 55,730.00
Alliance for Community Transformations - Housing & Financial Stability	\$ 42,616.00
Total Public / Fair Housing Services	\$ 182,788.00
Development Projects & Activities	
CDBG	
Habitat for Humanity Stanislaus - OOR Program	\$ 150,000.00
Sierra Saving Grace - Multi-Family Acquisition/Rehab of Property	\$ 1,568,065.00
City of Merced Engineering Dept. - Upgrades/ADA Improvement for 5 Parks	\$ 80,000.00
City of Merced Engineering Dept - Infrastructure Improvement Projects	\$ 293,190.00
Housing Projects TBD	\$ 442,167.00
CDBG Total	\$ 2,533,422.00
HOME	
Housing Project TBD - (CHDO FY 22/23)	\$ 90,478.80
Housing Project TBD - (CHDO FY 21/22)	\$ 85,000.00
Housing Project/Development - Acquisition and/or Construction TBD	\$ 687,250.64
Housing Development Project - Acquisition and/or Construction TBD	\$ 662,233.54
Fuller Center For Housing Merced County	\$ 45,000.00
Housing Development Project - Acquisition and/or Construction TBD	\$ 3,151,115.00
HOME Total	\$ 4,721,077.98
OTHER	
CalHome 06 FTHB Program	\$ 335,036.00
CalHome 12 FTHB Program	\$ 305,222.00

Table 3 - 2022 Program Activities (pg. 1)

CallHome 21 FTHB Program & OOR Program	\$ 2,500,000.00
HOMEKEY - CC915 Merced Housing Project	\$ 4,420,000.00
HOMEKEY - TwelveThirteen Housing Project	\$ 24,024,054.00
State HOME 92/93/94 FTHB / OOR Program	\$ 523,666.56
Gateway Terrace II - Reimburse HUD for prior expenses (Fund 071 & 471)	\$ 700,506.95
Gateway Terrace II - Remaining from original Scope of Work (Fund 071)	\$ 801,244.21
CVCAH - 1820 I Street - Reimburse HUD for prior expenses (Fund 071 & 471)	\$ 269,639.99
Gateway Terrace II - Additional Funding Available (Fund 071 & 471)	\$ 367,770.08
Other Total	\$ 34,247,139.79
Total Development Projects & Activities	\$ 41,501,639.77

Table 3 - 2022 Program Activities (pg. 2)

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

City staff developed a detailed Citizen Participation Plan in 2013 that was updated in 2017 and again updated and adopted by City Council in 2020, the latter in response to the receipt of funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to include citizen participation procedures during times of federal, state, and local disaster declarations. The Citizen Participation Plan outlines the way the City communicates with residents regarding the use and expenditure of HUD funds.

Citizens were engaged through community meetings, regular City Council meetings, Town Hall meetings, surveys, and public hearings. Citizens who participated in the process received extensive information about the Annual Action Plan process, the citizen participation process, the HUD requirements for an entitlement City, the amount of funding that the City anticipates receiving, and how those funds can be used by the City. Residents were given the opportunity to provide City staff with their input on the prioritization of community needs and any other needs that have arisen over the past year. The City also consulted with public and private departments and agencies, and social service and non-profit organizations to understand the community's needs and available resources. Department staff provided input on how CDBG resources could be used and leveraged to provide services.

Citizens were encouraged to participate in three "hybrid" (in-person and virtual) community workshops and respond to a community needs survey, as well as attend two Public Hearings.

HUD Memorandums and Notices Regarding CDBG Timeliness and 2022 CDBG/HOME Allocations

At various times through the COVID-19 crisis nationwide since March of 2020, HUD has issued specific waivers to grantees of regulatory requirements related to minimum citizen participation and public review and comment periods requirements. No waivers were issued for the 2022 Annual Action Plan citizen participation and input process; therefore, the City of Merced developed this Annual Action Plan in accordance with its adopted Citizen Participation Plan.

However, on October 21, 2021, HUD's Office of Community Planning and Development (CPD) issued a Memorandum to all CDBG grantees notifying them of a temporary change in the process for the application of corrective actions with regards to the untimely expenditure of CDBG funds (note: HUD previously issued waivers for CDBG timeliness in Federal Register Notice FR-6218-N-01, or the "CDBG-CV Notice). The regulation at 24 CFR 570.902 requires that, normally, a grantee must have no more than 1.5 times its most recent CDBG entitlement grant (allocation) at 60 days prior to the end of its program year to be considered "timely" (this is May 1 annually for the City of Merced). Recognizing the unprecedented amounts of funding that grantees, including the City of Merced, are struggling to spend, HUD's October 21 Memorandum issued temporary policies that revised and softened its corrective

actions for grantees who do not meet the 1.5 timeliness standard. As such, the City of Merced, still in the process of spending additional CARES Act CDBG-CV funds and a large amount of regular CDBG funding received during program years 2020 and 2021, may be issued a warning letter to inform the City of our untimeliness after May 1, 2022, but no action will be required by HUD.

Delayed 2022 Entitlement Allocation Announcement and Effect on City Approval Process

Additionally, on March 25, 2022, HUD issued a CPD Notice to all CDBG, HOME, Housing Trust Fund (HTF), Emergency Solutions Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) formula grantees on the timing of submission of Fiscal Year (FY) 2022 Consolidated Plans and Action Plans, notifying grantees that, due to Congress's approval of HUD's FY2022 appropriations (Public Law 117-103; Consolidated Appropriations Act of 2022) on just March 15, 2022, announcements of individual grantee allocations will not occur until on or around May 13, 2022 – much later than normal. As such, the effect on public hearing dates, City Council approval, and submission of 2022 Annual Action Plan to HUD will be affected as follows:

- Noticed 1st Public Hearing of April 4, 2022: meeting to remain as noticed; estimated funding allocations, project funding applications received, and potential expenditures discussed with Council and Public. During Housing staff's presentation, Council and Public were informed of HUD's March 25th CPD Notice and that the noticed May 16, 2022, public hearing would need to be continued (see below).
- Noticed Public Review and Comment Period of April 16 – May 16, 2022: review and comment period to remain as noticed, in order to inform the Public on estimated 2022 public service, housing, infrastructure, and administrative fund project funding, introduce preliminary 2022 One-Year Goals and Objectives, and include updates on the City's progress towards its 2022-2024 Consolidated Plan goals – however, the City will make it clearly understood that the funding levels shown in the Draft Plan are estimated amounts.
- The City is including "contingency provisions" in this Action Plan that explain how we will adjust the proposed Plan to match its actual allocation amounts, once actual amounts become known (please see below). By including these provisions, the City will avoid the potential need to conduct additional citizen participation on this Plan, in case significant revisions are needed to reflect actual allocation amounts.
- Noticed 2nd Public Hearing of May 16, 2022: for this noticed meeting, a brief report will provide an update as to HUD's March 25th CPD Notice and its effect on the 2022 Annual Action Plan process timeline. Housing staff will provide a brief presentation to update Council and Public on any recent HUD announcements, any public comments may also be received, and Council will be asked to continue the 2nd Public Hearing to June 21, 2022, when the Final Draft of the 2022 Annual Action Plan can reasonably be expected to be complete and updated with actual allocation amounts.
- Deadline for Submission of 2022 Annual Action Plan to HUD: HUD's March 25th CPD Notice allows grantees whose normal submission deadline is less than 60 days from the date that HUD

announces FY2022 allocations to delay submission of its Annual Action Plan until 60 days after the date allocations are announced. As such, since HUD estimates that announcements may be “on or around” May 13, 2022, and the City’s normal submission deadline of May 15th annually would be less than 60 days (equal to two days from HUD’s estimated date), the City will have until approximately July 13, 2022 to submit its Plan to HUD.

- HUD Review of the 2022 Annual Action Plan and City Access to Funds: in accordance with 24 CFR 91.500(b), HUD is allowed a 45-day period to review and approve the City’ submitted Plan. Following HUD approval after this 45-day period, and unless HUD requires edits to the submitted Plan, the City would be granted access to its CDBG and HOME allocations. Thereafter, the preparation of subrecipient agreements with organizations that will receive 2022 project funding awards as approved by Council and HUD will commence.

2022 Delayed Formula Allocation - Contingency Provisions

As discussed above, HUD’s announcement of 2022 CDBG and HOME allocations will be delayed to approximately “on or around” May 13, 2022. As such, the initial draft of this Plan that will be presented to residents and interested parties for the 30-day Public Review and Comment Period will be prepared with estimated figures, which will be based on the average allocation amounts for the last four years, as follows:

Community Development Block Grant (CDBG) Allocations by Program Year:

- 2021: \$1,132,674
- 2020: \$1,124,056
- 2019: \$1,099,563
- 2018: \$1,128,771
- 4-year average: \$1,121,266
- *Estimated figure to be used: \$1,100,000 (round down to nearest \$100,000)*

**Note: the actual 2022 CDBG allocation announced on May 13, 2022, is \$1,099,911.*

Home Investment Partnership Program (HOME):

- 2021: \$548,434
- 2020: \$542,776
- 2019: \$499,892
- 2018: \$520,415
- 4-year average: \$527,879
- *Estimated figure to be used: \$520,000 (round down to nearest \$10,000)*

**Note: the actual 2022 HOME allocation announced on May 13, 2022, is \$603,192.*

Contingency – CDBG

Regarding CDBG funds, if the actual allocation is more than the estimated figure determined above, after adjusting figures for administrative funding at the full 20% allowed, the entire increase will be placed towards the as-yet unfunded neighborhood parks infrastructure project listed and described in Section AP-35 of this Plan. During the 2022 Program Year, as additional CDBG funds become available, those additional funds will also be placed towards these park improvements. The total expected project cost for ADA improvements to all five parks, including 10% for activity delivery costs, is approximately \$88,000.

If the actual CDBG allocation is less than the estimated figure determined above, after adjusting figures for administrative funding at the full 20% allowed, the decrease will be handled within the planned public services projects as follows: 1) prioritize Sierra Saving Grace’s short-term rental, mortgage, and utility assistance by keeping the requested funding as proposed, as this need remains the greatest in the community; then, 2) City staff will negotiate with Alliance for Community Transformations, Harvest Time, and Boys and Girls Club of Merced County in ways to reduce their proposed project funding budgets to fit the 15% public services cap; then, if needed 3) reduce by the remaining balance the CDBG funding award to Sierra Saving Grace’s multifamily acquisition and rehabilitation project.

Contingency – HOME

Regarding HOME funds, if the actual allocation is more than the estimated figure determined above, after adjusting figures for administrative funding at the full 10% allowed and the required 15% CHDO set-aside reserves, the increase will be handled as follows: 1) allocate towards affordable housing projects, if additional funding is needed; and/or, 2) supplement the award of funding to Fuller Center for Housing of Merced County for development fee costs of homebuyer housing projects on Housing Successor Agency sites; and/or, 3) increase funding towards HOME-CHDO projects to be carried out by the City’s Community Housing Development Organization (CHDO) partner, Central Valley Coalition for Affordable Housing.

If the actual HOME allocation is less than the estimated figure determined above, after adjusting figures for administrative funding at the full 10% allowed and the required 15% CHDO set-aside reserves, the decrease will be handled by decreasing the amount of HOME funds allocated to affordable housing projects.

Meetings, Public Outreach, Consultation, and Comment Periods

Information was disseminated, outreach and consultation was accomplished, and meetings and comment periods were held as noted below during the development and preparation of the 2022 Annual Action Plan:

- Community Needs Survey: December 30, 2021 – March 4, 2022 (extended one week)

- Notice of Funding Availability - Information and Application posted on Housing Division website: December 30, 2021
- Funding Request Application Period: December 31, 2021 – February 25, 2022
- Invitation to Apply/NOFA Notification Letters mailed to 122 local organizations: week of January 3, 2022
- Notice of Funding Availability (NOFA) for Non-Profit Program Funding Requests Published in Merced Sun-Star and Merced County Times: January 6, 2022
- Advertisement to City Residents: Community Input Needs Meeting and Survey QR code and links - published in Merced Sun-Star and Merced County Times on January 13, 2022
- KYOS Broadcast Radio Spot: "Community Conversation" interview with City Staff on Friday, January 21, 2022; air date: Saturday, January 22, 2022 at 7:00 a.m. (radio spots are also posted on the KYOS website: www.1480kyos.com) - discussed community input meetings, community needs survey, and the CDBG funding objectives.
- Hybrid In-Person/Virtual Resident Community Input and NOFA Public Service Community Information and Outreach Meetings: Monday, January 24, 2022 (6:00 p.m.); Thursday, January 27, 2022 (6:00 p.m.); and Friday, January 28, 2022 (2:00 p.m.)
- Hybrid In-Person/Virtual City Council Town Hall Meetings: February 10 and February 17, 2022
- Social Media posts advertising community survey and Community Input Meeting dates, times, and location
- Notice of Public Hearing and 30-Day Public Review and Comment Period: Published in Merced Sun-Star and Merced County Times March 17, 2022
- 2022 Public, Governmental, Business, Health, and Service Agency Virtual Consultation survey: April 1 – April 22, 2022 (extended one week)
- Public Hearing (First): April 4, 2022 at 6:00 p.m.
- Public Review and Comment Period: April 16 - May 31, 2022 (45 days - extended by Council 15 additional days)
- Public Hearing (Second): May 16, 2022 (opened and continued to June 21, 2022, due to delay of HUD Allocations); 6:00 p.m.
- Public Hearing (Continued from May 16, 2022): June 21, 2022 (opened and continued to July 5, 2022, due to delay of HUD Allocation and additional time needed to finalize plan); 6:00 p.m.
- Public Hearing (Continued from June 21, 2022) - Final: July 5, 2022 at 6:00 p.m.
- Housing Division website (www.cityofmerced.org/housing) was kept up to date with news, survey links, and meeting/public hearing links and dates/locations.

5. Summary of public comments

This could be a brief narrative summary or reference an attached document from the Citizen Participation section of the Con Plan.

As required by HUD, citizens were solicited to participate in the development of this plan through community meetings, community needs surveys, town hall meetings, public hearings, and topic-related

City Council meetings. Citizens who participated in the process received extensive information about the 2020-2024 ConPlan and the 2022 Annual Action Plan, the citizen participation process, the HUD requirements for an entitlement City, the projects being considered for funding, the amount of funding that the City anticipates receiving, and how those funds can be used by the City. Residents were given multiple opportunities to provide City staff with their input on the prioritization of community needs.

Community Needs Survey

During the preparation of the Annual Action Plan, an electronic Housing and Community Needs Survey (available for survey takers to read and answer in multiple languages, including English, Spanish, Hmong, French, German, Chinese, and many others) was administered. Direct “tiny url” internet links and QR Reader Codes for the electronic version of the survey was placed on the City’s Website and were mailed directly to utility bill customers to receive with their utility bills. The notice in the utility bill encouraged residents who wanted to take the survey on paper to call or email to request a paper version (or pick up in our office), and Housing staff received 4 responses this way (staff then entered those responses manually into the Microsoft Forms as an electronic response). Links were also placed on the City’s Instagram and Facebook social media accounts and reposted multiple times throughout the survey period.

During hybrid in-person/virtual outreach meetings that were livestreamed on Microsoft Teams links, the links and QR codes were shown on the presentation screen, and staff encouraged residents watching from their devices and televisions to take the survey from the convenience of their home. One attendee at one of the input meetings also responded on a paper version, which was also entered by staff as an electronic response for data collection purposes. During a radio interview spot by the KYOS news radio station, Staff also encouraged listeners to navigate to the Housing Division webpage for the survey QR code and direct links. Additionally, flyers advertising the survey were distributed at customer service areas in City Hall.

As a result of these efforts, a total of 141 respondents participated in the survey, an increase of 40 respondents over last year.

All responses were submitted in English, even though 1.5% of respondents stated they spoke primarily Spanish (3.5% decrease), 1.5% spoke primarily Hmong (1.5% decrease), and 1.5% answered they spoke an “other” language. 32% of respondents stated they were of Hispanic or Latino origin, and increase of 6% over last year. 7.5% of respondents were Asian (2.5% decrease), 6.6% were Black/African American (1.6% increase), and 62.5% were White/Caucasian (7.5% decrease). 41.6% of respondents answered that their income levels were in the very low- to moderate-income ranges (an increase in reach to this population of 5.9%; 21 respondents did not answer).

COVID-19 influenced difficulties with loss of income over the last two years are evident, as a combined 40.8% of the 227 respondents answering stated that they had difficulties paying their rent, mortgage, and utility bills (gas/electric/municipal water, sewer, garbage) during this time period and had to make

trade-offs between essential expenses to keep their housing. 10.5% stated that they have had difficulty affording necessary repair or improvements to their homes, and 7.4% had experienced homelessness (approximately 3.5% decrease from last year). 52% answered that they spend more than 30% of their household income on housing costs (an increase of 10%; 16 did not answer).

Community Needs Input and Service Organization Information Meetings

The City held three hybrid in-person/virtual community and service organization information and input workshops in January of 2022, where attending residents and community organizations had the opportunity to have focused discussion on issues and different topics within the community. Attendees were encouraged and welcomed to raise any issues affecting the Plan and address any housing-related topics at all meetings.

Each workshop was held in-person, and for the second and third meetings, those who wished to attend virtually were provided a Microsoft Teams link from the City's website, where they could submit questions to answer live during the meeting. Each of the three workshops featured two parts - Part One was focused to residents in attendance, explaining the role of the Housing Division and the funding and programs we administer, eligible uses of CDBG and HOME funds, the Consolidated, Annual Action Plan, and CAPER purpose and annual cycle, the different HUD National Objectives, determination of funding to address community need, and the Citizen Participation Plan and importance of resident participation in the process. Following Part One, residents were given time for questions and discussion.

Part Two of each workshop continued on for attending service organizations, and they were provided more detailed information and regulations regarding basic eligible activities, national objective compliance and beneficiary income criteria and requirements, the performance measurement system, uniform administrative requirements, cost principles, recordkeeping, reporting, and monitoring, income-eligible census tracts, and were provided a copy of HUD's "Playing by the Rules - A Handbook for Subrecipients on Administrative Systems." Attending organizations were also given time for questions and discussions, and these were very beneficial in forging relationships between organizations. Information was also provided about the application process, application deadlines, technical assistance appointments, and contact information for further questions.

A total of two public hearings were held, with the second public hearing being continued twice due to late 2022 allocation announcement by HUD. During these meetings, residents and council members were asked to identify any other community needs and priorities and identify any shifts of funding priorities and amounts before the Draft Annual Action Plan was finalized and approved.

The following is a list of some topics covered during the preparation of this plan and the above-mentioned meetings and hearings:

- Programs and services to respond to high levels of poverty especially in south Merced
- High burden of utility costs for lower income households

- Limited job opportunities – creation of jobs
- Homelessness is a concern. Veterans, youth, and the chronic homeless were specific sub-populations discussed
- Supportive housing for homeless
- More affordable housing is needed to alleviate low vacancy rate and homelessness
- Affordable housing/inclusionary zoning policies
- Housing resources for undocumented workers
- Housing vouchers
- Fair housing rights
- Rent control and protections
- Homeowner rehabilitation programs
- Substandard housing
- Housing trust funds
- Job training programs

6. Summary of comments or views not accepted and the reasons for not accepting them

Please see the attachments at the end of this plan for summaries of the public comments received during community outreach for this plan. All public comments were accepted.

7. Summary

Based on the 2020-2024 Consolidated Plan’s public participation process and review of regional data and reports (i.e. Housing Element and Continuum of Care Homeless Survey), Merced has the following housing and community priorities to address over the five-year ConPlan period ending June 30, 2025:

- Affordable Rental Housing
- Provide support services for the City's residents with an emphasis on at risk youth, the homeless, and services to seniors
- Fair Housing
- Job Creation and Job Training
- Neighborhood Revitalization with an emphasis on South Merced
- To preserve, rehabilitate, and enhance existing public facilities and infrastructure

The needs and priorities expressed from residents through the preparation of this 2022 Annual Action Plan, which carries out the third year of the ConPlan, closely resemble those listed above, and through funding, all of the needs listed above will be addressed with this 2022 Annual Plan.

Local public agencies and non-profits were assisted and also given the opportunity to spend time discussing community goals and needs. As a result of the published Notice of Funding Availability (NOFA), letters notifying 122 organizations of the availability of funding, three Community Needs

Workshop meeting dates that included an in-depth presentation and Q & A section for non-profit organizations, and an application period held from December 30 – February 25, 2022, the Housing Division received nine applications from non-profit organizations seeking project funding for the 2022 Program Year.

