

For Period:
July 1, 2023, through
June 30, 2024

City of Merced

2023 HUD Annual Action Plan

FINAL

Merced City Council Approved - June 5, 2023

HUD Approved - August 28, 2023

Amendments: First Substantial Amendment – January 2, 2024 (City Council)

Second Substantial Amendment – May 6, 2024 (City Council)



City of Merced Housing Division
DEVELOPMENT SERVICES DEPARTMENT
MERCED, CALIFORNIA

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Amendments

Second Substantial Amendment

Merced City Council Approved _____, 2024

Submitted to HUD _____, 2024, to approve corrected Expected Resources and subsequent deletion of projects to balance the corrected figures.

The primary need for a second amendment is due to the discovery of unintended miscalculations of CDBG financial resource figures when the initial (first) amendment was being readied for its January 2024 City Council approval. Given its urgent nature, Council and HUD approved the first amendment, conditioned with the directive to Housing Division staff to immediately start a second amendment process that would correct the errors, which now necessitates eliminating and/or postponing additional projects in order to balance the budget. This second amendment process will satisfy that conditioned approval, allowing the City to then close out the 2023-24 Program Year with accurate project lists and financial calculations.

Please see the new section titled "9. Second Substantial Amendment to the 2023 Annual Action Plan" at the end of the Executive Summary (AP-05) for details about this amendment.

First Substantial Amendment

Merced City Council Approved January 2, 2024

Submitted to HUD January 3, 2024, to approve repurposed use of CDBG funds.

The primary reason for this Substantial Amendment is the need to accelerate expenditure of CDBG funds by the City's May 2, 2024, CDBG Timeliness Text date. This amendment moves CDBG funding to new activities that will expend these funds faster, as well as removing previously approved projects from which this funding is being taken. The secondary reason for the amendment is to help facilitate badly needed affordable housing units in the City with the purchase of land for a 156-unit 100% affordable rental housing project in Merced.

Please see the section titled "8. First Substantial Amendment to the 2023 Annual Action Plan" at the end of the Executive Summary (AP-05) for details about this amendment.

Additionally, various sections of text throughout the plan have been updated to reflect the changes made with this amendment and also corrects minor details, punctuation, and spelling errors throughout the plan.

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 required by the U.S. Department of Housing and Urban Development (HUD) that assessed and analyzed 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 described priority needs of the community and developed 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, which detail how the City will use its funding towards the accomplishment goals laid out in the ConPlan.

This City of Merced 2023 Annual Action Plan covers the fourth-year goals described in the 2020-2024 Consolidated Plan and covers the period spanning July 1, 2023, through June 30, 2024, a timeframe also referred to within as "the 2023 Program Year." 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 the City of Merced's own resources, such as Enterprise, Housing Successor Agency (HSA), and General Funds. The City expects to receive \$1,034,373 in CDBG funds and \$573,200 in HOME funds, totaling \$1,607,573 from HUD as entitlement formula grants during the 2023-24 fiscal year. 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 2023 program year of approximately \$8,991,757 (amended with First Substantial Amendment).

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 2023 Annual Action Plan, which updates the ConPlan with "year four" 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 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 allocations 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.

The crisis drastically affected the preparation of the ConPlan, requiring a re-invent of effective means of citizen participation locally, largely through the use of online surveys to poll residents, schools, community business partners, and health agencies. As the pandemic continues to wane into a new normalcy and internet technology (and access to it) increasingly becomes a daily part of today's societal norms, the use of internet-based ways of reaching residents has become part of the City's normal outreach each Annual Plan update. It has proved the most effective way to both reach residents and local agencies and obtain their participation, allowing the City to see a consensus of community needs in order to move forward with public hearings and a final draft plan.

In 2020 however, some residents felt outreach through surveys alone had been insufficient, and that direct outreach with residents still needed to be accomplished. As such, two virtual outreach meetings were held (September 2020), and the City held a second round of public review and comment period and public hearings. In November 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 multiple overlapping HUD processes and deadline constraints, including the Consolidated Annual Performance and Evaluation Report (CAPER) and another CARES Act Substantial Amendment process, more delays accumulated, and the City did not receive HUD approval and access to 2020 program funds until March 2021, nearly nine months into the program year, with subrecipient agreements still to be executed.