At the April 4 and May 16, 2022, Public Hearings, staff asked the City Council to consider and discuss the various projects proposed, a process which helps to guide staff in the development of the final Annual Plan budget and its funded activities and goals. Councilmembers were given the opportunity to prioritize the funding requests based on the expressed needs and funding preferences of the community during this process. As such, at the May 16 public hearing, when Merced's actual allocation was still unknown, Council agreed that extra priority should be placed on CDBG rental/mortgage/utility assistance, should be actual allocation be less than expected, due to the extreme need still being seen in the community related to COVID-19. As a result of all discussions, all of the organizations that applied for CDBG or HOME funds were awarded funding for the 2022-23 Annual Plan year.

City Council approved the Final Draft of the 2022 Annual Action Plan on July 5, 2022, and adopted Resolution #2022-_____ (attached). Council also approved submission of the 2022 Annual Action Plan to HUD following minor changes and revisions necessary to prepare it for submission.

HUD's final regulatory deadline for submission of the Action Plan each year is August 15th. If HUD does not receive the City's plan submission by this date each year, the City would be ineligible to receive its grant allocation for that year, which would mean the loss of nearly \$2 million in vital federal funding of community service, housing, and infrastructure programs and projects.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

Agency Role	Name	Department/Agency
CDBG Administrator	MERCED	Housing Division/Development Services Dept
HOME Administrator	MERCED	Housing Division/Development Services Dept

Table 1 – Responsible Agencies

Narrative (optional)

The Department of Development Services – Housing Division is responsible for overseeing the administration of the City’s Community Development Block Grant and HOME Investment Partnership Program funding, including the preparation of the Annual Action Plan. The Development Services Director and the Housing Program Supervisor oversees the day-to-day administration of these programs.

For National Environmental Protection Act (NEPA) reviews of projects that contemplate the environmental impacts for the use of the City's allocations of federal funds as a funding source, the City of Merced is the Lead Agency and City Manager Stephanie Dietz is the Certifying Officer.

Consolidated Plan Public Contact Information

Scott McBride, Development Services Director; and,
 Kimberly Nutt, Housing Program Supervisor

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 678 W. 18th Street

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(209) 385-6863

Email: housing@cityofmerced.org

AP-10 Consultation – 91.100, 91.200(b), 91.215(I)

1. Introduction

Under Merced’s Council-Manager form of government, the City Council appoints and provides policy direction to the City Manager, who is responsible for administering the City’s daily operations. As the elected legislative body of the City of Merced, the City Council has overall responsibility for the scope, direction, and financing of City services. In setting policy, the City Council works closely with citizen advisory commissions and committees, considers staff information and recommendations, and receives comments from the general public during open forums, such as town hall meetings.

In the preparation of the ConPlan, the City has consulted with public and private departments and agencies and social service and non-profit organizations to understand the community’s needs and available resources. The City met with several department representatives to provide information about the ConPlan and its processes. Department staff provided input on how CDBG resources could be used and leveraged to provide services.

As part of the process, the City created a comprehensive internet-based survey specifically directed toward public, governmental, business, health, and service agencies within the City, County, and the general San Joaquin Valley region, asking general service and targeted funding-related questions, as well requesting them to rank the community's needs and priorities from their organization or agency's point of view on the topics of public facilities, infrastructure, social and public services, economic development, and housing. The survey also asked each responding organization or agency to identify and explain any areas where our agencies can improve coordination, including with use of funds, homeless strategies, providing a deeper reach to homeless and extremely low-income families, efforts to reduce poverty, determining what and where public facilities and infrastructure is most needed, and creating jobs in our community. The survey reached 44 agencies, organizations, and inter-agency departments, including our Police and Fire Departments, and we received 11 responses in return.

The City of Merced specifically contacted agencies representing persons with HIV/AIDS, homeless persons, low-income youth, victims of domestic violence and sexual assault, persons with disabilities, elderly persons, and persons with alcohol and/or substance abuse problems. Additionally, cities and governments within the region were contacted and consulted.

During the consultation process, the City provided detailed information about the ConPlan, the Annual Action Plan, and the CDBG process, the City’s distribution of funds and current projects using the CDBG funds. Consultation participants highlighted the priority needs in general terms and specific to their target population from an organizational point of view.

The goal of the consultation process was to provide detail of the priority needs identified in the Consolidated Plan, how local agencies could best focus their programs and activities to help address

those priority needs, and to explore opportunities for coordination to improve availability and access to services.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(I))

The principal provider of community development and economic development programs, housing projects, and financial support will be the City of Merced. The Merced County Housing Authority administers the Section 8 Voucher program and manages public housing located in the City. According to The Merced Housing Authority, funding to modernize the public housing units to ensure long-term physical and social viability of the developments is done through the HUD yearly funded Capital Fund Program. Capital Program activities to be undertaken by the Housing Authority are identified in the Public Housing Agency (PHA) 5 Year and One-Year Action Plans. The residents are invited each year to contribute to the drafting the Housing Authority’s Plan and planned use of Capital Fund monies. A resident advisory board is formed and meets monthly to review the PHA’s strategy and policies for both public housing and tenant-based housing. The City, through its partner agencies, affordable housing developers, and local service organizations, works with the Merced Housing Authority to both qualify Merced residents for Section 8 Housing Choice Vouchers and find housing. The City provides information on the availability of Section 8 programs to qualified residents through these partnerships.

Other key health, mental health, and service agencies that the City works closely with are, Continuum of Care; Merced County Community Action Agency; Merced County Department of Mental Health; Sierra Saving Grace Homeless Project, and Merced County Rescue Mission. Each is consulted during the City's ConPlan and Annual Action plan process. Additionally, the City's own Police and Fire Departments are a daily connection to our residents most in need of health, emergency, homeless, drug/alcohol intervention, public safety, crime awareness and prevention, and other vital services every day.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

Merced City’s homeless system planning has historically been guided by three plans - 1) the 10-Year Plan that was drafted and released in 2011 by the Merced City and County Continuum of Care; 2) the Merced County Housing Element; and 3) the City of Merced Housing Element. In 2019, the Merced County Behavioral Health and Recovery Services, along with the Human Services Agency, began working with a consultant to develop a No Place Like Home (NPLH) Community Plan, which later began to be developed into an expanded regional plan approach. The development of the Regional Homeless Plan has incorporated all governmental jurisdictions within the County and their leadership and is anticipated to be adopted by region-wide City and County governments.

The 10-Year Plan to End Homelessness continues to be used to address the needs of homeless persons and other vulnerable populations countywide, with recommendations including:

- Following a Housing First approach focused on providing shelter and housing as quickly as possible. Once obtained, a variety of services are offered in order to help households maintain their housing. Such services are time-limited or long-term depending upon the household's need. Housing is not contingent on compliance with services. However, participants must comply with a standard lease agreement. Assistance also includes locating rental housing, relationship development with private market landlords, lease negotiation, and home-based case management which can also be time-limited or long-term depending upon the willingness and needs of the household;
- Supporting and identifying funding sources for rapid re-housing, involving a variety of assistance including: short-term or medium-term rental assistance and housing relocation and stabilization services, which may include mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management. Case management includes 1) on-site and off-site supportive services such as employment counseling, health care, mental health care, and access to various mainstream resources; 2) activities that help with circumstances that may impede access to housing such as poor credit history, legal issues, and inability to negotiate manageable and appropriate lease agreements with landlords; and 3) availability to resolve housing-related crises should they occur through home visits and communication with landlord;
- Utilizing the Homeless Management Information System (HMIS) for all statistical data, on-going case management records, financial assistance provided and final outcomes of assistance or housing placement;
- Utilizing the Coordinated Entry System (CES) which covers the entire CoC and uses the Vulnerability Index/Service Prioritization Decision Assistance Tool (VI-SPDAT) to determine the most appropriate intervention for persons experiencing homelessness: affordable housing, rapid re-housing, or permanent supportive housing. The tool is imbedded into HMIS and helps triage clients and ensures connection to the best intervention. Access to a CES assessment occurs through street outreach and engagement as well as shelters;
- Supporting a community outreach and education campaign that will raise awareness about households at-risk of becoming homeless and provide information about resources available through homeless prevention programs;
- Developing and defining partnerships between local government and nonprofit/for-profit affordable housing developers to build additional units of permanent affordable housing for extremely low-, very low-, and low-income homeless families and individuals;
- Developing additional units of permanent affordable housing for extremely low and very low-income families and individuals and homeless veterans.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate

outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City does not receive ESG funding. However, eligible public and private agencies are able to apply for Federal Emergency Solution Grant (ESG) through the California Department of Housing and Community Development (HCD). The City works closely with the Merced City and County Continuum of Care to establish funding policies and procedures as required by HCD. The City has a representative on the CoC Board of Directors, which is the CoC entity that ensures HCD requirements. HCD requirements include: 1) determining how ESG funds will be allocated in that region; 2) identifying the performance standards for evaluating the outcomes of projects and activities; and 3) identifying the funding, policies and procedures for the administration and operation of the HMIS, if appropriate.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction’s consultations with housing, social service agencies and other entities

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	MERCED COUNTY
	Agency/Group/Organization Type	Housing PHA Other government - County Major Employer
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This agency oversees all county government operations, including the Continuum of Care, which they will continue to manage for the plan year. They were invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
2	Agency/Group/Organization	Merced City and County COC
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities

	<p>Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Other government - County Regional organization</p>
<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Market Analysis Anti-poverty Strategy</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The County of Merced Human Services Agency represented the Continuum of Care (CoC) during the consultation process, as it acts as the Collaborative Applicant for the CoC serving citizens countywide, including children/youth, adolescents, victims of domestic violence, persons with disabilities, and chronically homeless individuals and families. The CoC was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Within the Merced City limits, 555 individuals qualify for CoC services. Annually, the CoC manages approximately \$1 million in recurring Emergency Solutions Grant (ESG) and CoC funding from HUD, and additionally, currently manages several one-time grants that include Homeless Housing Assistance and Prevention (HHAP), California Emergency Solutions and Housing (CESH), and Emergency Solutions Grant - Coronavirus (ESG-CV) grants totaling approximately \$2.6 million. Separately, the CoC/Collaborative Applicant administers State Permanent Local Housing Allocation (PLHA) funds on behalf of all jurisdictions in the County. All clients served by its grant programs meet the HUD definition of homeless. Currently, the City and the</p>

		County Human Services Agency participate as partners through the regional planning committee, as well as through the CoC. Coordination between the City and the CoC could be improved with pooled resources and data to better track the measurable impact of services and with creation of a regional housing trust fund to assist in the development of more affordable housing.
3	Agency/Group/Organization	Housing Authority of the County of Merced
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This agency was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. The Housing Authority provides permanent subsidized housing for residents countywide and assists clients in connecting with partner agencies for any other needs. The HACM receives over \$23 million in annual funding from multiple sources, including HUD's Housing Assistance Payments (HAP) program, Operating Fund for Public Housing (PH), Rural Development/USDA, Office of Migrant Services, and California HCD Migrant centers. Better coordination between all agencies, the City, and the HACM can be made to ensure that all resident needs are met throughout the City.

4	Agency/Group/Organization	SIERRA SAVING GRACE
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless Non-Profit Public Charity Organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization primarily provides housing (rapid rehousing, rental assistance, permanent supportive, acquisition with rehabilitation) and non-housing supportive services to homeless or chronically homeless individuals and individuals/families at risk of becoming homeless within the community. Populations served by those primary services include: children/youth/adolescents, families with children, persons with disabilities, persons with HIV/AIDS, victims of domestic violence/human trafficking/sexual assault, elderly persons, mental health patients, drug treatment or recovery patients, formerly incarcerated individuals, veterans, and those unemployed. SSG receives grant funding from a combination of HUD CDBG, HOME, CDBG-CV, and Emergency Solutions Grant (ESG) funds, as well as California Emergency Solutions and Housing (CESH) funds as new funding opportunities become available. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Better coordination can occur with affordable housing and mental health service providers in the community.

5	Agency/Group/Organization	MERCED RESCUE MISSION
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless Services-Education Services - Victims Non-Profit Public Charity Organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization primarily provides housing (rapid rehousing, permanent supportive, emergency shelter, acquisition with rehabilitation, respite care, and transitional housing) and non-housing supportive services to homeless and chronically homeless individuals and individuals/families at risk of becoming homeless within the community. Populations served by those primary services include: families with children, elderly persons, drug treatment or recovery patients, formerly incarcerated individuals, veterans, homeless recently released from the hospital, and those unemployed. The Rescue Mission typically receives funding from a combination of HUD CDBG, Homeless Housing Assistance and Prevention (HHAP) Grant, California Emergency Solutions and Housing (CESH) Grant, private donations (individuals, businesses, churches), and other grant funds such as Dignity Health, Central California Alliance for Health, and Emergency Food and Shelter grants. This organization works with multiple service providers and provides approximately \$2.5 million in homeless services within the community.

		This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. The Rescue Mission works to fill the gaps in services for people experiencing homelessness, and believes an area of improvement in reducing homelessness in the area would be to partner with the City and County in developing a tiny or micro housing project for those currently experiencing homelessness.
6	Agency/Group/Organization	Greater Merced Chamber of Commerce
	Agency/Group/Organization Type	Business Leaders Business Support and Advocacy
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
7	Agency/Group/Organization	MERCED LAO FAMILY
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-homeless Services-Health Services-Education Service-Fair Housing Business and Civic Leaders Services - Translation/Cultural/Social

	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization provides invaluable Hmong and other Southeast Asian language translation services to the resident, service, and business community. The City of Merced partners with this organization to translate all published notices and advertisements, at all public hearings, and at all community outreach meetings held in preparation of this plan. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
8	Agency/Group/Organization	Alliance for Community Transformations
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Services - Victims 501(c)(3) Non-Profit Organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless

		<p>Homeless Needs - Families with children</p> <p>Homelessness Needs - Veterans</p> <p>Homelessness Needs - Unaccompanied youth</p> <p>Homelessness Strategy</p> <p>Non-Homeless Special Needs</p> <p>Economic Development</p> <p>Anti-poverty Strategy</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>This organization primarily provides housing services (emergency temporary shelter and transitional housing) to victims of domestic violence, human trafficking, and/or sexual assault, support which extends to the children in those families. They also provide non-housing supportive services in the form of case management, transportation, peer counseling, referrals, and life skills. Other populations served by those primary services include: families with children and persons with disabilities. ACT receives approximately \$1.5 million annually from a combination of federal funding, private foundations, and CalOES, University of California Merced, Merced County Human Services Agency, Fresno EOC, and Sunlight Giving. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Coordination can be improved by more active communication between agencies and coordination of housing.</p>
9	<p>Agency/Group/Organization</p>	<p>Project Sentinel, Inc.</p>
	<p>Agency/Group/Organization Type</p>	<p>Services - Housing</p> <p>Services-Education</p> <p>Service-Fair Housing</p> <p>Services - Victims</p> <p>501(c)(3) Non-Profit Organization</p>

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides fair housing services within the community, focusing on disseminating housing discrimination-related education materials, information, and resources to Merced City residents, as well as providing assistance to residents with discrimination cases that cannot be resolved through provided landlord/tenant counseling services. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Coordination with Project Sentinel has continued to improve this year, and more materials were directly mailed to City residents. Additionally, tenant and landlord education materials developed by Project Sentinel are provided on the City's website on a new sub-page dedicated to providing fair housing information to Merced residents.
10	Agency/Group/Organization	The Leadership Counsel for Justice and Accountability
	Agency/Group/Organization Type	Services-Education Service-Fair Housing Planning organization Fair Housing/Housing Policy Advocate
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy

		<p>Non-Homeless Special Needs</p> <p>Market Analysis</p> <p>Economic Development</p> <p>Anti-poverty Strategy</p> <p>Citizen Participation</p>
	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Leadership Counsel for Justice and Accountability works alongside residents and communities in the San Joaquin Valley to advocate for sound policy and identify and work to eliminate inequities in order to secure equal access to opportunity regardless of wealth, race, income, and place. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. This organization also actively participated in community outreach workshops, City Council Meetings, and other focused meetings with City officials regarding potential housing policy strategies to encourage the construction of more affordable housing in the community.</p>
11	<p>Agency/Group/Organization</p>	<p>CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING</p>
	<p>Agency/Group/Organization Type</p>	<p>Housing</p> <p>Services - Housing</p> <p>Services-Education</p> <p>Community Housing Development Organization (CHDO) and Non-Profit Public Benefit Corporation</p>
	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment</p> <p>Public Housing Needs</p> <p>Homeless Needs - Chronically homeless</p> <p>Homeless Needs - Families with children</p> <p>Homelessness Needs - Veterans</p> <p>Homelessness Strategy</p>

		Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization is an established Community Housing Development Organization and an Affordable Housing Developer. CVCAH provides housing (rehabilitation, large family, rental) and non-housing supportive services (life skill enhancement classes and after school programs) to homeless and chronically homeless individuals and families with children, persons with disabilities, persons/families at risk of becoming homeless, elderly persons, mental health patients, and veterans. Aside from funding obtained to develop and rehab properties (CDBG, HOME), approximately \$200,000 to \$300,000 is generated annually from rental properties owned by the organization, and approximately 25% of this funding assists in providing housing for homeless individuals and families. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. The City partners closely with CVCAH in developing affordable housing in the community.
12	Agency/Group/Organization	LifeLine Community Development Corporation
	Agency/Group/Organization Type	Services-Children Services-Health Services-Education Services-Employment Community Development 501(c)(3) Non Profit Organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Market Analysis

		Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Lifeline CDC provides non-housing support services to community members living in lower-income areas of the city by empowering neighborhoods to thrive through an asset-based approach, providing access to resources such as computer labs and after-school programs. Populations served include homeless and chronically individuals and families, children/youth/adolescents, families with children, persons/families at-risk of becoming homeless, elderly persons, formerly incarcerated, and those who are unemployed or looking for work. Lifeline CDC receives \$100,000 to \$200,000 annually from individual donors, churches, Merced County Health Department, Central California Alliance for Health, Merced County Probation Department, federal funding (CDBG), and various small grants. They are also part of the Merced Workforce Planning Team, who partners with Merced College. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
13	Agency/Group/Organization	Golden Valley Health Centers
	Agency/Group/Organization Type	Services-Health Health Agency 501(c)(3) Non-Profit Organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs

	<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>Golden Valley Health Centers provides health care access to a wide sector of population sectors in the San Joaquin Valley and is based in Merced City. Populations served include children/youth/adolescents, families with children, persons with disabilities, persons with HIV/AIDS, victims of domestic violence/human trafficking/sexual assault, homeless/chronically homeless, persons or families at risk of homelessness, elderly persons, mental health patients, drug treatment or recovery patients, formerly incarcerated, veterans, and those who are unemployed or looking for work. GVHC receives approximately \$15,000,000 annually from private foundations and various health-related funding from Federal, State, and County-level sources. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.</p>
14	<p>Agency/Group/Organization</p>	<p>HEALTHY HOUSE WITHIN A MATCH COALITION</p>
	<p>Agency/Group/Organization Type</p>	<p>Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Education Services - Translation/Cultural/Social</p>
	<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy</p>

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides support services to homeless and at-risk elderly, elderly disabled, and elderly veterans, and provides translation services to the City and community in several languages. The City utilizes this organization for translation services at all public hearings and public outreach meetings. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
15	Agency/Group/Organization	Merced County Hispanic Chamber of Commerce
	Agency/Group/Organization Type	Services-Education Business and Civic Leaders 501(c)(6) Corporation
	What section of the Plan was addressed by Consultation?	Market Analysis Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Merced County Hispanic Chamber of Commerce primarily promotes Hispanic-owned small businesses and to further the economic development of all Merced County businesses. The MCHCC receives less than \$100,000 annually from annual memberships, grants, and fundraiser events. Areas where coordination can be improved are in coordinating business, financial, tax, investment, capital funding, marketing, and networking education and training opportunities to help small businesses succeed and to disseminate general information to their clients regarding HUD-funded programs available through the City. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
16	Agency/Group/Organization	MERCED COUNTY ARTS COUNCIL
	Agency/Group/Organization Type	Services-Children Services-Persons with Disabilities

		Services-Education Services - Arts, Culture Entertainment; 501(c)(3) Non-Profit Corporation
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Merced County Arts Council provides art education and workshops to children and adults, including children of low-income families and developmentally disabled adults, in the community as a way to stimulate creativity and excite curiosity in the arts as careers or personal enrichment. The Arts Council receives annual funding through general membership and through State and local grants, including the California Arts Council. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
17	Agency/Group/Organization	United Way of Merced County
	Agency/Group/Organization Type	Services - Housing Services-Health Services-Education Services-Employment Services - Narrowing the Digital Divide Agency - Emergency Management Regional organization Business and Civic Leaders 501(c)(3) Non-Profit Public Charity Corporation
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans

		Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	United Way of Merced County connects people, resources, organizations, and businesses together to create and further equitable, thriving communities. Populations reached include children/youth/adolescents, families with children, persons with disabilities, persons with HIV/AIDS, victims of domestic violence/human trafficking/sexual assault, homeless/chronically homeless, persons/families at risk of homelessness, elderly persons, veterans, unemployed/those looking for work, and businesses. Currently, the United Way is administering its programs with approximately \$2,100,000 in donations and grants from private foundations, other State and/or Federal grants, Federal grant funds (CDBG-CV), and other sources. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
18	Agency/Group/Organization	Merced City School District
	Agency/Group/Organization Type	Services-Persons with Disabilities Services-Education Other government - Local Planning organization Major Employer
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs

		Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Merced City School District serves the educational needs of approximately 12,000 children and youth (pre-k through 8th grade) for families within the City of Merced. Low-income residents are served by the District's Local Control Accountability Plan (LCAP), and provides non-housing supportive services in the form of core curriculum programs that are consistent the California Department of Education, social-emotional support and family wellness services, targeted instructional supports for all students, English Language Learners, Special Education services pursuant to Individualized Education Plans (IEPs), wrap-around services for homeless and foster-youth students, and family support services. Coordination of services can be improved with youth services centers, park and recreation programs at parks or schools close to neighborhoods, youth mentoring programs, tutoring and virtual learning programs, and complementary support programs, as well as with coordination of wrap-around services to homeless youth and adult influences for identification, prevention, and intervention measures. The District was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
19	Agency/Group/Organization	Merced City Police Department/Merced City Fire Department
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education

	<p>Services - Victims Agency - Emergency Management Other government - Local Grantee Department</p>
<p>What section of the Plan was addressed by Consultation?</p>	<p>Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy</p>
<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The City of Merced's Police and Fire Departments each are in constant contact with homeless, extremely low-income families, and all other populations every day, and serve to provide health services (paramedic, mental health, drug/alcohol dependence, seniors/elderly, hospital transportation, homeless care) and crime awareness and prevention services within their scope of community services. The City could better coordinate with its emergency services departments to help disseminate information to the extremely low-income, homeless, at-risk youth, elderly, and veteran populations that federal funds need to reach the most. The Code Enforcement Division/Police Department could better be used to connect the Housing Division to properties and homeowners that are most in need of homeowner or rental property rehabilitation funding in order to coordinate with our CHDO and other service partners. In addition, their eyes on the street could be used as an additional vital source in understanding the unspoken and most dire needs of the community, in combination with other methods of assessing the needs of the community.</p>

20	Agency/Group/Organization	Boys and Girls Club of Merced County
	Agency/Group/Organization Type	Services-Children Services-Persons with Disabilities Services-Health Services-Education Services-Employment Services - Narrowing the Digital Divide Services - Youth/Adolescent; 501(c)(3) Non-Profit Organization
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The Boys and Girls Club of Merced County serves non-homeless disadvantaged youth and low-income families of Merced County with evidenced-based youth development programs after school and during the summer, focusing on character and leadership development, education and career development (including workforce readiness), health and life skills, the Arts, and sports, fitness, and recreation for stress management, environmental appreciation, and social skill development. Populations reached include children of elementary to high school age from low-income families and children with disabilities. The Boys and Girls Club of Merced County receives approximately \$300,000 to \$400,000 annually from private foundations and donations, other state and/or federal funding, and local funding. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan, and has applied for 2022 CDBG grant funding to expand its youth program to teenagers.

21	Agency/Group/Organization	HABITAT FOR HUMANITY
	Agency/Group/Organization Type	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Regional organization
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	Habitat for Humanity, Stanislaus (HFHS) serves the Merced and Stanislaus Counties and works in partnership with families to help eliminate poverty housing in the community, advocate for and make accessible fair and affordable housing opportunities, and to preserve and improve existing housing occupied by low-income homeowners. HFHS continues to be a strong partner with the City of Merced in providing homeowner occupied rehabilitation opportunities, which includes lead paint testing and abatement activities. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan, and has applied for 2022 CDBG grant funding to continue to provide its homeowner rehab services to City residents.
22	Agency/Group/Organization	Central California Alliance for Health
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS

	<p>Services-Victims of Domestic Violence</p> <p>Services-Health</p> <p>Health Agency</p> <p>Publicly Funded Institution/System of Care</p> <p>Regional organization</p> <p>Medi-Cal Managed Care Plan</p>
What section of the Plan was addressed by Consultation?	<p>Homeless Needs - Chronically homeless</p> <p>Homeless Needs - Families with children</p>
Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	<p>Central California Alliance for Health (CAAH) services almost all Medi-Cal beneficiaries in Merced, Monterey, and Santa Cruz Counties, providing its contracted services to approximately 142,260 Medi-Cal members within Merced County through contracted community based providers and direct case management and receives approximately \$1.2 billion from the California Department of Health Care Services to service beneficiaries in all three counties. In the past, the City and its developer partners has been successful in applying for a \$2.5 million community planning grant from CCAH that assisted the 119-unit Childs Court Apartment affordable housing project, at which CCAH will be able to directly provide case management to residents. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Coordination with CCAH on future supportive housing projects, especially given the high need for more affordable housing, is possible in the future, especially as CCAH will soon be providing housing navigation and other housing services to Merced residents.</p>

Identify any Agency Types not consulted and provide rationale for not consulting

Not applicable.

Other local/regional/state/federal planning efforts considered when preparing the Plan

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	County of Merced/Human Services Agency	The County of Merced Human Services Agency is the Merced City and County Continuum of Care's Collaborative Applicant and conducts homeless counts, applies for and implements programs with State and Federal funding sources, surveys of the homeless population, and strategic planning with a goal to end homelessness in Merced County. Consistent with the goals of the CoC, the City of Merced's Strategic Plan provides support to nonprofits that meet the social services needs of the City's homeless and at-risk residents.
City of Merced General Plan/Housing Element	City of Merced	Based on the Regional Housing Needs Allocation (RHNA) set forth by the State of California, the Housing Element is the City's chief policy document for the development of affordable and market rate housing. Consistent with this policy document, the City will maintain and enhance the quality of existing residential neighborhoods through the BNP; and, promote and encourage fair housing opportunities for all economic segments of the community, regardless of age, sex, ethnic background, physical condition, or family size.
Park and Open Space Master Plan	City of Merced	The City of Merced Park and Open Space Master Plan aims to improve the quality of life in Merced by assessing the community's needs in providing a larger and more comprehensive park and recreation program. The Master Plan inventories and suggests improvements for parks and recreation facilities that can be assisted with CDBG funds, many of which are in predominantly low-income and disadvantaged areas of the city.
Active Transportation / Safe Routes to School Plan	City of Merced	The Active Transportation and Safe Routes to School Plan (ATP) outlines the goals for active transportation, including goals for increasing connectivity through ADA accessibility and new sidewalk improvements. CDBG funds could be used towards some of those projects, particularly in low-income neighborhoods in the city.
Five-Year and Annual PHA Plans	Housing Authority of the County of Merced	The Housing Authority of the County of Merced's Five-Year and Annual Plans outline the funding and strategies for providing housing assistance to our most vulnerable citizens, including homeownership and rental assistance programs. Other overlapping goals include safety and crime prevention/awareness, the preservation and creation of permanent

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
		affordable housing for low-income and homeless individuals and families, and participation in the Merced City and County Continuum of Care.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

The City participates in regional planning efforts with Merced County in the implementation of the Consolidated Plan as detailed above. We also work with the State of California Department of Fair Employment and Housing to track reported fair housing data. The City also works with the Merced County Association of Governments (MCAG) to address various ways to meet the State of California's Regional Housing and Needs Assessment Goals (RHNA) for regional housing assisting low to moderate income residents and housing matters of significance to all communities.

While the goal to provide sufficient affordable housing units within our community is complex, the City continues to partner with MCAG, local building industry leaders, and developers to develop creative solutions to increase both the community's market-rate and affordable multi- and single-family housing stock.

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City of Merced published all advertisements, public hearings, and Annual Action Plan summaries in The Merced County Times and the Merced Sun-Star newspapers, as well as the City's website. The summary described the contents and purpose of the Annual Action Plan and listed the locations where copies of the entire plan could be examined. Upon completion of the draft plan, it was initially available for public review and comment for 30 days, as required in the adopted Citizen Participation Plan; however, this was extended 15 additional days to a 45-day comment period, because of HUD's later than usual announcement of the 2022 CDBG and HOME formula allocation amounts (the initial draft was posted with estimated amounts clearly noted). Copies of the Annual Action Plan were available to the public on the City's website and the City of Merced Housing Division office.

At the hybrid in-person/virtual Town Hall meetings in February of 2022, citizens had the opportunity to informally address City Council with their community concerns and requests for City budget funds both in person and through live social media posts as the meeting progressed. This gave City staff the opportunity to engage with citizens during the meetings over social media. When possible, a follow-up call was made to find out if there was any additional information that the City could provide after the meeting. Though the Town Hall meetings were held by City Clerk and Executive staff, Housing staff members monitored the meeting for any community needs expressed that had not yet been brought up in the three January 2022 Community Input workshop meetings or through the concurrent community survey.

Additionally, Notice of Funding Opportunity (NOFA) notices were published in the legal notice sections in the Merced Sun-Star and Merced County Times newspapers, on the City's website, and invitation letters were mailed directly to 122 local non-profit and faith-based organizations, providing meeting dates and locations of when and where assistance and information would be provided to public agencies and non-profit organizations. Local public agencies and non-profits were assisted and given the opportunity to spend time to discuss their community goals and needs in a social-distanced roundtable setting. Collaboration between community groups was encouraged.

As noted earlier, two public hearings were held with the City Council (the latter public hearing was continued twice), where Housing staff presented the 2022 funding proposals from agencies and non-profit organizations that applied for funding. Citizens who participated in the process received extensive information about the Annual Action Plan, the citizen participation process, the HUD requirements for an entitlement

City, the amount of funding that the City anticipates receiving, and how those funds can be used by the City. Residents were given further opportunity to provide City staff with their input on the prioritization of community needs.

The extended 45-day review period was held from April 16 to May 31, 2022. During this 45-day public review period, the City did not receive any written comments from residents and community members. Comments received at the two public hearings are summarized in the attached summaries.

Community Surveys were also administered at various public locations, including on-line on the City’s website, through several social media postings, and through a newsletter mailed to all municipal utility account holders in the City of Merced. Among other relevant topics, survey participants were asked to rank their desired levels of priority for several listed eligible funding possibilities that were categorized under the following community needs: Housing; Public Service; Infrastructure; Neighborhood Improvement; and Economic Development. The City received 141 survey responses.

Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Electronic Needs Assessment Survey	Minorities Non-English Speaking - Specify other language: multiple languages including Spanish, Hmong, Chinese, Filipino, German, and Japanese. Persons with	The City published an internet-based Community Needs Survey to collect feedback from the public on community needs, priorities, and fair housing experiences. A print version of the survey was made available to all residents, and	Feedback revealed significant concerns with overburdened housing costs (52% spend over 30% of their household income on housing), difficulty paying essential living expenses (food, housing, utilities,	No responses were rejected. 13 of the 141 respondents stated that they were not residents living within the City of Merced city limits. This year we chose not to count out-of-boundary responses so as to better understand the needs of City residents in	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
		<p>disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>five such responses were received and entered manually into the electronic form for data collection purposes (residents could fill out in person or by mail). The survey was open online in multiple languages, including Spanish, Hmong, German, French, and Chinese, from December 20, 2021, through March 6, 2022. The English survey received 141 responses, 128 of them City residents, with no other responses in any of the other language options. 32% of the 128 City resident survey respondents identified as being of</p>	<p>transportation), cost of housing and lack of affordable housing options, the need for more jobs and job training, increasing homelessness, fair housing and discrimination, and needed infrastructure repair such as street lighting and sidewalks.</p>	<p>particular and to have their input have a greater impact on response percentages. However, the City appreciates the willingness of County residents to participate, as the proximity of Merced to other smaller communities such as Atwater, El Nido, Livingston, Planada, and the "County pockets" within the City, from where many of Merced's workforce commute, makes them nonetheless vital assets to Merced's endurance and success as a community. Many County residents use City facilities such as parks and shop in downtown areas, so</p>	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			Hispanic or Latino origin, with 1.5% of City respondents answering that their primary spoken language is Spanish. 1.5% of City respondents answered that their primary spoken language is Hmong. Persons of Asian descent accounted for 7.5% of City respondents, and persons identifying as Black/African-Americans made up 6.6% of City respondents.		therefore their voices are still very much of value.	
2	Internet Outreach	Minorities Non-English Speaking - Specify other language: Spanish and Hmong	Due to the continuing COVID-19 pandemic, combined with the need to find other ways to reach residents in an increasingly digitally	Housing staff monitored all comments posted to these meetings to gather any that could be included into needs	No comments left on social media posts were rejected that were relevant to the Annual Plan and HUD funding.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
		<p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>connected society, the City again relied heavily on social media platforms to reach more residents. Flyers with links to the Community Needs Survey and listing the dates/times/locations of the Community Input Meetings were posted in English, Spanish, and Hmong on the City's Facebook and Instagram pages. All town halls and public hearings were held in-person and live-streamed to Facebook Live, and Community Input/Service Organization information meetings were a hybrid of in-</p>	<p>assessment and other community conversation efforts. It also was an additional opportunity for direct outreach to residents in answering their questions on current projects and other topics.</p>		

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>person and Microsoft Teams meeting, where attendees could use the chat function to ask questions and have them answered during the meeting (some questions were answered verbally for the benefit of those attending in-person). In-person public hearings and all community input meetings were available for translation in Spanish and Hmong.</p>			
3	Public Comment Period	Non-targeted/broad community	The draft 2022 Annual Action Plan was published for comment to solicit feedback from community residents on project funding	The Housing Division did not receive any written comments during the 45-day review and comment period. See also	No comments were rejected.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>and the year's goals and objectives. The comment period was open from April 16, 2022, through May 31, 2022, on a 45-day comment period. The original 30-day comment period was extended by 15 days by the City Council on staff's request at the May 16, 2022, public hearing. This was to give residents and other interested community members an opportunity to review and comment on the actual project funding amounts that were updated and reposted following HUD's May 13, 2022, announcement of actual allocation figures. Public</p>	<p>the summary of public comments received in the plan attachments.</p>		

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			comment notices were published in English, Spanish, and Hmong in both local newspapers - the Merced Sun Star and the Merced County Times - and were also posted on the Housing Division's public notices webpage.			
4	Public Meeting	Non-targeted/broad community	The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend community meetings. In accordance with the Citizen Participation Plan, the City provided disabled-accessible meeting locations	See summary of public comments received in attachment.	All comments made at the public meetings were accepted.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>and requested language assistance to all residents. This included: interpreters for non-English-speaking citizens (Spanish and Hmong); information provided through workshops, churches, the school district, and local community centers; and easily-accessible virtual meeting platforms for the hybrid in-person/virtual public input meetings, including closed-captioning. All public meetings were held at convenient times of the day and evening and accommodated persons with disabilities, including</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			online participation through Microsoft Teams and Facebook Live to accommodate those social distancing and quarantining during the ongoing COVID-19 pandemic. A total of three (3) community input group meetings were held.			
5	Public Hearing	Non-targeted/broad community	The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend public hearings by making them available in Spanish and Hmong and publishing notices in widely distributed	See summary of public comments received in attachment.	All comments made at the public hearings were accepted.	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>publications easily read by all residents. In accordance with the Citizen Participation Plan, the City provided access to all information, as well as language assistance to all residents who requested these services. This includes: interpreters for non-English-speaking citizens; information provided through workshops, churches, the school district, and local community centers; and utilized a location for the public hearings that was accessible for persons with disabilities. All public</p>			

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>hearings were held at a convenient time of day and residents could submit their comments via voicemail and in writing, including those that needed language interpretation, prior to each hearing so that they could be played and/or read into the public record during each meeting. A total of two (2) public hearings dates were initially set, and the second hearing was reopened and continued twice, giving residents more opportunity to speak at these hearings.</p>			
6	Newspaper Ad	Non-targeted/broad community	On January 13, 2022, the City published a quarter-page	As a result of the advertisements, more residents	The City did not receive any direct comments	

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>advertisement in both the Merced County Times and the Merced Sun-Star inviting residents to attend their choice of three Community Input meetings that were held on January 24, 27, and 28, 2022. The advertisement also asked residents to participate by taking the Community Needs Survey, and QR codes and direct links were provided in the ad to access the survey. The advertisements were published in English, Spanish, and Hmong languages.</p>	<p>were informed about the Community Input Meetings and the Community Needs Survey and could then choose to participate in one or both activities.</p>	<p>regarding this advertisement.</p>	

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

HUD has allocated to the City of Merced a total of \$1,703,103 in new CDBG and HOME funds for program year 2022. Allocation of funds and assignment of priorities for funding are based upon the national goals and objectives set forth by HUD regulations, and local goals for housing and community development. Local goals, consistent with HUD regulations, focus on building up and improving the City's residents and neighborhoods. The City intends on pursuing additional funding through other local, state, and federal resources whenever possible.

The City does not anticipate a steady stream of program income from year to year over the term of the Consolidated Plan. The fluctuation in program income is due to payments received from the County of Merced through Chapter 8 - Tax default property sales and unanticipated loan payoffs through the year. To the greatest extent possible, program income received from the repayment of Rehabilitation loans, First Time Homebuyer loans, and residual receipt payments will be reprogrammed for loan activities in those same or similar programs from which the funds were originally provided. If additional program income funds are received that are not automatically re-programmed, specific projects will

be identified during a mid-year technical or substantial amendment process.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,099,911	90,000	1,593,043	2,782,954	2,440,112	For 2022, the City will receive a \$32,763 decrease in CDBG grant funding over last fiscal year. Program income in the amount of \$96,000 is anticipated in years 4 through 5 of this plan. NOTE: prior to announcement of the 2022 CDBG allocation, these amounts were entered as estimates based on the last four years' allocations.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	603,192	66,000	3,326,039	3,995,231	1,205,552	The City will receive a \$54,458 increase in HOME grant funding over last fiscal year. Program income in the amount of \$60,000 is anticipated in years 4 through 5 of this plan. NOTE: prior to announcement of the 2022 HOME allocation, these amounts were entered as estimates based on the last four years' allocations.
Other	public - local	Multifamily rental new construction	269,640	0	0	269,640	0	The City of Merced's Housing Successor Agency (HSA) LMI Asset Funds will repay \$269,639.99 of HOME funds that were previously expended on a housing project at 1820 I Street.

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

The City will attempt to use HOME Funds, Grants, and other funding when appropriate to meet the objective of the Annual Action Plan. The City

does add local funds (including unexpended CDBG funds from prior years if available) to further support the organizations and individuals receiving CDBG funding.

The City emphasizes the need to leverage Federal, State and local resources to local organizations when requesting funding for programs. These efforts have been fruitful, and projects funded under CDBG and HOME have substantially exceeded accomplishments that could be achieved from federal funds alone. Although there is no official match requirement in the CDBG program, in most cases, other funds, such as private funds received through donors or fundraising activities, commercial loans, Gas Tax funds, and non-federal funds, are used to supplement and defray project costs.

All Participating Jurisdictions (PJs) receiving HOME funds, like the City of Merced, must contribute or match no less than 25 cents for each dollar of HOME funds spent on affordable housing. As PJs draw funds from HOME, they incur a match liability, which must be satisfied by the end each federal fiscal year. Federal match requirements apply to the City's HOME funds. In the past, redevelopment Low- and Moderate-Income Housing funds were the City's primary source for leveraging or providing matching funds for the City's Housing programs. With the dissolution of redevelopment agencies in California, the City no longer receives this funding. However, the City has remaining LMI Asset funds remaining, after sale of former Redevelopment Agency-owned properties over the last few years.

This being said, the HOME statute provides for a reduction of the matching contribution requirement under three conditions: 1) fiscal distress; 2) severe fiscal distress; and 3) for Presidentially declared major disasters covered under the Stafford Act. When a local jurisdiction meets both of the distress criteria in 24 CFR 92.222, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match. Individual poverty rate and per capita income (PCI) are based on data obtained from the latest American Community Survey (ACS) estimates from Census data. In 2021, for a jurisdiction to qualify as distressed based on the poverty criterion, its percentage persons in poverty must have been at least 17.96 percent, and to qualify as distressed based on the PCI criterion, its average PCI must have been less than \$24,306. With a 2021 estimated poverty rate of 29.75 percent and a PCI of \$20,363, the City of Merced's match is reduced 100 percent.

The City utilizes additional Federal, State, and Local funding sources, combined with funds received from HUD Community Planning and Development (CPD), for large multi-family developments, as well as providing financial assistance for First Time Homebuyers.

Below is a list of some non-HUD grants the City continually applies for or partners with non-profit organizations for when available:

Federal Programs: Rental Assistance Program (Section 8 Housing Choice Voucher Program), Supportive Housing Program (SHP), National

Housing Trust Fund, and Project Based Section 8.

State Programs: Low-Income Housing Tax Credits (LIHTC), Mental Health Services ACT (MHSA), Cal-Home Program, The California Housing Finance Agency (CalHFA), Multi-Family Housing Program (MHP), Emergency Housing Assistance Program (EHAP), Affordable Housing Program (AHP), Affordable Housing and Sustainable Communities Program (AHSC), No Place Like Home (NPLH), the Housing Related Parks Program (HRP), and the 2017 Housing Funding Package (SB2 Funding).

Local Programs: Central California Alliance for Health, City Density Bonus Program, and loans from the Conventional Lending Industry.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

The Housing Division was designated as the Housing Successor Agency (HSA) overseeing approximately ten (10) vacant properties and, with the January 2021 payoff of the Grove Apartments loans, over \$2.2 million of HSA LMI Asset funds that may be used to support additional affordable housing projects over next few years. These funds must be used to further the goal of the City in the development of additional affordable housing units, and per State law, the properties must either be developed with affordable housing or sold for the same purpose by February 25, 2023. If sold, the sales proceeds must be deposited into the HSA LMI Housing Asset fund to be reused for affordable housing.

Pending Disposition of Properties

In recent years, City staff had considered a concept of using these sites for a cottage home project, in an effort to increase housing units in Merced. The concept received positive feedback; however, that conceptual project has shifted to an Accessory Dwelling Unit (ADU) planning project under a State SB2 Planning Grant.

Staff is now working to dispose these lands to three separate affordable housing developers for eventual development with affordable units. Assembly Bill 1486 amended the Surplus Lands Act effective January 1, 2020, requiring cities to offer to sell surplus property to affordable housing developers and other such entities before offering them for sale on the open market. Under certain exemptions, the Act requires disposed properties to meet certain conditions per Government Code Section 54221(f)(1)(A): 1) not less than 80% of the parcel area should be used for housing development; 2) not less than 40% of the total number of units shall be made available to households earning 75% AMI or less and at least half of which shall be affordable to very low-income households; and 3) units must be restricted by a regulatory agreement for no less than 30 years.

In March 2021, the City Council adopted Resolution 2021-17 declaring the properties exempt surplus land, and in April 2021, a Request for Proposal (RFP) for these affordable housing development opportunities was released, with the City receiving multiple proposals from affordable housing developers. The HSA will contribute the land through a long-term, low-cost land lease or other terms negotiated with each developer. On October 18, 2021, the City Council selected three affordable housing partners to develop the ten sites as follows:

- Linc Housing: Sites 1 through 5 (1823 I Street, 1815 I Street, 205 W. 18th Street, 211 W. 18th Street, and 202 W. 19th Street) - duplexes
- Fuller Center for Housing of Merced County (formerly Habitat for Humanity of Merced County): Sites 6 through 9 (1744 I Street, 49 W. 18th Street, 150 W. 19th Street, and 26 W. 18th Street) - single family homes
- Custom Containers 915 (CC915): Site 10 (73 South R Street) - apartment units for formerly

homeless veterans converted from former shipping containers (also received a \$4.4 million State Homekey award for this project)

The City currently is in the process of preparing Exclusive Negotiating Agreements (ENAs) and Disposition Development Agreements (DDAs) with these entities and assisting them through related zoning, building permit, and other requirements. Related to development of Sites 6-9 above, the City intends to assist the Fuller Center with \$45,000 of 2022 HOME funds towards development fees and other allowable soft costs.

Discussion

In addition to the entitlement allocations the City receives from HUD, the Housing Division also manages numerous other grants and programs within the community.

The following funds and programs continue to generate income from the loans and are included in the Fiscal Year 2022-23 budget:

- LMI Housing Assets (Local)
- Cal HOME 06/12 (HCD)
- HOME 92/93/94 (HCD)
- NSP 3 (HUD)

Local funding sources (non-Federal) budgeted in Fiscal Year 2022-23 include:

- CalHome 2021 (HCD)
- Homekey (HCD)
- LMI Housing Assets (Local)
- Water Enterprise Funds (Local)
- Sewer Enterprise Funds (Local)

These are local funding sources budgeted as part of the overall 2022-23 Housing Division budget. Except for activity regarding the Gateway Terrace II and 1820 I Street projects discussed further in this section, these other funding sources were not included as part of the anticipated resources in the HUD Annual Plan since they are non-federal funding sources. The non-federal funding sources are necessary to assist the Housing Division finance the “fiscal gap” of various projects, thereby allowing them the ability to move forward.

HUD-Eligible Projects funded or supplemented with non-federal funding sources include:

- Gateway Terrace II Site Water & Sewer Main Replacement Project: Approximately \$471k of local

Water and Sewer Enterprise Funds

- First Time Home Buyer Program: Approximately \$1,765,258 for CalHome Programs, including \$1,125,000 of new 2021 CalHome Program funding
- Homeowner Rehabilitation: A total of \$1,898,666, comprised of \$523,666 State HOME 92/93/94 and \$1,375,000 of new 2021 CalHome Program funding

HSA LMI Asset Fund Activities - Gateway Terrace II and 1820 I Street

The City continues to progress towards the use of local non-Federal funding from the City's Housing Successor Agency (HSA) during the 2022-23 Annual Plan period, carried over from the 2021-22 program year. As a result of the refinance and pay off of loans for The Grove project in January of 2021, the City received a large repayment of HSA LMI Asset Funds (former Redevelopment Agency funds). As explained in the 2021 Annual Action Plan, and continuing into the 2022 year, these funds will be used to repay previously expended CDBG and HOME funds for the 50-unit affordable/permanent supportive Gateway Terrace II (GTII) project, which has been stalled since January of 2020 following HUD's environmental monitoring that month. In October of 2021, the City received HUD's required corrective actions list as a result of that monitoring, and the list included an additional property of 1820 I Street that will also require repayment. Following a related Council action authorizing use of funds for such repayment activities as well as the repayment process itself, those repaid funds will again become available resources under both the CDBG and HOME programs for eligible projects and expenses. \$700,507 of LMI Asset funding was provided in the last Annual Plan (2021) as an Expected Resource for the GTII repayment, and an additional \$269,640 is provided in this plan for repayment of 1821 I Street HOME funding previously used.

Additional funding from the HSA LMI Asset Fund will also need to be pledged for the remaining GTII project costs. Those will require separate action by the City Council. This additional funding was previously contemplated using CDBG and HOME funds, and the receipt of LMI Asset Funds in January allows the project to be entirely switched to local funding, freeing up HUD funding for other eligible activities and projects. Subsequently, both projects, GTII and 1820 I Street, will become HSA locally-funded projects, with no federal funds associated whatsoever.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	1A Improve Public Infrastructure & Facilities	2020	2024	Non-Housing Community Development	City Wide	Expand/Improve Public Infrastructure & Facilities	CDBG: \$440,244	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 20041 Persons Assisted
2	2A Increase Owner Occupied Rehab Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$199,474	Homeowner Housing Rehabilitated: 8 Household Housing Unit
3	2B Increase Affordable Housing Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$6,435 HOME: \$3,965,231 HSA LMI Asset Fund: \$269,640	Rental units constructed: 200 Household Housing Unit Rental units rehabilitated: 7 Household Housing Unit Homeowner Housing Added: 4 Household Housing Unit
4	2C Provide Assistance for Supportive Housing	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$1,900,020	Rental units rehabilitated: 5 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	3A Provide Vital Services for LMI Families	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	CDBG: \$196,029	Public service activities other than Low/Moderate Income Housing Benefit: 2290 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 68 Households Assisted Homelessness Prevention: 33 Persons Assisted
6	4A Provide Homeless Prevention & Support Services	2020	2024	Homeless	City Wide	Homelessness Housing and Support Services	CDBG: \$40,753	Public service activities other than Low/Moderate Income Housing Benefit: 225 Persons Assisted Homelessness Prevention: 50 Persons Assisted Other: 555 Other
7	5 Enhance Fair Housing Knowledge and Resources	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	HOME: \$30,000	Public service activities other than Low/Moderate Income Housing Benefit: 85 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	1A Improve Public Infrastructure & Facilities
	Goal Description	The City will improve access to public infrastructure through development activities for LMI persons and households. Public infrastructure activities include, but are not limited to, improvements to infrastructure in the jurisdiction such as roadway resurfacing, installation or replacement of water, sewer, and storm lines and drains, and installation of new or improved curbs, gutters, and ramps on sidewalks and public access areas for ADA compliance. The City will also expand and improve access to public facilities through development activities for LMI persons and households and for special needs population (elderly, persons with a disability, victims of domestic abuse, etc.). Public facilities may include neighborhood facilities, community centers, and parks and recreation facilities.
2	Goal Name	2A Increase Owner Occupied Rehab Opportunities
	Goal Description	With 2022 CDBG and carryover funding, the City will restart low-income homeowner occupied housing rehabilitation program activities city-wide. These activities will benefit LMI households.
3	Goal Name	2B Increase Affordable Housing Opportunities
	Goal Description	The City will work to increase rental opportunities for LMI households through new construction of rental housing.
4	Goal Name	2C Provide Assistance for Supportive Housing
	Goal Description	The City will provide assistance for supportive housing for eligible residents in the City. These projects will supply vital supportive housing for formerly homeless individuals and families and will rehabilitate and convert market-rate housing to affordable rental units.
5	Goal Name	3A Provide Vital Services for LMI Families
	Goal Description	Provide supportive services for low- to moderate-income households in the jurisdiction. Public or supportive services include: fair housing awareness, crime prevention programs, case management for emergency assistance, employment programs, health programs, as well as services to address homelessness, persons with physical and mental health disabilities, victims of domestic violence, the elderly, and the youth. Note that fair housing counseling services under this goal will be funded with HOME Administrative funds.

6	Goal Name	4A Provide Homeless Prevention & Support Services
	Goal Description	<p>The City will provide for homeless prevention and support services for the homeless population in the jurisdiction. The "Other" Goal Outcome Indicator noted in Table 6 above for this goal represents the number of homeless individuals residing in the City of Merced that will potentially benefit from programs that meet this Strategic Plan goal. Numbers are estimated and based on the 2022 Point In Time count of unsheltered individuals determined by the Continuum of Care in January 2022.</p> <p>Per HUD's definition of "Homeless" in 24 CFR 576.2 (Definitions), this Strategic Plan goal (4A) also includes expected outcomes for projects or programs that benefit any individual or family who "is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member" and any individual or family who lacks a fixed, regular, and adequate nighttime residence," including those living in a supervised shelter designated to provide temporary living arrangements.</p>
7	Goal Name	5 Enhance Fair Housing Knowledge and Resources
	Goal Description	The City will provide funding for fair housing education and resources for residents of the City of Merced.

Projects

AP-35 Projects – 91.220(d)

Introduction

The projects budgeted for the 2022 program year are summarized below.

The Administrative and Public Service activities identified are expected to be completed no later than June 30, 2023. The infrastructure activities identified are expected to be completed no later than the late Summer of 2023, but could potentially experience delays. The acquisition of property with rehabilitation activities identified are anticipated to complete by late Spring of 2023. Affordable housing activities that initially began at the start of the last program year (2021) using HOME funds and state-funded award program are currently in the financing and concurrent environmental review stage, and are expected to continue into the 2022 program year.

Regarding the use of CHDO HOME funds, a specific new rental housing construction project using CHDO HOME Reserve funds is currently in discussions and has not yet been finalized; however, our CHDO partner, Central Valley Coalition for Affordable Housing, has several multifamily rental properties in Merced City which may need rehabilitation and upgrades, in the event these discussions do not come to project fruition. We expect to be able to identify a specific activity shortly after the start of the program year. If new construction, the CHDO project will likely use all or most of the remaining HOME funds that have been dedicated in the below list to affordable housing projects.

Identified Projects

The City of Merced intends to carry out the below projects during Program Year 2022, which are organized by project type as follows:

- AP - Administration and Planning Activities
- HSG - Housing New Construction and Rehabilitation Activities
- PFI - Public Facilities and Public Improvement Activities
- PSA - Public Services Activities

Projects

#	Project Name
1	AP - CDBG & HOME: Direct Administration (22/23)
2	AP - CDBG: Indirect Administration (22/23)
3	AP - CDBG: City and County Continuum of Care Administration Support (22/23)
4	AP - HOME: Fair Housing Services Administration (22/23)
5	AP - CDBG: Self Help Enterprises Administration of CalHome Activities (22/23)

#	Project Name
6	PFI - CDBG: Neighborhood Park ADA Improvements (22/23)
7	PFI - CDBG: S Canal St/W Childs Ave. Street, Sidewalk, Curb & Gutter Improvements (FY 22/23)
8	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (22/23)
9	PSA - CDBG: Alliance for Community Transformations "Housing Navigation for Survivors" (22/23)
10	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (22/23)
11	PSA - CDBG: Boys and Girls Club of Merced County "Journey Upward Merced Program" (22/23)
12	HSG - HOME: Fuller Center for Housing of Merced County (22/23)
13	HSG - CDBG: Habitat for Humanity of Stanislaus County Homeowner Rehabilitation (22/23)
14	HSG - CDBG: Rehabilitation/Acquisition: Sierra Saving Grace Homeless Project (22/23)
15	HSG - HOME: Construction of Affordable Rental Housing (22/23)
16	HSG - HOME CHDO Reserves: Community Housing Development Org Rehab Project (22/23)
17	HSG - LMI Asset Local Funds: Repayment of 1820 I Street Reconstruction (22/23)

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

The priority needs for the City of Merced’s 2022 Annual Action Plan were determined through analysis of information gathered from a variety of sources. The City issued a NOFA and Request for Proposals, which was published on January 6, 2022, in the Merced County Times and the Merced Sun-Star newspapers. The notice requested proposals from non-profit organizations that have capacity to provide eligible public service and/or housing rehabilitation and preservation activities that will reach extremely low-income and low-income households, homeless persons, seniors and frail elderly, youth, and persons with disabilities. The City held an informational meeting on January 24, 27, and 28, 2022, to discuss program priorities, requirements to meet HUD National Objectives, and to guide potential applicants in their program concepts. During the evaluation phase, all applications were screened to ensure the proposed project or activity met one of the priority needs and, for CDBG-funded projects, met one of HUD’s National Objectives.

In making project recommendations, consideration was given to a variety of thresholds that projects must meet to comply with CDBG requirements, including meeting one of the National objectives and addressing one of the community priorities set out in the Consolidated Plan. Staff also took into account activity need and justification, cost reasonability and effectiveness, activity management and implementation, experience with similar activities, past performance, leveraged funds, and completeness of the application.

While there are several constraints to meeting the needs of low-income residents, the primary obstacle is that there is a lack of funding to fully address all needs. Most agencies do not have necessary funds to provide all services needed by the clients and have stated in their applications that without HUD funds

the project or program may not be able to fully serve the client need.

A second obstacle to meeting underserved needs is the location of many available services in the community. Homeless services are generally only available in one section of the City, and some very low-income residents do not have adequate, reliable transportation. Housing staff works closely with the Engineering Department and regional agencies to improve accessibility with infrastructure projects, but the amount of funding received each year does not address all areas.

A third obstacle is the number of non-profits that need assistance with basic management and fiscal policies. New non-profits have formed in Merced and throughout the region, and they have small but passionate staff members and volunteers devoted to a variety of issues. Unfortunately, most new non-profits do not have the staffing capacity to meet the financial and reporting requirements of CDBG and other grant programs and may need basic assistance in setting up bookkeeping systems, requesting reimbursements for eligible costs, keeping proper beneficiary and income eligibility records, and applying for grants.

AP-38 Project Summary
Project Summary Information

1	Project Name	AP - CDBG & HOME: Direct Administration (22/23)
	Target Area	City Wide
	Goals Supported	1A Improve Public Infrastructure & Facilities 2A Increase Owner Occupied Rehab Opportunities 2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing 3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services 5 Enhance Fair Housing Knowledge and Resources
	Needs Addressed	Expand/Improve Public Infrastructure & Facilities Preserve & Develop Affordable Housing Public Services & Quality of Life Improvements Homelessness Housing and Support Services
	Funding	CDBG: \$68,991 HOME: \$30,319
	Description	The project allows the Housing Division the ability to provide CDBG & HOME administrative services to ensure the implementation of all Housing Division projects. The City is permitted to charge up to 20% of its 2022 CDBG allocation (minus Indirect Administration charges) and up to 10% of its 2022 HOME allocation for administration costs (minus Fair Housing Services funding).
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Direct Administration activities will benefit primarily LMI individuals and households throughout the City.
	Location Description	The majority of administration activities will be carried out at the Housing Division office, 678 W. 18th Street, Merced, through subrecipients, collaborative agencies, or consultants, or with on-site project site visits necessary to carry out and monitor the overall program and project activities, and other sites as needed.
	Planned Activities	The following administrative activities will take place with this project: Direct CDBG Administrative Costs: \$68,991; <i>IDIS Matrix Code: 21A/General</i>

		<p>Program Administration; <i>National Objective Met: N/A; Eligibility: 24 CFR 570.205.</i></p> <p>Direct HOME Administrative Costs: \$30,319; <i>IDIS Matrix Code: 21H/CDBG Funding of HOME Administrative Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(i)(2).</i></p>
2	Project Name	AP - CDBG: Indirect Administration (22/23)
	Target Area	City Wide
	Goals Supported	<p>1A Improve Public Infrastructure & Facilities</p> <p>2A Increase Owner Occupied Rehab Opportunities</p> <p>2B Increase Affordable Housing Opportunities</p> <p>2C Provide Assistance for Supportive Housing</p> <p>3A Provide Vital Services for LMI Families</p> <p>4A Provide Homeless Prevention & Support Services</p> <p>5 Enhance Fair Housing Knowledge and Resources</p>
	Needs Addressed	<p>Expand/Improve Public Infrastructure & Facilities</p> <p>Preserve & Develop Affordable Housing</p> <p>Public Services & Quality of Life Improvements</p> <p>Homelessness Housing and Support Services</p>
	Funding	CDBG: \$118,991
	Description	To provide Indirect Administrative funds of up to 10% of the 2022 CDBG allocation for indirect services necessary to complete all Housing Division activities.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Indirect Administration activities will benefit primarily LMI individuals and households.
	Location Description	Indirect Administration activities will be conducted City-wide to benefit LMI individuals and households.
	Planned Activities	Indirect Administrative Costs: \$118,991; <i>IDIS Matrix Code: 21B/Indirect Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(e).</i>
3	Project Name	AP - CDBG: City and County Continuum of Care Administration Support (22/23)

	Target Area	City Wide
	Goals Supported	4A Provide Homeless Prevention & Support Services
	Needs Addressed	Homelessness Housing and Support Services
	Funding	CDBG: \$38,000
	Description	This project involves the provision of CDBG administrative funding support to the Merced County Human Services Agency, who acts as the Collaborative Applicant for the City and County Continuum of Care, in carrying out joint planning efforts to end homelessness city- and county-wide.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Administration funding to the CoC will benefit homeless individuals and families. The January 2022 "One Night Point In Time" count indicated that 224 individuals were unsheltered and 331 were sheltered, for a total of 555 homeless City of Merced residents that will benefit from CoC activities that address homelessness.
	Location Description	Administration activities will be carried out by the Merced County Human Services Agency, located at 2115 West Wardrobe Avenue in Merced. Additionally, some activities may be carried out at the Merced County Administration offices located at 2222 M Street in Merced.
	Planned Activities	CDBG: Administrative Support to City and County Continuum of Care for strategies to address homelessness in the Merced community: \$38,000 (meets ConPlan Goal 4A – Provide Homeless Prevention Services); <i>IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</i>
4	Project Name	AP - HOME: Fair Housing Services Administration (22/23)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families 5 Enhance Fair Housing Knowledge and Resources
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	HOME: \$30,000
	Description	The City will use \$30,000 of its HOME Administration funds to support a fair housing education, counseling, and antidiscrimination legal services program in partnership with Project Sentinel, Inc., to benefit approximately 85 or more persons, to address the City's responsibility to ensure and protect the fair housing rights of its residents.