COVID-19 (continued)

The accumulated delays resulted in gaps in assistance to vulnerable residents via the public service programs that received late funding, which 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 2022 Program Year in preparing this 2023 plan, three years after COVID-19 arrived, we are nearly fully recovered from the snowball effect of these delays, but not completely. One or two programs may not be closed out until after the start of the 2023 Program Year, and infrastructure projects, last to be caught up, will continue into 2023 (NOTE: some of these projects were amended with the First Substantial Amendment - see "8. Amendments to the 2023 Annual Action Plan).

As a result of COVID-19 itself, the immediate need categories of residents did not vary significantly from yearly trends; however, they intensified – for example, rental assistance to prevent homelessness became an intense need, as was the need to support LMI families experiencing food insecurity. These needs have been consistent over recent years but were amplified, especially the needs of very low- to low-income residents, including LMI business owners.

The American Rescue Plan of 2021 - HOME-ARP funding

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 COVID-19 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, an aspect of the ARP that the City will eventually manage through the Annual Action Plan process involves Congress's instruction that a total of \$5 billion in nationwide funding, to be awarded using the 2021 HOME allocation formula (HOME-ARP funds), be directed to various activities benefiting those who have been impacted by the effects of COVID-19 the most – those who are homeless, at risk of homelessness, fleeing domestic violence, 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. In September 2021, HUD issued CPD Notice 21-10: "Requirements for the Use of Funds in the HOME-American Rescue Plan Program," and in October 2021, the City Manager signed a HOME-ARP Grant Agreement with HUD, giving immediate access to 5% of the allocation for administrative use to prepare a plan for the use of the HOME-ARP funds (HOME-ARP Allocation Plan).

Between November 1, 2022, and March 20, 2023, the City prepared and adopted its HOME-ARP Allocation Plan, and on April 11, 2023, the Allocation Plan was accepted and approved by HUD. Development of the Allocation Plan required separate consultation, public input, and needs assessment processes and a Substantial Amendment to the 2021 Annual Action Plan. The City intends to use the HOME-ARP funds towards the production of affordable rental housing, with the inclusion of supportive services, to benefit individuals and families in all of the four qualifying populations (QP's).

January 2023 Storms and Resulting Floods

The 2022 winter season was unprecedented and one of, if not the, wettest ever on record for Merced City and the surrounding area. Throughout Merced County, soils and storm water systems were repeatedly saturated and tested through a very wet Fall rainy season, with the worst storms yet to come in January 2023.

On Wednesday, January 4, 2023, Governor Newsom declared a state of emergency as a preemptive response to several powerful storms expected to hit California that week, and Merced County activated the Merced County Emergency Operations Center as a precautionary measure. A heavy storm hit Merced on Saturday, January 7, 2023, and was expected to continue through Tuesday, January 10, 2023. On January 7, 2023, and again on January 14, 2023, City Manager/Director of Emergency Services Stephanie Dietz issued first and second proclamations declaring the existence of a local emergency, which allowed for activation of the City's Emergency Operation Center (EOC), in preparation for likely flooding to come. EOC Staff held daily planning and operational meetings with all City departments and local cooperators, such as Merced County, Merced Irrigation District, and Merced School Districts. An evacuation center and shelter was set up at the Merced County Fairgrounds, with the expectation that some residents may be displaced and/or not be able to access their homes during potential flooding, which also later became temporary headquarters for FEMA to assist flood victims.

As predicted, this storm caused local creeks levels, particularly that of Bear Creek, to rise past flood stage and, as storm drains empty to the Bear Creek, also overwhelmed the City's stormwater drainage system, flooding city streets. Within the city limits, the West North Bear Creek Drive area was severely affected, and ground-level units of several apartment complexes were flooded. Outside the city limits, as a result of broken levees, the Planada and McSwain-area communities experienced devastating flooding conditions and heavy property damage to homes and businesses, though no loss of life. More strong storms continued through April 2023, and the ensuing seasonal snowmelt of the record snowpack that had accumulated in the nearby Sierra Mountains also caused creeks to rise, but without any further flooding.

The displacement of tenants and homeowners countywide strained this area of already low vacancy rates and exposed a new 2023 priority need for tenant protections for affected renters and tenant/landlord counseling. The City responded by expanding its partnership with Project Sentinel Inc. to provide this activity as a Public Service project for the 2023 Program Year. On April 17, 2023, the City Council adopted Ordinance No. 2548, which added Chapter 9.75 "Displaced Tenant Protections" to the Municipal Code. The new ordinance applies to all rental units that were damaged by the January 2023 flooding and offers protections to their tenants, including right of first refusal following completion of repairs made necessary by flood damage and a restriction on rent increases.