	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Fair Housing Education and Counseling will be a public services activity under HOME Administration in PY 2022. Approximately 85 individuals are expected to benefit from these activities.
	Location Description	<p>Fair housing services will be provided to all City of Merced residents. Project Sentinel, Inc.'s main offices are located at: 1490 El Camino Real, Santa Clara, CA 95050. Project Sentinel will be administering this program from its satellite office located in Modesto, California, at the following location: 1231 8th Street, Suite 425, Modesto CA 95354.</p> <p>Extensive resources and contact information is posted on Project Sentinel's website at: www.housing.org. Fair housing information is also posted on the City's website at: www.cityofmerced.org/departments/housing-division/fair-housing-resources-and-services.</p>
	Planned Activities	HOME: Fair Housing Services: Project Sentinel, Inc. will be provided \$30,000 of HOME administrative funds to carry out a Fair Housing education, counseling, and legal services program available to all Merced residents regardless of income level; <i>IDIS Matrix Code</i> : 21D-Fair Housing Services (subject to Admin cap); <i>National Objective Met</i> : N/A; <i>Eligibility</i> : 24 CFR 571.206(c).
5	Project Name	AP - CDBG: Self Help Enterprises Administration of CalHome Activities (22/23)
	Target Area	City Wide
	Goals Supported	<p>2A Increase Owner Occupied Rehab Opportunities</p> <p>2B Increase Affordable Housing Opportunities</p> <p>3A Provide Vital Services for LMI Families</p>
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	CDBG: \$12,000
	Description	In December of 2021, with the assistance of Self-Help Enterprises, the City of Merced applied for a total of \$2.5 million of California State CalHome funding for First Time Homebuyer Assistance Program (\$1m) and a Homeowner Occupied Rehabilitation Program (\$1.25m) for low- to moderate-income families/homeowners. Both programs would include a total of \$250,000 of additional assistance for Accessory Dwelling Units and Junior Accessory Unit (ADU/JADU) assistance on privately-owned

		residential properties owned and currently occupied by LMI property owners. On April 19, 2022, the City of Merced was notified that we will receive an award of funding for these vital and heavily demanded programs. As the CalHome funding award does not provide for administrative costs, Self Help Enterprises will administer all aspects of the program for the first year of this three-year program using \$12,000 of City 2022 CDBG administrative funds. Self Help will also re-administer 2006 and 2012 CalHome and 1992, 1993, and 1994 State HOME grant program income in processing new FTHB loans to assist another approximately 10 households.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	The City expects to be able to assist approximately 20 households through Self Help Enterprises' administration of the 2021 CalHome funding award, and another approximately 10 more households with existing '06/'12 CalHome and '92/'93/'94 State HOME program income received from loan payoffs. All beneficiaries of the City's CalHome and existing CalHome and State HOME program income must live in or purchase homes within the City of Merced city limits and be income-qualified.
	Location Description	FTHB, ADU/JADU, and Owner-Occupied Rehabilitation programs will be available to all income-eligible low- to moderate-income families and homeowners residing within the City of Merced city limits. Self Help Enterprises will administer this program from their offices in Visalia, California. As part of the programs and services offered, Self Help may provide workshops to residents using ADA-accessible City of Merced-owned offices and buildings. The City of Merced Housing Division may also provide FTHB and OOR applicants physical and electronic means with which to access Self Help's online application process.
	Planned Activities	CDBG: Self-Help Enterprises will be provided \$12,000 of the City's CDBG administrative funds to administer State-funded community development affordable housing-related activities, including First Time Homebuyer and Owner Occupied Rehabilitation. IDIS Matrix Code: 21A-General Program Administration (subject to 20% Admin cap); Eligibility: 24 CFR 570.206; National Objective Met: N/A, but meets LMH/Low-Mod Housing Benefit – 24 CFR 570.208(a)(3).
6	Project Name	PFI - CDBG: Neighborhood Park ADA Improvements (22/23)
	Target Area	
	Goals Supported	1A Improve Public Infrastructure & Facilities

Needs Addressed	Expand/Improve Public Infrastructure & Facilities Public Services & Quality of Life Improvements
Funding	CDBG: \$88,000
Description	Assistance for improving public infrastructure and includes all project costs, including plan design work carried out by the City Engineering Department and 10% activity delivery costs (ADC). This project will install new ADA ramps, walkways, and other improvements from the City rights of way to the location of playground equipment in five neighborhood parks in the southern part of the City, each in HUD Eligible Census Tracts. These improvements will improve access to play equipment for residents in the area.
Target Date	6/30/2022
Estimate the number and type of families that will benefit from the proposed activities	This project will potentially benefit an approximate total of 15,830 nearby residents living within the area served by each park site. The parks are all located in South Merced, which encompasses the area in which 2020 Census Tracts 15.03 and 16.01 are located. All noted census tracts are determined by HUD to be income-eligible.
Location Description	The following is a list of park sites, approximate locations, and census tracts and block groups that they are located in (<i>source: PolicyMap.com</i>): <ol style="list-style-type: none"> 1. Frederick Douglas Park; V and W. 8th Streets; Park size: 0.9 acres; Census Tract 15.03 (Block Group 1); Population served: 3,383 people (872 households, 52.4% low-income) 2. Benjamin Tanager Park; T and W. 3rd Streets; Census Tract 15.03 (Block Group 1); Population served: 3,786 people (967 households, 53.2% low-income) 3. Love Veasley Family Park; Canal and W. 6th Streets; Census Tract 16.01 (Block Group 2); Population served: 3,159 (772 households, 62.2% low-income) 4. Little Angels Park; H and W. 11th Streets; Census Tract 16.01 (Block Group 3); Population served: 2,845 (713 households, 74.8% low-income) 5. 12th and G Street Park; E. 12th Street, between E and G Streets; Census Tract 16.01 (Block Group 1); Population served: 2,657 (677 households, 73.9% low-income)

	Planned Activities	New ADA ramps, walkways, and other improvements will be installed from the City's right of way to existing playground equipment area(s) at each park site, allowing for an accessible path of travel for disabled and non-disabled park users. <i>IDIS Matrix Code:</i> 03F/Parks, Recreational Facilities; <i>Eligibility:</i> 24 CFR 570.201(c); <i>National Objective Met:</i> LMA/Low-Mod Area Benefit - 24 CFR 570.208(a)(1)(i). Due to anticipated design and construction timelines, we expect that this project may extend into next annual plan year.
7	Project Name	PFI - CDBG: S Canal St/W Childs Ave. Street, Sidewalk, Curb & Gutter Improvements (FY 22/23)
	Target Area	
	Goals Supported	1A Improve Public Infrastructure & Facilities
	Needs Addressed	Expand/Improve Public Infrastructure & Facilities
	Funding	CDBG: \$322,506
	Description	The City will supplement this 2021 Program Year project with \$322,506 of 2022 CDBG funds, to allow installation of crosswalk improvements in the scope of work. The project includes assistance for improving existing public infrastructure in the City right-of-way and includes all project costs including plan design work carried out by the City Engineering Department and 10% activity delivery costs (ADC) for Housing Division staff. This project will install new street, sidewalk, curb, gutter, and crosswalk improvements at the Southeast Corner of S. Canal Street and W. Childs Avenue to prepare the site for a future grocery store. It is anticipated that installation of these improvements will entice a grocery store chain to develop the rest of the site for a much-needed grocery store in South Merced. Additionally, and just as important, these improvements will improve the pedestrian safety for residents living in the immediate area and will improve pedestrian access to the Merced County Fairgrounds nearby, where regular events are held, including a flea market each Saturday morning.
	Target Date	6/30/2023
Estimate the number and type of families that will benefit from the proposed activities	With previously allocated 2021 and proposed 2022 CDBG funds, this project will potentially benefit approximately 19,029 nearby residents living within one mile of the project site in 2010 Census Tracts 15.02 (blocks 1 and 2), 15.03 (blocks 1, 2, and 3), 16.01 (blocks 1, 2, and 3), and 16.02 (blocks 1 and 2) who may walk to the future grocery store at this site, as per the intent of its zoning and general plan designations. However, the improvements will immediately and directly benefit the 4,211 residents	

		living in Census Tract 16.02 Block Group 2, adjacent to the vacant lot, and this figure will be its expected outcome indicator, since a timeline for development of a future grocery store is unknown. All noted census tracts are income-eligible.
	Location Description	The vacant lot that has been designated for a future grocery store is located at the southeast corner of S. Canal Street and W. Childs Avenue, at Assessor's Parcel Number 059-240-081 (112 S. Canal Street). Curb, gutter, crosswalk, and sidewalk improvements will be installed along the frontage of the property on both S. Canal Street and W. Childs Avenue and continuing east on W. Childs Avenue to its intersection at S. Hwy 59.
	Planned Activities	Project Site: Southeast corner of S. Canal and W. Childs Ave., extending east to S. Hwy 59/Childs Ave intersection; 2022 CDBG funding to be supplemented to this project originally proposed in the 2021 Annual Plan: \$293,190, plus \$29,316 (10%) activity delivery costs (for total project budget of \$1,147,506); new sidewalk/curb/gutter, crosswalk, and ADA ramps, to prepare the area for a potential shopping center in order to encourage future development of a grocery store for the South Merced area, and to provide improved pedestrian access for nearby residents; IDIS Matrix Code: 03K/Street Improvements; National Objective Met: LMA/Low-Mod Area Benefit – 24 CFR 570.208(a)(1)(i); Eligibility: 24 CFR 570.201(c).
8	Project Name	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (22/23)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	CDBG: \$30,000
	Description	Sierra Saving Grace Homeless Project will receive \$30,000 for its short-term emergency rent/mortgage/utility subsistence payment assistance program. Assistance will be provided for a maximum of three consecutive months to help residents retain housing, maintain safe, livable housing, and prevent homelessness. Payments will be made directly to landlords, property management agencies, and utility providers on the resident's behalf.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from	Assistance will benefit approximately 20 households with housing assistance and, as a result, prevent homelessness for approximately 30 extremely low-, low-, and moderate-income individuals during the program

	the proposed activities	year. The program will exclusively serve LMI households who are residents of the City of Merced.
	Location Description	The program will be administered by Sierra Saving Grace at their offices located at 25 W. 19th Street in Merced City. Assistance will be provided for all income-eligible residents living in the City of Merced city limits.
	Planned Activities	Sierra Saving Grace will receive \$30,000 for its short-term emergency rent/mortgage/utility assistance program; <i>IDIS Matrix Code:</i> 05Q/Subsistence Payments; <i>Eligibility:</i> 24 CFR 570.207(b)(4); <i>National Objective Met:</i> LMC/Limited Clientele Exclusive - 24 CFR 570.208(a)(2)(C)
9	Project Name	PSA - CDBG: Alliance for Community Transformations "Housing Navigation for Survivors" (22/23)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services
	Needs Addressed	Public Services & Quality of Life Improvements Homelessness Housing and Support Services
	Funding	CDBG: \$42,616
	Description	Alliance for Community Transformations (ACT) - Valley Crisis Center will receive \$42,616 for its "Housing Navigation for Survivors of Violence" program. The goal of the project is to reduce homelessness and secure permanent housing for those impacted by domestic violence, sexual assault, and human trafficking by providing funds for dedicated staffing for case management and tenant education workshops focused around the permanent housing needs of Valley Crisis Center shelter residents. The grant also includes financial assistance for vital document retrieval, transportation, and housing deposits, if needed, to ACT on behalf of the shelter residents.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately 50 clients will receive housing navigation case management. Through housing navigation, the project hopes to successfully house 7 individuals/families, and approximately 30 clients will receive supportive services such as housing specific education, transportation, or financial assistance. Clients will be residents of the Valley Crisis Center, an emergency/transitional shelter serving victims of domestic violence, sexual assault, and human trafficking.
	Location Description	As this program is held within a domestic violence shelter, the location is confidential. The shelter is located within the City of Merced city limits.

	Planned Activities	Services provided by this project include housing navigation case management, education workshops, financial assistance for housing attainment-related costs, and all related transportation services; IDIS Matrix Code: 05G/Services for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/Limited Clientele - presumed benefit – 24 CFR 570.208(a)(2)(A) [meets HUD definition of Homeless].
10	Project Name	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (22/23)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services
	Needs Addressed	Public Services & Quality of Life Improvements Homelessness Housing and Support Services
	Funding	CDBG: \$54,442
	Description	Harvest Time will receive \$54,442 of CDBG funds for its "Food 4 You" homeless individual/LMI household food distribution program costs for one paid staff person, electric/gas utility and liability insurance costs, and mileage transportation costs to support food box disbursements to LMI households and meal deliveries to homeless encampment areas within the City limits. Harvest Time has operated for 23 years without paid staff, depending on approximately 15-20 volunteers dedicated to distributing and delivering food to those suffering from food insecurity. A paid staff member will add continued efficiency to the expanding program.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	This program serves both the homeless community and extremely low- to moderate-income families who are in need of food support. In 2021, this program distributed 3,556 family food boxes to LMI families, and estimates that approximately 78% of those clients/households were "duplicated", or used the program's services more than once. Additionally, approximately 90% percent of clients are City of Merced residents. This program also services approximately 225 homeless individuals yearly within the City limits with lunch boxes. Therefore, we estimate that a total of approximately 2,495 residents are expected to be served with this program.
	Location Description	The location of Harvest Time's food distribution program is 1021 R Street (APN 032-033-014) in Census Tract 15.02, within the City limits of Merced.

		The property is owned by the Calvary Assembly of God Church, and the food distribution warehouse - dedicated entirely for this use - is leased from the church by Harvest Time.
	Planned Activities	Reimbursement of operating costs including staffing, utilities, and insurance will be provided for Harvest Time's existing Food Distribution program. <i>IDIS Matrix Code: 05W/Food Banks; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/Limited Clientele - 24 CFR 570.208(a)(2)(D)</i>
11	Project Name	PSA - CDBG: Boys and Girls Club of Merced County "Journey Upward Merced Program" (22/23)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	CDBG: \$55,730
	Description	The Boys and Girls Club of Merced County will receive \$55,730 for its "Journey Upward Merced Program (JUMP)" to expand its current, elementary-age program to middle- and high school-age youth from LMI families (age 13-19). As the current program for elementary-aged children is funded in part by other City funds, this CDBG funding will only be used towards the expansion to older youth. JUMP Program goals are aimed towards these youth are to: 1) provide youth enrichment programs after school and during school breaks that overwhelmingly benefit youth from LMI families; 2) prepare LMI youth for the workforce through literacy, character development, self-sufficiency, life skills, and career and college exploration.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	Approximately twenty-six (26) low- to moderate-income youth aged 13-19 years who are also City of Merced residents are expected to participate in the program. The Boys and Girls Club of Merced County typically welcomes youth from both City and County jurisdictional areas. Of 51 expected participants (unduplicated), approximately 52% of those are expected to be city residents.
	Location Description	The project will be carried out at the Boys and Girls Club of Merced County's fixed location at 615 W. 15th Street within Merced City and Eligible Census Tract 13.01. The facility is owned by the City of

		Merced. Therefore, the project will not include any reimbursements for facility maintenance, any other improvements to the building, rent, or utilities.
	Planned Activities	<p>This project will provide assistance to the Boys and Girls Club of Merced County to benefit approximately 26 LMI youth participants 13 to 19 years of age who live within the City of Merced. Project costs will include hourly staffing costs, transportation/mileage for after-school pickups from City schools, publication/flyer printing costs, program supplies, consultant services, and administrative costs (including insurance and allowable indirect costs) not to exceed 10% of the grant.</p> <p><i>IDIS Matrix Code:</i> 05D/Youth Services; <i>Eligibility:</i> 24 CFR 570.201(e); <i>National Objective Met:</i> LMC/51% Limited Clientele – 24 CFR 570.208(a)(2)(B).</p>
12	Project Name	HSG - HOME: Fuller Center for Housing of Merced County (22/23)
	Target Area	
	Goals Supported	2B Increase Affordable Housing Opportunities
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HOME: \$45,000
	Description	<p>The Fuller Center for Housing of Merced County will receive \$45,000 of the City's HOME funds to assist with eligible soft costs for new construction of affordable homeowner housing on four specific sites that the City, acting as Housing Successor to the former Merced Redevelopment Agency (RDA), will be providing as a land donation as part of the overall disposition of former RDA properties (declared as exempt from requirements of the Surplus Land Act pursuant to Government Code Section 54221(f)(1)(A). The Fuller Center, formerly Habitat for Humanity of Merced County, will build single-family homes on each of the four sites, listed below under "Location Description," then will sell the property with new home to eligible low- to moderate-income households with a long-term no-interest loan. HOME funds will be used towards Related Soft Costs allowed per 24 CFR 92.206(d). It should be noted that, in Program Year 2020, the Fuller Center - then organized under Habitat for Humanity of Merced County - was awarded \$45,000 of CDBG funds towards a Homeowner Occupied Minor Rehabilitation Program. Due to COVID-19 and other outside factors, the 2020 CDBG Minor Rehab program was not implemented. This 2022 program for the use of HOME funds fits the better part of what the former Habitat program is known for, and helps the Housing Successor Agency (City) with its State-required disposition of land requirement; thus, this</p>

		project will be beneficial to the Fuller Center, the City, as well as the four future families that will most benefit from this assistance and the overall project.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	Four low- to moderate-income households will eventually benefit from this use of HOME funds, by becoming homeowners through separate transactions through the Fuller Center after each single-family home completes construction.
	Location Description	<p>On October 18, 2021, the Merced City Council selected the Fuller Center for Housing of Merced County (formerly Habitat for Humanity of Merced County) as one of three affordable housing development partners for the Housing Successor Agency In-Fill Properties for disposition and authorized the future execution of an Exclusive Negotiation Agreement (ENA) with the Fuller Center/Habitat to build affordable homes on the following four sites within the Merced city limits:</p> <ul style="list-style-type: none"> • 1744 I Street; Lot Size: 5,000 square feet (R-4 Residential Zoning) • 49 W. 18th Street; Lot Size: 10,800 square feet (R-4 Residential Zoning) • 150 W. 19th Street; Lot Size: 7,500 square feet (R-4 Residential Zoning) • 26 W. 18th Street; Lot Size: 7,500 square feet (R-4 Residential Zoning) <p>All properties are within HUD Eligible Census Tract 13.02 in Central Merced.</p>
	Planned Activities	The Fuller Center plans to use \$45,000 of HOME funds towards allowable softs costs to assist in development of each site with a single-family home in accordance with 24 CFR 92.206(d) - Related Soft Costs. These soft costs could include but are not limited to: costs for preparation of architectural or engineering plans and drawings, title, appraisal, or recording fees, and building permit and impact fees towards the development of four Housing Successor Agency In-Fill properties with single-family homes.
13	Project Name	HSG - CDBG: Habitat for Humanity of Stanislaus County Homeowner Rehabilitation (22/23)
	Target Area	City Wide
	Goals Supported	2A Increase Owner Occupied Rehab Opportunities 2B Increase Affordable Housing Opportunities

Needs Addressed	Preserve & Develop Affordable Housing
Funding	CDBG: \$180,000
Description	Habitat for Humanity of Stanislaus County will receive \$150,000 of the City's CDBG funds to restart a new Homeowner Rehabilitation program that will offer assistance up to \$50,000 per home in the form of forgivable loans for necessary repairs to improve and preserve privately-owned single-family homes occupied by their LMI homeowners. \$30,000 will also be budgeted for activity delivery costs, for a total project cost of \$180,000. Assistance will allow the home to remain safe to occupy and will assist with costly repairs that the homeowner has difficulty affording, including but not limited to lead testing and remediation, roof repair/replacement, HVAC updates, energy efficient windows, and plumbing repairs. Habitat - Stanislaus is requesting a three-year contract initially with 2022 CDBG funds, which may be amended and supplemented with additional CDBG funding the City will receive during the program year and/or over the next two annual plan cycles as this initial funding is exhausted. City staff will complete one Tier One NEPA environmental review for all three years prior to contract execution, then a Tier 2 Site Specific Review will be completed prior to start of each rehab activity and approval of each homeowner's application to the program.
Target Date	6/30/2025
Estimate the number and type of families that will benefit from the proposed activities	Initial funding of this project with \$180,000 of CDBG funds will assist approximately three (3) low- to moderate-income homeowners within Merced City limits (note: amount includes 20% activity delivery costs of \$30,000). If future year CDBG funds are supplemented to this project, the number of assisted homeowners will increase accordingly with an approximate ratio of one homeowner per \$50,000 of funding.
Location Description	All rehabilitation activities will occur on owner-occupied single-family residential homes located within the City of Merced city limits. Activities are not restricted to any particular area of the City.
Planned Activities	\$180,000 of 2022 CDBG funds will be funded to this project (includes 20% ADC) provided to Habitat for Humanity of Stanislaus County to carry out homeowner-occupied rehabilitation activities to single-family homes occupied by their owners. Assistance will be provided as a 15-year forgivable loan to the homeowner for a maximum of \$50,000 of necessary repairs to bring the home back up to safe living conditions (no remodels). Habitat-Stanislaus has proposed a three-year contract, to which the City may supplement with future-year CDBG funds as activities are

		carried out and 2022 funds are exhausted. <i>IDIS Matrix Code:</i> 14A/Rehabilitation: Single-Unit Residential; <i>Eligibility:</i> 24 CFR 570.202(a)(1); <i>National Objective Met:</i> LMH/Low-Mod Housing Benefit - 24 CFR 570.208(a)(3).
14	Project Name	HSG - CDBG: Rehabilitation/Acquisition: Sierra Saving Grace Homeless Project (22/23)
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	CDBG: \$1,771,678
	Description	Sierra Saving Grace will be provided \$1,771,678 of CDBG funding to acquire an existing multifamily rental property for subsequent rehabilitation/repair and conversion to affordable/supportive rental housing for formerly low- to moderate-income individuals and families and potentially case-managed formerly homeless individuals. This is an expansion of their current and past single-family residential acquisition and rehab program. Amount includes no more than \$1,568,065 to acquire and rehab a property and up to \$203,613 (10%) for activity delivery costs. The estimated cost of necessary rehab work will be included in the purchase price. Due to the size of the project, Sierra Saving Grace will be allowed up to two years to complete rehab activities after the initial acquisition. This project meets multiple needs and priorities of the Five-Year Consolidated Plan for vital housing services -- permanent supportive housing (case management) and addition of affordable housing rental units.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	The amount of CDBG funding provided will enable Sierra Saving Grace to purchase and rehab at least a four- to six-unit rental housing property, or a property with multiple single-family or duplex residential structures. Individuals and/or families that will rent the units after project completion will be case-managed formerly homeless or extremely low- to low/moderate-income level clients. Four to six LMI households are expected to benefit from this activity.
Location Description	Administrative activities for this project will take place at Sierra Saving Grace's offices at 25 W. 19th Street in Merced, as well as the offices of the real estate sales estate purchasing agent chosen, and a title company. Once a property is purchased (address is not known at the time of Annual Plan approval) and escrow closes, any rehabilitation work will occur at the	

		property site to prepare it for rental to a suitable case-managed formerly homeless or extremely low- or low-income tenant.
	Planned Activities	Planned activities will include acquisition and rehab of an existing multi-unit property for subsequent rental to case-managed formerly homeless and/or extremely low- or low-income individuals and families; <i>IDIS Matrix Code: 14G/Rehabilitation: Acquisition; Eligibility: 24 CFR 570.202(b)(1); National Objective Met: LMH/Low-Mod Housing Benefit – 24 CFR 570.208(a)(3).</i>
15	Project Name	HSG - HOME: Construction of Affordable Rental Housing (22/23)
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HOME: \$3,781,338
	Description	Approximately \$3,781,337 of HOME funds will be expended on multi-unit affordable rental housing projects within the City of Merced. This amount includes 10% activity delivery costs. Negotiations continue to move forward with at least two affordable housing developers for construction of approximately 200 units of extremely low- to low-income multi-family rental projects using these HOME funds. Conditional Commitments have been issued and consultants are currently preparing NEPA environmental assessments for these two developments. The City of Merced continues to proceed with its partnership with Central Valley Coalition for Affordable Housing for re-funding and construction of the 50-unit Gateway Terrace II project with local/non-federal LMI Asset Funds, as well as its associated but separate water and sewer main extension infrastructure project that was approved with the 2019 Annual Action Plan, and which has received proper environmental clearance.
	Target Date	6/30/2024
Estimate the number and type of families that will benefit from the proposed activities	The City of Merced anticipates that approximately 200 or more units of affordable rental housing can be produced with these HOME funds as part of subsidy layering package(s) for two projects currently in pre-development discussions. Projects will be targeted to produce 100% LMI household units within the projects themselves, or a mix of LMI and special population housing, such as units that are set aside for developmentally disabled, homeless, veterans, seniors, or mental health patients.	

	Location Description	The City of Merced is currently in discussions with multiple developers of affordable housing, for which up to two may receive all or a portion of these HOME funds as part of their subsidy layering strategies. As pre-development discussion are still in the preliminary stages, locations have not been finalized. During the 2022 program year, the City intends to undertake a substantial amendment process to this plan that will allocate HOME and other available funding sources to the projects chosen by the City Council.
	Planned Activities	Construction of Affordable Rental Housing for LMI households, and may include units for special populations such as veterans, disabled, or homeless individuals and families, with case management; IDIS Matrix Code: 12/New Rental Construction.
16	Project Name	HSG - HOME CHDO Reserves: Community Housing Development Org Rehab Project (22/23)
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HOME: \$108,574
	Description	Each year, the City is required to set aside at least 15% of its HOME funds for Community Housing Development Organization (CHDO) projects, which could include such eligible activities as affordable rental housing construction and rehabilitation of rental housing units. For the 2022 HOME allocation, this amounts to \$90,479, with an additional \$18,095 for activity delivery costs (total of \$108,574). The City will use these funds towards an eligible rental rehabilitation project with our current CHDO partner, Central Valley Coalition for Affordable Housing (CVCAH). CVCAH owns several existing rental properties within the city limits of Merced that would be suitable and near shovel-ready projects for rehab activities.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	If HOME CHDO funds are used for rental unit rehabilitation activities with CVCAH, approximately 2-5 LMI household housing units could benefit, depending on the scope of work needed and the chosen project site.

	Location Description	All HOME CHDO projects will be undertaken within the City of Merced city limits. The project location will be known later this program year as a rehab project is selected and finalized.
	Planned Activities	Rental Unit Rehabilitation
17	Project Name	HSG - LMI Asset Local Funds: Repayment of 1820 I Street Reconstruction (22/23)
	Target Area	
	Goals Supported	2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing 4A Provide Homeless Prevention & Support Services
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HSA LMI Asset Fund: \$269,640
	Description	\$269,639.99 (rounded to \$269,640) of the City of Merced's Housing Successor Agency (HSA) LMI Asset funds will be used to repay HOME funds used to reconstruct the residential unit at 1820 I Street. An error was discovered as a result of a January 2020 HUD Environmental Monitoring in the midst of personnel changes in the Housing Division. After this plan is approved, the City will work with HUD on the mechanics of this transaction in order to resolve this unfortunate matter.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	The repayment of funds itself is not expected to benefit any families. However, if the City gains the re-use of the previously expended HOME funds, these funds will likely be used towards the construction or rehab/reconstruction of more affordable housing options for City residents.
	Location Description	Administration of this project will be undertaken by the City of Merced, 678 W. 18th Street, Merced
	Planned Activities	The City of Merced plans the repayment of \$269,639.99 (rounded to \$269,640) of HOME funds with local LMI Asset Funds to HUD for expenditure of HOME in error for reconstruction of 1820 I Street, Merced

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Merced will use a place-based strategy during the planning period. The geographic distribution of funding is predicated somewhat on the nature of the activity to be funded. It is the City's intent to fund activities in the areas most directly affected by the needs of low-income residents and those with other special needs. The Annual Action Plan directs investment geographically to an area benefit neighborhood. The area benefit category is the most commonly used national objective for activities that benefit a residential neighborhood. An area benefit activity is one that benefits all residents in a particular area, where at least 51% of the residents are low- and moderate-income persons. Public infrastructure improvements are an area benefit activity when they are located in a predominately low- and moderate-income neighborhood and/or census tract.

Merced primarily selects projects based upon housing needs and various clients served through public service activities, with most of the Federal and State funding allocations being invested in qualifying Census Tracts. Not all of the activities funded through the CDBG and HOME programs will occur within these census tracts, since some programs benefit residents City-wide.

HUD requires that, at a minimum, 70% of total funding will benefit LMI individuals and households. Each year, the City strives to far exceed the minimum, and 2022 is no exception. We expect that more than 85% of our CDBG and HOME activities will be focused to benefit residents in Eligible Census Tracts and to programs that benefit LMI individuals and families - however, the City's ultimate goal remains at 100% LMI benefit, regardless of census tract orientation.

Geographic Distribution

Target Area	Percentage of Funds
City Wide	90

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

The basis for assigning the priority to each category was based on the identified needs expressed during the consultation and citizen participation process. In addition, priorities were determined by information gathered from the Census, the 2020-2024 ConPlan market study, and existing community documents, which include the City of Merced's current Housing Element.

It is the City's intent to fund activities in the areas most directly affected by the needs of low-income residents and those with other special needs. To create substantive neighborhood improvements and stimulate additional, unassisted improvement efforts, the City will focus a portion of its housing-related

funding in targeted low-income and special needs neighborhoods.

Discussion

The City of Merced will specifically target a minimum of 70% - with the ultimate goal being 100% - of all funding to benefit low- to moderate-income residents living within the City limit boundaries. Defined as an area in which at least 51 percent of households have an income of 80% percent or less of the Area Median Income (AMI), approximately three quarters of the City is within a CDBG Income-Eligible Census Tract, which HUD has pre-determined are income-eligible areas based on the latest census data. Some projects, such as Infrastructure Improvement projects, will be focused specifically to these areas, while other projects are intended to serve primarily LMI residents through the projects themselves (i.e., public services, owner-occupied rehabilitation, and affordable housing).

A majority of the 2022 CDBG and HOME funding - approximately 90% - will be directed to projects that serve LMI residents City-wide, while approximately 10% will be directed specifically to certain projects that will serve specific HUD Eligible Census Tract areas. HUD Eligible Census tract area numbers, general location descriptions, and resident population are (all within City limits):*

- Census Tract 10.03 (Loughborough Drive/Meadows Ave/Devonwood Drive – North of Bear Creek, South of Black Rascal Creek, East of Highway 59, West of R Street); 4,190 people.
- Census Tract 10.04 (Loughborough Drive/Collins Drive/Park Avenue/Rambler Road – North of Bear Creek, South of Black Rascal Creek, East of R Street, West of G Street); 3,969 people.
- Census Tract 13.01 (West Central Merced – North of Highway 99, South/East of Bear Creek, West of M Street); 3,413 people.
- Census Tract 13.02 (Central Merced – North of Highway 99, South of Bear Creek, East of M Street, West of G Street); 3,016 people.
- Census Tract 14.01 (East Central Merced – North of Highway 99/Hwy 140, South of Santa Fe Railroad, East of G Street); 4,150 people.
- Census Tract 15.02 (Upper South Merced – North of W. 9th Street, South of Highway 99/Highway 140, East of X Street/West Avenue, West of M Street); 2,768 people.
- Census Tract 15.03 (Lower South Merced – North of West Childs Avenue, South of W. 9th Street, East of West Avenue, West of M Street); 4,844 people.
- Census Tract 16.01 (Central South Merced – North of West/East Childs, South/West of Highway 99, East of M Street); 4,166 people.
- Census Tract 17.00 (East South Merced – North/West of Highway 99, South of Highway 140, East of Coffee Road); 7,032 people.

**(Population data source: PolicyMap.com - 2020 Census and Population Data)*

While there are several other constraints, the primary obstacle to meeting the needs of target income residents is that there is a lack of funding to fully address all the needs. Even with the limited financial

resources, the City attempts to address many of the needs of the community by leveraging funds with developers and providing financing to several non-profit organizations to address the variety of community needs.

Another obstacle to meeting underserved needs is the location of many available services in the County of Merced. The City works closely with the transit agencies to improve access, and there are hourly public transportation linkages between Merced and other communities located within Merced County and other neighboring San Joaquin Valley communities. The City has encouraged many regional non-profit organizations to operate "satellite" offices within the City of Merced.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

This section provides an overview of affordable housing goals in Merced for the 2022 program year. It focuses specific goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year. This section also indicates the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units.

The City will encourage the development of housing units for households earning 30 percent or less of the Median Family Income for Merced County. When possible, specific emphasis will be placed on the provision of family housing and non-traditional housing types such as single-resident occupancies, transitional facilities, and housing units serving temporary needs. The City will encourage development of housing for extremely low-income households through a variety of activities such as outreach to nonprofit and for-profit housing developers, land donations, providing in-kind technical assistance for housing developers, financing and funding assistance, fee deferrals, and expedited processing as appropriate. The City’s objective shall be to encourage and facilitate construction of supportive housing units for extremely low-income housing units during the 2020-2024 planning period.

The City's strategies related to CDBG & HOME-funded efforts relate to providing funds for public service activities, developing partnerships with housing organizations, providing secondary financing to affordable housing developments, providing forgivable loans to homeowners for rehabilitation projects to their homes, and secondary financing loans to qualified First Time Homebuyers when funding is available.

The City of Merced has established the following affordable housing goals for its 2022 Annual Action Plan.

One Year Goals for the Number of Households to be Supported	
Homeless	605
Non-Homeless	236
Special-Needs	0
Total	841

Table 9 - One Year Goals for Affordable Housing by Support Requirement

One Year Goals for the Number of Households Supported Through	
Rental Assistance	25
The Production of New Units	201
Rehab of Existing Units	10

One Year Goals for the Number of Households Supported Through	
Acquisition of Existing Units	8
Total	244

Table 10 - One Year Goals for Affordable Housing by Support Type

Discussion

The figures noted above comprise of the following Program Year 2022 projects:

Homeless Households Supported (total of 605 individuals/households):

- Merced County Human Services Agency - Continuum of Care - 224 unsheltered and 331 sheltered individuals who are homeless (total: 555 persons/households)
- Alliance for Community Transformations/Valley Crisis Center – housing navigation services to 50 individuals or families fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening condition and/or living in a supervised shelter designed to provide temporary living arrangements (meets HUD’s definition of Homeless)

Non-Homeless Supported (total of 236 individuals/households):

- Sierra Saving Grace Homeless Project - Rental Assistance to support 18 non-homeless households to prevent homelessness
- Sierra Saving Grace Homeless Project - 5 existing rental units acquired/rehabilitated and converted to both affordable and Permanent Supportive Housing
- Habitat for Humanity of Stanislaus County - 3 existing LMI homeowners will be assisted through Owner Occupied Rehabilitation
- Self Help Enterprises - 5 existing LMI homeowners will be assisted through CDBG Administrative funds provided to run a State-funded OOR program
- Self Help Enterprises - 3 homebuyers will be assisted through CDBG Administrative funds provided to run a State-funded first time homebuyer assistance program
- Central Valley Coalition for Affordable Housing - 2 existing rental units will be rehabilitated through a CHDO HOME funded project
- TBD Affordable Housing Developer - 200 affordable rental housing units will be constructed

using 2022 HOME or CHDO HOME funds

Special Needs Households Supported:

- None

Households Supported Through Project Types:

- Short-term Rental and Rental Deposit Assistance (total of 25 households) - Sierra Saving Grace Homeless Project: 18 households; Alliance for Community Transformations: 7 households
- Production of New Units (total of 201 households) - Affordable Rental Housing Construction: 200 households; Fuller Center for Housing of Merced County - single family construction: 1 household
- Rehab of Existing Units (total of 10 households)– Central Valley Coalition for Affordable Housing: 2 Units/Households; Habitat for Humanity, Stanislaus: 3 Units/Households; Self Help Enterprises: 5 Units/Households
- Acquisition of Existing Units (total of 8 households) – Sierra Saving Grace Homeless Project: 5 households; Self Help Enterprises (homebuyer downpayment assistance program administration): 3 households

For 2022, the aforementioned number of households assisted relies primarily on the ability of the City to provide financial assistance to multiple non-profit organizations. These organizations are tasked with assisting individuals and households within the City of Merced. Many of these programs are designed to assist a variety of individuals through either rehabilitation of existing units or by acquiring, improving, and expanding their housing stock portfolio.

Many of these programs are funded with non-Federal resources but will achieve the overall goal of improving and increasing the number of affordable units within our community. To help achieve this goal, the Housing Division was able to budget other funding sources as part of the overall Housing Division Fiscal Year 2022-23 budget.

AP-60 Public Housing – 91.220(h)

Introduction

Public housing was established to provide decent and safe rental housing for eligible low- and moderate-income families, the elderly, and persons with disabilities. Public housing includes federally subsidized, affordable housing that is owned and operated by the public housing authorities. The City of Merced does not own public housing; however, it works in close collaboration with the Authority to provide public housing within the City and throughout the County.

The City of Merced will continue to work independently and closely with the Authority and local nonprofits to provide assistance to low-income families as well as develop public housing projects in Merced. The Authority provides and manages public housing, including the Housing Choice Voucher and Section 8 programs. As of the 2022-2023 PHA Plan FY, the waiting list for households in need of housing is 2,379 families, and 1,195 of those are families with children.

The Authority is the public housing agency serving the City of Merced and all others within the County of Merced. The Authority is independent of the City of Merced, and the City retains no control over their funding or implementation of programs. The City Housing Division and local non-profit developers continue to partner with the Housing Authority of Merced County to develop future multi-family projects within the community.

The Authority continues to partner with the community's Community Housing Development Organization (CHDO), as well providing voucher assistance to other affordable housing developers currently working on projects in Merced, including:

- Gateway Terrace II project - once constructed, will include ten units supported by VASH vouchers.
- CC915 Veterans Housing Homekey project – a housing project built entirely of converted shipping containers, the project will include twenty VASH vouchers to house formerly homeless veterans.
- Up Holdings, Inc. Park Avenue – this 67 unit affordable housing complex is currently working with the Authority to support the project with voucher assistance.
- Up Holdings, Inc. Studio 6 Homekey Project – this 96 unit motel conversion is currently working with the Authority and Merced County Behavioral Health to support the project with voucher assistance.
- Childs & B Affordable Housing Project – as this project finishing completion the month of June 2022 and tenants move in, 30 formerly homeless families will be supported with voucher assistance by the Authority.

With the exception of Childs and B project that is already nearing completion, as these projects break ground, applications will be accepted from eligible households with vouchers from the Housing

Authority.

Actions planned during the next year to address the needs to public housing

On January 10, 2022, the Authority selected 1,200 applicants from the existing waiting list for housing. However, due to the lack of available units and resulting high vacancy rate, many of these families have experience difficulty finding and securing housing.

On February 2, 2022, through March 4, 2022, the Authority reopened the Project Based Program (PBV) and Public Housing (PH) waiting list and began accepting online preapplications for the PBV and PH programs. A notice was published in the Merced Sun Star daily newspaper. The lists were opened for the following projects in Merced City (wait list applications were also accepted for countywide projects):

- (PBV) Gateway Terrace: three- and four-bedroom units
- (PBV) Grove: three- and four-bedroom units
- (PBV) Laurel Glen: one- and two-bedroom units
- (PH) Merced: three- and four-bedroom units

The Authority has implemented modifications to current public housing units, if any, in public housing based on the Section 504 Needs Assessment that it completed. Please refer to the Authority's Public PHA Annual Plan for further information.

The Housing Division continues to partner with multiple non-profit organizations to acquire existing housing units and construct new affordable housing units on an ongoing basis.

The City has continued to address the affordable housing needs with partnerships and leveraging the fiscal resources received from HUD and other Federal and State agencies for the acquisition and development of new affordable housing units.

The Authority, over the course of the next 5-year agency plan, will be assessing its current Public Housing stock to see if it continues to meet the need of the City/County or how better to utilize the land and/or other types of affordable housing.

Authority Statement of Housing Needs and Strategy for Addressing Housing Needs

The following is the Authority's statement of housing needs and their strategy for addressing the housing needs of the County:

"The Housing Authority of the County of Merced offers affordable housing opportunities to our community by providing access to a variety of services and programs to promote self-sufficiency and to

enhance the quality of life for those we serve.

We strive to provide housing assistance, training, education, and homeownership opportunities by participation in the acquisition, development, and operation of affordable housing through the utilization of various funding sources and partnerships that builds pride and responsibility in our residents.

We are committed to giving our clients and each other courtesy, respect, and quality customer care. We will ethically apply the laws, rules, and regulations that govern this Agency, and further affirm the value and dignity of each person we serve and with whom we work."

Actions to encourage public housing residents to become more involved in management and participate in homeownership

The Authority encourages resident involvement through various methods, particularly focusing on self-sufficiency and enhancing the quality of one's own life. The Authority connects residents and participants to services, activities, and other organizations that promote that vision. There is a network center (including public computer centers) and community partnerships for residents to utilize. On the Authority website, a resident can locate relevant services and service providers in the dedicated "resident" and "resident services" sections. Additionally, the Authority provides information via webpage and mailouts to participants about the status of its programs and residents for current and future participants.

The Authority encourages public housing residents to participate in policy, procedure, and program implementation and development. Public housing residents participate in the development of the Authority's five-year and annual plans.

HACM Homeownership Program

In the past, the Authority also offered a Homeownership Program. It is no longer available, however, as previous units available for Section 3 HOP for Public Housing were all sold. The following is a brief description and the success of their program:

The Authority created a Homeownership Program (HOP) for tenants residing in public housing. The Homeownership Program was established to provide an opportunity for low-income families who ordinarily could not afford to buy their own homes, to do so. Families are required to meet normal eligibility requirements for public housing and must have demonstrated the potential to achieve homeownership status. Such potential involved stable, sufficient income in order to pay any operating costs and build up equity towards the required down payment. Prospective tenants are required to attend a variety of classes which include homeownership, credit counseling, home maintenance, how to

maintain a loan, etc.

95 families have benefited from the program and achieved homeownership.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

HACM is not designated as troubled.

Discussion

Current data, including the Authority's "PHA 5-Year and Annual Plan" and a wealth of other information on programs, housing resources, budgets, and financial planning, and reporting is available on their website at <http://www.merced-pha.com>.

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City's strategy related to the needs of the homeless, those at risk of homelessness, and other special needs populations involves the funding of supportive services in Merced or regional services that also specifically address homelessness in the Merced City limits.

In the past, with CDBG public service funding, the City of Merced assisted the Merced Rescue Mission with the fiscal resources necessary to operate an overnight warming center to temporarily shelter homeless individuals during the very cold and rainy-season winter months within large rooms provided by local churches. Since the 2021 program year, the Merced Rescue Mission has been able to provide these services without CDBG assistance in a large room at the newly built Navigation Center on B Street in Merced, absorbing the related operating costs as part of the center operations.

In recent years, the City has assisted the developer team of Central Valley Coalition for Affordable Housing and The Richman Group, Merced Rescue Mission, and Sierra Saving Grace with grants to either preserve existing affordable housing or add additional affordable housing units to the community through construction of affordable rental housing.

Currently, there are many homeless services available within the City of Merced. These services are managed by a variety of organizations based in the County of Merced. Many of these programs work in collaboration with the Merced County Continuum of Care, which is the County's Collaborative Applicant that oversees Emergency Shelter Grant (ESG) and other such funds received on a yearly basis from the California Department of Housing and Community Development (HCD). The City will continue to work closely with the Continuum of Care and other organizations to determine how the needs of the homeless population can further be met through CDBG and HOME assistance. A City representative regularly attends Continuum of Care homeless committee meetings, which bring together the region's homeless service providers and advocates to develop the best ways to address homelessness. The meetings help to ensure that there is little duplication of services, which increases the effectiveness of a limited amount of funding between all the participating organizations.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

Each year, the City prioritizes the financial support of programs and services that will benefit homeless, at-risk, and special needs individuals and families and support regional homeless prevention strategies

through its CDBG public service and other funding sources, as available.

During the 2022 program year, the City will support the following programs which seek to address the priority needs of homeless and special needs populations within the city limits during the 2022 program year.

2022 Program funding to serve sheltered and unsheltered homeless:

1. *Harvest Time – Food Distribution Program for Homeless and Very-Low-Income Families:* this project will provide this existing homeless and LMI food distribution program with \$54,442 of CDBG funds, towards its “Food 4 You” program to help pay for staffing costs, utility, and other eligible operating costs of the program. Through this program, nutritious meals are delivered directly to homeless encampments throughout the City of Merced.
2. *Merced County Human Services Agency - Continuum of Care Administrative Support:* this project will be provided \$38,000 of the City’s CDBG Administrative funds to support the Collaborative Applicant role that the Human Services Agency plays in applying for funding to support and shelter homeless populations within the city limits, both sheltered and unsheltered and those in emergency shelters and transitional housing.
3. *Alliance for Community Transformations – housing and financial stability for victims of domestic violence:* this project will receive \$42,616 of 2022 CDBG funds to assist shelter residents in finding and securing housing (housing navigation services) by providing for the hiring of housing navigation staff to carry out these activities. Some funds will also be used for the rental deposits required to secure permanent housing for shelter residents. HUD includes those fleeing domestic and dating violence, sexual assault, stalking, and other violent conditions in its definition of homeless.

Addressing the emergency shelter and transitional housing needs of homeless persons

State Housing Law requires that cities identify sites that can adequately accommodate emergency homeless shelters. Additionally, cities must not unduly discourage or deter these uses. In 2019, the Zoning Ordinance was amended to allow Emergency Shelters as a permitted use in General Commercial (C-G) zones, and a Conditional Use in Central Commercial (C-C) and Thoroughfare Commercial (C-T) Zones. In addition, Municipal Code definitions related to housing, including emergency shelters, transitional housing, and supportive housing were amended such that transitional and supportive housing are residential uses subject to the same regulations and procedures that apply to other residential uses of the same type in the same zone. These amendments were requirements of State law

(SB 2).

2022 Program Funding to address emergency shelter and transitional housing needs:

1. Emergency Shelter assistance:

The City will provide Alliance for Community Transformations (ACT) with \$42,616 of CDBG funding to provide additional services to those that are already provided to victims of domestic and other such violence at ACT's Valley Crisis Center (VCC) emergency shelter. Funds will be used to hire staff to provide dedicated case management and oversight to providing housing navigation services, as well as funds to secure housing, including rental deposits for approximately seven individuals and/or families.

The VCC is an established emergency shelter for victims of domestic violence, sexual assault, and human trafficking, and works collaboratively with other agencies including the Merced County Human Services Agency, Central Valley Coalition for Affordable Housing, Central Valley Opportunity Center, New Direction, and WorkNet.

2. Administrative Support for the Merced City and County Continuum of Care:

As discussed in the homeless population one-year goals section above, the City will provide CDBG Administrative funding to the Merced City and County Continuum of Care to support the Merced County Human Services Agency's role as the Collaborative Applicant. In addition to funding for programs to benefit homeless persons, the CoC also seeks federal, state, and other funding for programs that address the provision of emergency shelter and transitional housing needs in the community.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

The City will continue to work with a multitude of service agencies to assist homeless persons make the transition to permanent housing and independent living.

The County's Continuum of Care has implemented a Housing First approach and a Rapid Re-housing approach for many years. This program, combined with the county's emergency shelter and transitional shelter bed inventory, have largely contributed to the decrease in the number of homeless persons during recent years, with the exception of the January 2022 Point in Time count, where the overall number of homeless increased by 2%. That being said, in this same count, the number of sheltered individuals decreased by 87 individuals, or -19%, indicating the success of these efforts as well as

additional funds that have been made available to provide temporary shelter during the COVID-19 pandemic. Unfortunately, it was also found that nearly one of five persons (19%) counted as unsheltered became homeless for the first time during the last 12 months.

Housing First is recognized as an evidence-based best practice model by national researchers and policymakers based on years of research and implementation. The implementation of a Housing First Approach has helped jurisdictions across the country significantly reduce their homeless population. Implementation involves moving homeless persons - including chronically homeless individuals - from the streets and directly into housing and providing wrap-around services to ensure housing stability. This approach links chronically homeless persons to permanent supportive housing which provides subsidized housing and appropriate supportive services. This approach is in contrast to a “housing readiness model” which emphasizes that a homeless individual or family must address other issues such as substance abuse and mental illness through case management in a shelter or transitional housing program prior to entering affordable permanent housing.

Permanent Supportive Housing: the January 2022 Homeless Point in Time count indicated that there were at least 224 (60.9%) unsheltered persons in the City of Merced alone, and countywide, 372 were in temporary shelters, and 115 were in transitional housing. With the need for permanent supportive housing part of the long-term equation to successfully transition individuals into successful, fully-independent living, the number of permanent supportive units in the City and surrounding area must catch up to the number of individuals who will need them now and in the future.

2022 Program Year funding to address supportive housing and housing success includes the following projects:

- Sierra Saving Grace Homeless Project: with \$1,568,065 of CDBG program funds, this project will expand in 2022 to acquire an existing multi-family property from the open housing market at fair market rates, rehabilitate and repair it to safe and lead-free housing standards, then will rent to case-managed formerly homeless and LMI individuals and families. Through the provision of funding for this purpose from year-to-year by the City of Merced, market rate housing is successfully being converted to permanent supportive housing stock.
- Alliance for Community Transformations (ACT): with \$42,616 of CDBG program funds, ACT's Valley Crisis Center, an emergency shelter for domestic violence victims, will provide housing retention skills training, housing navigation, and rental deposit assistance to residents of the shelter to enable them to not only secure housing, but to successfully retain it. This program is beneficial in two ways: 1) keeping individuals from becoming homeless again by ensuring their successful transition into permanent housing with education and case management; and 2) by ensuring this success, these residents are not forced to go back to their previous violent and abusive living conditions.

Helping low-income individuals and families avoid becoming homeless, especially extremely

low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

Merced will continue to work with the City and County Continuum of Care in using Housing First and Rapid Re-housing approaches that were described previously. The 2022 homeless count and survey data revealed that over half (60.9%) of the total number of 368 unsheltered persons counted county-wide were in the City of Merced, and over two-thirds (68%) of the total number of 487 sheltered persons counted county-wide were in the City of Merced. It can be assumed that many of the unsheltered homeless population counted are chronically homeless and in need of longer-term assistance such as long-term/voucher rental assistance and wrap-around social services such as health care, employment services, mental health care, and life skills training. Thus, a Housing First approach is needed. For those of the unsheltered homeless population that are not chronically homeless, they will likely need shorter-term assistance, such as a few months of rental assistance, and are not as reliant on social services. For these individuals, a Rapid Re-housing approach is needed.

Much of the work to address some of the causes of homelessness, including behavioral health, drug treatment, and other like counseling programs are handled primarily by County-administered agencies and programs, and the vast majority of that work is best equipped to stay within those agencies, as to avoid duplication of services, but mainly due to the fact that the City does not possess the same resources as the County. However, the City can assist the overall effort with funding for other collaborative, complementary, and supporting programs that address homeless prevention in other ways.

2022 Program Funding to Address Homeless Prevention:

1. Since 2018, Sierra Saving Grace Homeless Project has successfully run a short-term (up to three months) rental assistance program for low- to moderate-income City of Merced residents who need help paying for their housing. Too many of Merced's residents are living paycheck-to-paycheck and working multiple jobs just to make ends meet each month, and occasionally, these residents need help in making these payments so that their limited income can go towards other basic necessities such as transportation, food, or clothing. In this way, these at-risk households are able to avoid losing their housing and becoming homeless. In program year 2019, the rental assistance program was successfully expanded to include help with mortgage and gas/electric utilities, which will continue with \$30,000 in CDBG funding for Program Year 2022, an increase of \$10,000 over the previous program year (2021).

2. The Alliance for Community Transformation's Valley Crisis Shelter proposes to assist approximately 50 victims of domestic violence, sexual assault, or human trafficking at its emergency shelter with housing navigation services and case management, intended to help them find permanent housing to keep them

from having to go back to their previously violent living conditions. Additionally, as a part of this 2022 program, they will help approximately 7 shelter clients with rental deposit assistance that will allow them to secure permanent housing, as more often than not, they have fled their previous housing with limited or no income.

Discussion

The City will continue to support homeless service providers that work collaboratively under the Continuum of Care network through yearly funding to focused service programs, such as advocacy and case management for homeless elderly or at-risk families and youth. In addition, the City intends to support and complement the goals of both the existing 2011 Merced County 10-Year Plan to End Homelessness and the 2019 County of Merced Community Regional Homeless Plan (still in draft form) by striving to accomplish any or all of the following goals and activities each year, where possible:

- Develop and implement a “balanced” plan that will effectively approach the issue of homeless encampments and other related matters
- Develop partnerships between local government and non- and for-profit affordable housing developers to fund and construct housing that includes units set aside for homeless individuals and families.
- Through these and other partnerships with community agencies, fund and construct more affordable and market rate housing units to help ease the extremely low inventory of vacant units available to rent, which is contributing to the homeless problem in Merced.
- Continue to find means and incentives to make the construction of affordable and permanent supportive housing more feasible and attractive for developers.
- Requiring all public service program subrecipients that provide housing-related services to participate in the CoC’s Coordinated Entry System (CES), to help facilitate coordination of homeless and homeless prevention services to individuals and families countywide.
- Continuing to provide fair housing services to the residents of Merced City in order to prevent housing discrimination and unlawful evictions.
- Continue to support programs that prevent homelessness and unsafe living conditions that lead to homelessness, such as rental/rental deposit, mortgage, and utility assistance and owner-occupied rehabilitation programs.
- Continue to support programs and services that help residents locate and secure suitable permanent housing.

In March of 2020, the City Council approved a Memorandum of Understanding with multiple County Agencies to establish a Homeless Court Program (HCP), a collaboration that will allow homeless and formerly homeless individuals to resolve outstanding eligible pre- and post-judgement criminal cases and/or infractions, in the interest of promoting public and individual safety and self-sufficiency. The HCP will help address the unique needs of the homeless population’s legal challenges, which oftentimes hinder an individual’s ability to re-establish themselves into employment and housing. The HCP is

designed to reward those who have made significant progress in improving their situation by providing them access to additional community and court resources. Eligible cases for the HCP include both infraction and misdemeanor traffic and criminal fines. Staff support will be provided by the City Manager and City Attorney's office on behalf of the City of Merced and, initially, Merced County staff will facilitate and implement the administrative functions of the program.

The City does not administer the Housing Opportunities for Persons With AIDS (HOPWA) Program, but there is coordination and contact with the Merced Continuum of Care to provide services to individuals with AIDS within the City and County.

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The development industry is faced with a variety of constraints in the construction of new housing. These constraints limit the number and increase the cost of housing units, which are constructed and may be loosely classified as governmental and non-governmental, although there is a strong interrelationship between these factors.

Federal, State, and local government policies and regulations can positively or negatively impact the availability and affordability of housing. Local governments have little or no influence upon the national economy or the Federal monetary policies that influence it. Yet these two factors have some of the most significant impacts on the overall cost of housing. The local housing market, however, can be encouraged and assisted locally. Part of the Housing Element's purpose is to require local governments to evaluate their past performance in this regard. By reviewing local conditions and regulations that may impact the housing market, the local government can prepare for future growth through actions that protect the public's health and safety without unduly adding to the cost of housing production. The analysis in this section does not include Federal or State policies or regulations that cannot be impacted by local government actions.

The City has undertaken a number of actions to reduce potential barriers and constraints to affordable housing, as well as promote housing for special needs populations. These include providing regulatory incentives, density incentives, and several other measures to affordable housing developers. These programs are described in more detail in the City's Housing Element. Additionally, the City has undertaken policy changes and use of a combination of housing development tools that will ensure that affordable units get built alongside market rates ones (explained further in the Executive Summary and in the attachments).

Programs the Housing Division is using or funding within the 2022 HUD Annual Action Plan designed to reduce the barriers to affordable housing include:

- Fair Housing Services provided by a neutral party (Project Sentinel).
- Short Term Rental Assistance for homeless and at-risk households (Sierra Saving Grace).
- Rental Deposit and Housing Navigation Assistance to victims of domestic violence, sexual assault, or human trafficking (Alliance for Community Transformations).
- Restart of prior year program funding for forgivable loans to homeowners needing health and safety repairs to their property (Habitat for Humanity of Stanislaus County and Merced County).
- Acquisition of property for permanent supportive housing - acquiring and rehabilitating a minimum of one rental property in FY 2022 (Sierra Saving Grace).
- Using the Regional Housing Needs Allocation Unit Production Plan adopted by City Council on April 4, 2022 (attached), utilize various land use entitlement tools that will require the production of affordable housing units as part of new market rate development projects,

including residential and mixed-use developments.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

Efforts to Remove Constraints for First Time Home Buyers

It can be difficult for very low-, low-, and moderate-income first-time homebuyers to acquire sufficient savings and income to pay for a down-payment, closing costs, monthly mortgage, and tax and insurance payments. To address this problem, the City's Housing Program administers existing First Time Homebuyer Program (FTHB) loans funded by prior-year Home Investment Partnerships Program (HOME) and State 2006 and 2012 CalHome funds. Though conditions and terms are slightly different between these funding sources, applicants must have demonstrated financial need and pre-approval for a first mortgage, and the second mortgages were financed as a low-interest deferred loan payment.

In December 2021, the City of Merced, in partnership with Self-Help Enterprises, applied for new 2021 First Time Homebuyer Assistance funds as well as funds for Owner-Occupied Rehabilitation, and on April 19, 2022, the City was notified that we had been awarded \$2,500,000 total for both activities.

Efforts to Remove Constraints for Low-Income Homeowners to Maintain Safe Housing

The City considers safe housing a priority for all citizens. Unfortunately, many low-income homeowners are unable to make needed repairs to maintain safe housing. In an effort to remove the financial constraints faced by these homeowners, the City's Housing Program administers a Housing Rehabilitation Program funded by Community Development Block Grant (CDBG) funds. Through this program, homeowners can obtain a low-interest loan to make necessary repairs to their homes. In some cases, the homes are in such disrepair that it is more cost effective to demolish the existing home and reconstruct a new home.

The term, or payoff period, is usually 20 years for an amortized loan. The City also offers deferred payment loans. A deferred payment loan is one in which interest accumulates, but the borrower does not make any payments. In order to qualify for a deferred payment loan, the property must be owner-occupied and their entire housing cost is in excess of 30 percent of their household income.

Efforts to Provide Fair Housing

This is an on-going series of activities undertaken by the City of Merced's Housing Program to ensure that low and moderate-income households receive maximum benefit from the funds received by their local government. This area of activity includes constant attention to good communication between various service-providing agencies in the community, knowledge of market conditions and forces that

drive good policy decisions regarding the use of resources, and constant evaluation of program efforts. It also refers to the monitoring of the City's Analysis of Impediments to Fair Housing Choice.

Efforts to Amend Policies Creating Barriers to Affordable Housing Production

As explained elsewhere in this plan, the City has listened to residents asking for Inclusionary Zoning or other similar policy changes and has taken measurable actions this year to amend policies and adopt the Regional Housing Needs Allocation Unit Production Plan, which allows staff to use several mechanisms and other tools at our disposal that will serve to help generate more new affordable housing units in the City. As space is limited in this section to explain in more detail, more information is provided in the Executive Summary and the Production Plan is provided in the attachments.

Discussion:

2022 Program Funding to Provide Fair Housing Activities:

1. A total of \$30,000 in HOME administrative funds will be spent in FY 2022 on Fair Housing activities, including a contract with Project Sentinel to provide fair housing services for the residents of Merced. This is an annual program and provides tenant and landlord counseling, complaint-based investigations, legal services, and community-wide fair housing education and information. Project Sentinel will emphasize education of general housing rights to low-income tenants and housing providers, including property owner, managers, and property management companies.

Actions and 2022 Program Funding to help remove constraints for First-Time Home Buyers:

1. The City has recently been awarded \$1,125,000 of new First Time Home Buyer program funding by the State of California, and intends to enlist the administrative services of Self Help Enterprises to assist homebuyers with the purchase of single family homes using these funds as gap financing. Using \$12,000 of the City's 2022 Administration funds, the City will contract with Self Help Enterprises for those activities. The City also receives a trickle of prior-year CalHome funds back each year as program income, as existing loans are paid off or refinanced by previous FTHB program clients. Since the City now has enough of this program income to process approximately 5-10 new loans, the City will also enlist Self Help for administration of these prior year funds into new first time homebuyer funds. The Housing Division has kept a waiting list of potential income-qualified clients since the last funding was fully exhausted approximately five years ago, and Self Help will contact and assist these potential homebuyers first.

2022 Program Funding for Low- to Moderate-Income Homeowners to Maintain Safe Housing:

1. The City will restart its partnership with Habitat for Humanity, Stanislaus in providing an initial \$150,000 of 2022 CDBG funding to carry out homeowner occupied rehabilitation activities to benefit low-income homeowners needing necessary life-safety repairs to their homes. Oftentimes, homeowners

can afford to purchase a home, but not to maintain it over many years, especially large-dollar and hazardous repairs like roof repair or replacements, HVAC system repairs or replacement, and removal and abatement of lead paint and/or asbestos-containing materials. Many of these homeowners are elderly and on fixed incomes. The City intends to sign a three-year contract with Habitat Stanislaus and amend it with new CDBG funding each year as funds are depleted after project site completions.

2. 2021 CalHome grant funding – as part of the recent State CalHome award, \$1,375,000 has been awarded to carry out an Owner Occupied Rehabilitation (OOR) program similar in type and scope to Habitat for Humanity's. The same \$12,000 of CDBG funding that will be contracted out to Self Help Enterprises for administration of the First Time Homebuyer Program mentioned above will also be used by Self Help to administer the new OOR program funding from the State.

Community input from public meetings substantiated much of what the Housing Authority and 2016 Housing Element had reported - that housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work toward addressing these specific populations. Additionally, the City conducted a review of public policies as a part of its 2020 Analysis of Impediments to Fair Housing (AI) to determine actions that may impede the development of affordable housing. This review is found in Section 4 of the AI, which can be found on the City's website at: www.cityofmerced.org.

AP-85 Other Actions – 91.220(k)

Introduction:

The section will describe the City’s planned actions to carry out the following strategies outlined in the Consolidated Plan:

- Foster and maintain affordable housing
- Evaluate and reduce lead-based paint hazards
- Reduce the number of poverty-level families
- Develop institutional structure
- Enhance coordination

In addition, the City will identify obstacles to meeting underserved needs and propose actions to overcome those obstacles.

Actions planned to address obstacles to meeting underserved needs

Overall, Merced has several priority housing and community needs it is striving to address over this current five-year Consolidated Plan period (spanning the 2020-2024 program years):

- To preserve, rehabilitate and enhance existing neighborhoods, and housing as applicable with an emphasis on South and Central Merced
- Create neighborhood revitalization opportunities within targeted areas of the City
- Provide support services for the City's residents with an emphasis on the homeless, chronically homeless, and services to seniors, youth, and veterans
- Ensure that all housing programs are available without discrimination on the basis of race, color, religion, sex, national origin, ancestry, marital status, age, household composition, income, size, disability or any other arbitrary factor
- To address to City’s significantly high unemployment rate with job training
- To preserve, rehabilitate, and enhance existing public facilities

It is the mission of the City to use resources to assist with businesses, job development, and the provision of safe, affordable housing. In short, we will do our part to maintain Merced as a community its residents are proud to call “home.” Given the aforementioned six priorities, the City identified five

main goals:

- Provide decent affordable housing
- Maintain and promote neighborhood preservation
- Support special needs programs and services
- Construct or upgrade public facilities and infrastructure
- Facilitate the Construction of Permanent Supportive Housing
- Improve accessibility
- Economic Development

2022 Program Funding to Replace and Improve Public Infrastructure:

The following infrastructure projects are planned using CDBG funds (refer to the AP-38 Project Summary table for more details):

1. ADA access infrastructure improvements to five neighborhood parks in South Merced.
2. Supplement funding of the 2021 street and sidewalk improvement infrastructure project at S. Canal Street and W. Childs Avenue with 2022 CDBG funds to install additional crosswalk improvements

Both of these projects are important, as they serve both to promote neighborhood preservation as well as to improve accessibility and access to quality of life amenities for the residents of South Merced, which is an area of Merced that, due to the expansion of Merced largely into northern parts of the city in "boom" years and the lack of enough funds and staff resources to fix everything at once, still contain sections of infrastructure that are outdated in terms of Engineering Design Standards and inadequate as some specific sections don't fully served the needs of the disabled. The City is committed to upgrading these older areas of the City as it has CDBG and local funding available.

Actions planned to foster and maintain affordable housing

The City of Merced will support the development and maintenance of affordable housing through several planned projects during the 2022 program year. These projects include:

- Continue to advance current work on subsidy layering strategies, grant fund applications, and tax credit applications, preparation of preliminary and final commitment documents and agreements, environmental reviews, other related tasks involved with several affordable housing developers and their proposed projects using ARPA, HOME, HOME-ARP, LMI Asset funds, State and Federal tax credits, State Permanent Local Housing Allocation (PLHA), Homekey, and other funding sources in order to move to construction of over 1000 new affordable housing units over the next few years (Visionary Home Builders/Parsons Avenue – 108 units; Up Holdings/Park Avenue – 67 units; Up Holdings/Motel 6 Conversion – 96 units;

Richman Group/Devonwood Drive – 156 units; Pacific Companies/El Redondo Drive – 220 units; Chris Hawk/Sage Creek – 396 units).

- Continue with the pursuit of disposition and subsequent development of former Redevelopment Agency properties for affordable housing; partnering with three housing partners to construct a total of 65 new affordable housing units on these properties (Fuller Center for Housing of Merced County – 4 units; Linc Housing – 41 units; and CC915 – 20 units).
- Using a portion of the local former Redevelopment Agency LMI Asset Funds that were received in the Grove Apartments payoff in January 2021, with this plan, the City will repay to HUD a total of \$269,640 in HOME funds for expenditures made in error for the reconstruction of 1820 I Street in 2016. This amount will be paired with \$700,507 of LMI Asset funds in the repayment of CDBG and HOME funds described in last year’s Annual Action Plan for the Gateway Terrace II project, for a total repayment to HUD of \$970,147. The remaining balance in the LMI Asset Fund will be used to further the Gateway Terrace II project (50 units) in replacing all previously committed federal funds related to the project, enabling the project to move forward.
- Continuation of Sierra Saving Grace’s acquisition programs that convert market rate residential units to affordable and permanent supportive housing;
- Implement the Regional Housing Needs Allocation Unit Production Plan for all new market rate developments.
- Council consideration of establishing a Housing Trust Fund and a special sales tax measure for affordable housing funding.
- Monitoring of past projects to ensure they remain assets for safe, affordable housing.

Although the current economy offers significant challenges to many households, adequate housing has become less affordable as a result of increasing prices and a historically low inventory of houses available for purchase. Due to the limited supply, low income households struggle to find adequate and affordable housing because of high demand, rising costs, and competition from other buyers, including out-of-town investors. Additionally, there is a severe shortage of rental housing available in the City of Merced. Vacancy rates are consistently under 1% availability.

Many of the City’s efforts to foster and maintain affordable housing relate to the Housing Element. The City updated its General Plan Housing Element in 2015 (certified in 2016). Community input from public meetings substantiated much of what the Housing Authority and Housing Element had reported – that housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work towards addressing these specific populations.

Actions planned to reduce lead-based paint hazards

In the City of Merced, it is estimated that about 7,000 housing units occupied by low-income or very low-income households contain lead-based hazards. Although accurate statistics are not available, it is likely that many of these homes are concentrated in the South Merced area where there is a concentration of families in poverty, homes built before 1978, and substandard housing, factors that are

often correlated with the incidence of lead poisoning. Lead based paint hazards represent an immediate risk to children.

Lead poisoning education and abatement efforts in Merced are provided through the cooperative efforts of the County Public Health Department, Environmental Health Division and Child Health and Disability Program. The abatement of lead-based hazards is a vital component of the City of Merced's Housing Rehabilitation Loan Program and the acquisition and rehab programs run by partners Sierra Saving Grace and (prior years) the Merced Rescue Mission. All housing acquisition and rehabilitation projects are assessed for lead based paint, and lead based paint abatements are performed by appropriately licensed contractors.

Since a majority of housing units in the City of Merced were built before 1978, the City routinely tests all rehabilitation projects using CDBG, HOME, NSP, or CalHome grant funds for lead-based paint. If lead-based paint is detected within the project area, the Housing Division will have the lead-based paint properly abated prior to project closeout. As required by Federal and State funding sources, housing rehabilitation programs must comply with the Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X) and subsequent changes made in September 1999.

The procedures regarding lead based paint in both rehabilitation programs may include, but not be limited to, and in no particular order:

- Visual Inspection
- Notice to Occupants
- Identification
- Paint Testing
- Paint Stabilization
- Treatment (if necessary)
- Ongoing Lead Based Paint Maintenance

On January 13, 2017, HUD published an amendment to the Lead Safe Housing Rule (LSHR) on responding promptly to cases of children under age 6 living in certain categories of HUD-assisted housing. The City of Merced Housing Division is working to train existing and new staff on these changes and to ensure that all housing projects, including HUD-assisted multifamily new construction, acquisition, and rehabilitation projects, remain compliant with Lead Safe requirements.

Actions planned to reduce the number of poverty-level families

Merced's antipoverty strategy is closely aligned with the goals and objectives of the overall affordable housing plan. These goals include: reducing poverty, creating new and affordable housing, developing and promoting services for at-risk populations, and providing public and social services, such as job training. The City will also continue partnering with organizations to provide a continuum of services

addressing the full range of needs of low- and moderate-income families, such as LifeLine CDC, whose program focuses on eradicating poverty for families living in the “Loughborough Area” of the City.

All communities share a goal to eradicate poverty. The City recognizes that a goal to reduce poverty will contribute to the economic wellbeing of individuals and families. The families whose income increases above the poverty level will be able to live independent of public and private assistance.

The City’s anti-poverty strategy is based on funding and supporting a range of housing, employment, and family service opportunities aimed at enabling those in poverty to move into the workforce. For the workforce itself, the City will continue to look for ways to increase the number of available jobs, including working collaboratively with Economic Development Department staff to attract more industries to Merced that provide specialized job training programs to the communities in which they are located. Recently, Bitwise Industries opened "Bitwise 1635," a new location in Downtown Merced, which will now provide technology skills training to build Merced's tech industry workforce, and also provides private office spaces, a cafe, and classrooms. More industries like this, industries that providing job skills training to match the ages and times, will help raise those students and their families out of generational poverty.

The City will also continue to support activities that preserve and expand the supply of housing in Merced, to help make them more affordable to target income households.

Actions planned to develop institutional structure

The City supports cooperation in the development of affordable housing through financial and/or technical assistance. The City will cooperate with developers to provide housing opportunities for extremely low-, very low-, low- and moderate-income households. The City will also evaluate the effectiveness of its partnerships with non-profit housing developers on an annual basis. Based on its findings, the City will seek ways to expand and foster its partnerships, as appropriate.

The City will assist and encourage housing development for extremely low-, very low-, low- and moderate-income households through a variety of activities such as, but not limited to, outreach to non-profit and for-profit housing developers, providing in-kind technical assistance, expedited processing, funding assistance/support, land write-downs, fee deferrals, and incentives and concessions that meet or exceed State density bonus law as appropriate.

The City will especially encourage the development of housing units for households earning 30 percent or less of the Median Family Income for Merced County, as the housing need for this particular income level is great. Specific emphasis shall be placed on the provision of family housing and non-traditional housing types such as single-resident occupancies (SRO's), accessory dwelling units (ADU's), transitional facilities, and housing units serving temporary needs.

The Development Services Department is responsible for the management, implementation, reporting,

and monitoring of the Consolidated Plan documents, including the Annual Action Plan. The Housing Division within this Department is specifically charged with these tasks. The Division works in close coordination with the City's advisory committees and the City Manager.

The City has designated staff positions to administer the programs and activities funded with CDBG and HOME funds. These staff members work with the individual City departments, such as Public Works, Development Services, Economic Development, and Parks and Recreation Department to develop procedures and coordination for administering programs that will be carried out by these departments. This staff also provides technical assistance to non-profits (subrecipients) on properly administering CDBG and HOME funds and developing eligible activities.

Actions planned to enhance coordination between public and private housing and social service agencies

The City's Housing Department maintains primary management of, as well as the coordination of, the various organizations involved in these processes. The staff within the Department work closely with other City departments and the community to develop programs and activities that improve low- and moderate-income neighborhoods throughout Merced. The administration of program activities includes housing, public facility and infrastructure improvements, public and social service activities, and economic development activities. The City collaborates with public agencies, for-profit agencies, and non-profit organizations in order to provide the aforementioned programming and services.

The City will continue to work closely with the County of Merced, which surrounds the City on all sides. The City will also continue to work with many of the non-profit organizations in the community to address the regional issues that affect the needs of target income persons, as well as special needs populations. A City staff representative will continue to regularly attend the Continuum of Care meetings to ensure homeless issues are being addressed.

Discussion:

Other Actions: Monitoring Plan Update

The City's Development Services Department, more specifically the Housing Division, is responsible for ensuring that the receipt and expenditure of HUD funds comply with program requirements through the monitoring of program performance. Careful evaluation of the housing and public service delivery system can be the most effective tool in detecting gaps and making appropriate modifications to ensure compliance with federal regulations. Procedures include in-house review of progress reports and expenditures and on-site visits. The monitoring system encourages uniform reporting to achieve consistent beneficiary information. Monitoring also aims to identify and resolve any program or other findings that may keep an organization from meeting its contractual obligations. Technical assistance is provided where necessary. Furthermore, project and financial data is maintained in HUD's IDIS (Integrated Disbursement Information System) software. Use of this system allows HUD easy access to

local data for review and progress evaluation.

The City ensures compliance by:

- Checking project eligibility against regulations and staying in constant communication with the City's HUD CPD Representative
- Following the City's Subrecipient Monitoring Plan
- Reviewing HUD's monitoring handbook to ensure compliance with National Objectives of low- and moderate-income area benefit and low- and moderate-income limited clientele, financial management requirements, and other CDBG Entitlement Program requirements
- Reviewing CPD notices on CDBG and HOME program planning requirements and rule changes

As part of an overall update to its Housing Division Policies and Procedures, the City plans to strengthen its existing subrecipient monitoring procedures by ensuring that specific HUD-recommended monitoring plan elements are included and/or expanded, comprising of:

- Conducting a risk-based assessment to identify which sub-recipients will receive a full, onsite monitoring versus a remote, desk monitoring
- Establishing a monitoring schedule
- Creating a monitoring checklist
- Conducting on-site visits, as applicable
- Notifying sub-recipients of monitoring results
- Providing technical assistance
- Ensuring that corrective actions, if needed, are taken

Additionally, the Housing Division plans to review and update its Citizen Participation Plan, if necessary, to ensure continued compliance.

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

The program-specific requirements that apply to the City are those for the CDBG and HOME programs.

In last year's Annual Plan, the City reported that it would be repaying \$307,913.40 of CDBG funds that were pre-maturely spent towards soft/pre-construction costs for the Gateway Terrace II (GTII) affordable housing project. The City still intends to use local funds (LMI Asset Fund/former Redevelopment Agency funds) for this repayment and will be completing this action at the same time as the HOME repayment described for the 1820 I street project noted below. This total CDBG repayment for GTII consists of the following amounts and years of funding: \$38,656.62 of pre-2015 CDBG funds and \$269,256.78 of pre-2015 and 2015 CDBG funds.

GTII expenditures were made towards the following using CDBG funds:

- Architect and Engineering Fees (\$19,827.50)
- Permits and Fees - City of Merced (\$236,767)
- Housing Division - Activity Delivery (\$51,318.90)

HOME funds will also be repaid as a part of the GTII correction. Please see Item #1 below in this Section.

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(I)(1)

Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.

1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed	90,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	90,000

Other CDBG Requirements

1. The amount of urgent need activities 0
2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income. Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. Specify the years covered that include this Annual Action Plan. 70.00%

HOME Investment Partnership Program (HOME) Reference 24 CFR 91.220(I)(2)

1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:

During the early portion of the 2022 program year, the City intends to repay to HUD \$269,639.99 of 2016 HOME funds that was spent on construction costs of a 2016 project to build a second stand-alone single family unit at 1820 I Street – a project later, in a January 2020 HUD Environmental monitoring, found to be deficient regarding retention of National Environmental Protection Act (NEPA) environmental review records that evaluate environmental impacts when contemplating the expenditure HOME funds. The City was notified in October 2021 of this repayment requirement. The City will be using local funds (LMI Asset Funds) for this repayment, as noted in the “AP-15 Expected Resources” section in this plan.

Also, in last year’s Annual Plan, the City reported that it would be repaying a total of \$392,593.55 of HOME funds that were pre-maturely spent towards soft/pre-construction costs for the Gateway Terrace II affordable housing project. The City will also use local funds (LMI Asset Fund/former Redevelopment Agency funds) for this repayment. This total consists of the following amounts and years of funding: \$357,812.46 of pre-2015 HOME funds, \$11,740.18 of 2015 HOME funds, and \$23,040.91 of 2016 HOME funds. The City intends to complete this repayment in the early part of

the 2022 Program Year, after Council action to authorize the use of local funds.

GTII expenditures were made towards the following using HOME funds:

- Appraisal and Market Studies (\$23,200)
 - Permit Fees/Water – State Water Resources Control Board (\$1,554)
 - Architect and Engineering Fees (\$141,792.50)
 - Permits and Fees – City of Merced (\$42,711.79)
 - CSCDA – Performance Deposit (\$50,000)
 - CTCAC – Reservation (\$5,182)
 - Financial Advisory Services/Construction Financing (\$7,000)
 - CPA Accounting Fees (\$10,625)
 - Merced County Recording Fees (\$96)
 - Legal Fees (\$45,000)
 - Housing Division – Activity Delivery (\$65,432.26)
2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:

Income-eligible applicants must take an eight-hour home ownership class and will have covenants placed upon the home for a period up to thirty (30) years, depending on the loan amount and program. Depending upon the First Time Homebuyer Program funding source, homes can either be purchased community wide or based upon pre-approved Census Tracts with a high number of low-income residents. This program is designed to assist families with incomes equal to or less-than 80% of Area Median Incomes. These are eligible households that range in size and have very-low to low-incomes. All HOME loans provided by the City Program to first-time buyers include conditions to ensure compliance with requirements of 24 CFR 92.254, except State CalHome Loans.

For HOME funded activities, if the home is sold or transferred within 10 years from the date of the loan origination, the applicant shall also pay the City a percentage of the difference between the price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in the first year, and decreasing one percentage point each year to 0% in Year 10. The City limits the amount subject to recapture to the sale's net proceeds, which is the sales price minus loan repayment and closing costs (other than HOME funds). The limitation applies to all units, regardless of the type of recapture provision used or the nature of the sale (voluntary sales including foreclosures). The funds collected are reused as program income for future HOME Program funded activities.

For CalHome (State) funded activities, the loan is not assumable and must be paid in full upon sale or transfer of the property. The borrower may prepay the loan in part or in full without penalty. The

funds collected are reused as program income for future First Time Homebuyer Loans.

Please also see the HOME Loan Guidelines attached to this plan.

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

The HOME Loan Servicing Plan and Housing Division Policies and Procedures are attached to the Annual Action Plan. During the coming year, we expect to be able to update the Housing Division Policies and Procedures to incorporate and clarify the HOME resale and recapture information.

Applicants for multi-family units are required to enter into a Development Agreement and designate a specific number of units for income eligible residents. The program calls for funds to be loaned for a 30 – 55 year period with a three (3) percent interest rate. The full amount of the HOME Loan subsidy is recaptured and is utilized for other HOME Loans meeting the HOME program income guidelines. If the development is sold, repayment of the loan is required so funds can be reused as program income.

The house must be owner-occupied and deed restricted against resale for the affordability term. Prepayment on the loan or a sale within 10 years from the date of loan origination results in a penalty of 4% on the original loan amount starting from the loan origination date and calculated on a per month basis. The loan is not assumable and must be paid in full upon sale or transfer of the property. Following the 10-year obligation, the borrower may prepay the loan plus interest, in part or in whole, at any time without penalty. Funds collected are reused as program income. If the home is sold or transferred within 10 years from the date of the loan origination, the applicant shall also pay the City a percentage share of the difference between the price paid for the property and its value at the time of sale or transfer. The City limits the amount subject to recapture to the sale's net proceeds, which is the sales price minus the loan repayment and closing costs (other than HOME funds). The limitation applies to all units, regardless of the type of recapture provision used or the nature of the sale (voluntary sales including foreclosures).

All HUD and State loan programs have covenants based upon the amount invested into each house/unit. The City may require each house/unit assisted to have a "period of affordability" covenant recorded. The length of this period is determined by the amount of financial assistance invested into each property. The minimum period of affordability per house/unit and correlating period is: A) under \$15,000: 5 Years; B) \$15,000 to \$40,000: 10 Years; or, C) over \$40,000: 15 Years. For qualified homeowner rehabilitations, they may be eligible for a forgivable loan (grant) of up to \$50,000 worth of health and safety upgrades. As long as they do not sell their property within the agreed-upon term, the Housing Division will grant the funds to the homeowner.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

Not applicable - The City does not intend to refinance debt.

CDBG 70% Overall Low-Mod Benefit Period

The City intends to use a 3-year consecutive period to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low- and moderate-income. Those years will span 2022 (this year), 2023, and 2024 (Years 3-5). The City chose those years to give appropriate time for the program and staff to recover from the administrative impacts related to the Coronavirus pandemic, which initially caused delays in development and submission of both the 2020 and 2021 Plans and affected our initial ability to hold public outreach meetings, which translated into further delays in receiving and expending grant funds.

ATTACHMENTS

(to be updated for HUD submittal after Council approval)

Proof of Publications/Affidavit of Publication PUBLIC NOTICES and ADVERTISEMENTS

- 1. Community Outreach Meetings**
- 2. Notice of Funding Availability and Request for Project Proposals**
- 3. Public Hearing Notice and Notice of 30-Day Public Review and Opportunity to Comment**
- 4. City Clerk and Housing Division webpage postings**

Grantee SF-424s and Certifications

- 1. Resolution 22-_____ of the Merced City Council**
- 2. Signed SF-424s and Certifications**

Grantee Unique Appendices

- 1. Regional Housing Needs Allocation Unit Production Plan**
- 2. Resident Community Needs Survey Summary**
- 3. Consultation Survey Summary**
- 4. Home Program Loan Servicing Plan**
- 5. Housing Division Policies and Procedures**