Broadband Internet Services

Internet is an essential communications and information platform that allows users to take advantage of the increased interconnectedness of business, education, commerce, and day to day utility. Reliable access to the internet is becoming a necessity to thrive in the modern economic environment, especially at broadband speeds. Broadband access is defined as advertised internet speeds of 768 kilobits per second or higher. FCC data shows four major infrastructure options within Merced: Cable, DSL, Fiber, and Fixed Wireless.

Broadband Coverage and Providers

Section MA-60 of the 2020-2024 Consolidated Plan evaluated the need for broadband and wiring connections for households, including low- and moderate-income households and neighborhoods, and found that Merced does not have significant gaps in broadband coverage and providers.

Once broadband access has been obtained, it is important to ensure there is competition among service providers. Any resource that has a de facto monopoly on an area may not be incentivized to provide standard and consistent services. Merced has a total of eight (8) Internet providers offering residential service, including to LMI areas. AT&T (DSL) and Earthlink (DSL) are the strongest providers in Merced so far as coverage. The average Merced household has at least four (4) options for broadband-quality Internet service; however, an estimated five percent (5%) of locals still don't have access to more than one provider and may have to rely on low-grade wireless.

These providers frequently overlap around the city: AT&T Internet (DSL and Fiber), Earthlink (DSL and Fiber), Xfinity (Cable), Fire2Wire (Fixed), UnWired Broadband (Fixed), Ayera Technologies (Fixed), Viasat Internet (formerly Exede) (Satellite), and HughesNet (Satellite).

The City's Efforts to Expand Broadband Access to LMI Residents

Communities that lack broadband access struggle to keep pace with the country. Locations without broadband access impedes its population's ability to take advantage of the educational and entrepreneurial opportunities available online. This is particularly problematic for LMI areas where economic opportunities may already be lacking. Studies suggest a strong correlation between increased high-speed internet access and increased education and employment opportunities, especially in small cities and rural areas.

Although the City of Merced does not have significant gaps in broadband coverage on the wider sense, actually securing broadband access may not be evenly obtainable by disadvantaged, low-income households.

During the COVID-19 pandemic, it became abundantly clear that access to broadband was not evenly available across disadvantaged communities. Nearly 56% of all residents were employed as essential workers during the pandemic and had limited resources to secure access to internet services their children needed during remote learning times. The pre-pandemic internet status quo was no longer good enough, and the City paid attention.

On December 6, 2021, the City Council approved \$2.6 million of ARPA funding to be allocated to Broadband Regional Capital Improvement. The City entered into a MOU with the County of Merced to fund a Countywide Broadband Feasibility study. The County issued an RFP for the feasibility study and selected the vendor Magellan Advisors. The vendor has performed community outreach via surveys and stakeholder input sessions. In September of 2022, the County was awarded a \$500,000 LATA (Local Area

Technical Assistance) Grant from the CPUC for conceptual design of a countywide broadband network. The County plans to work with through the Golden State Connect Authority and RCRC for design and build of the future broadband network once the CPUC Open Access Middle Mile Priority 1A network maps are released in June 2023.

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 2023 Annual Action Plan process closely mirrors that of the ConPlan and First, Second, and Third-year Annual Plans, in identifying the following target populations, ranked in approximate 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 experienced/observed to least:

1. Cost of housing
2. Utility cost
3. Affordable housing options available only in certain locations
4. Overall lack of available units
5. Lack of diversity in housing stock (i.e. single-family homes, apartments, townhouses)
6. Condition of housing units
7. Lack of units available to people with pets or support animals
8. Distance to employment, schools, shopping, or services
9. Transportation or access to public transportation
10. Unit size (too few or too many bedrooms)
11. Accessibility for people with disabilities or disabling conditions
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 2023 program year:

- Public improvements that build or improve neighborhood infrastructure and streetscapes, such as new/improved streets, water and sewer lines, sidewalks/crosswalks, and storm drainage.
- Programs or projects that increase jobs in the community.
- Public services programs with area nonprofit agencies, particularly those programs that provide services to those with special needs, the homeless, those that address homeless prevention, childcare, and programs for veterans, in that order.
- Programs that provide, promote, or enable decent, safe, affordable housing, that help LMI homeowners with necessary repairs, and funding that will provide for the construction of new rental housing for LMI tenants.
- Programs that help create affordable homeownership opportunities, make childcare better and more affordable, and provide employment training and workforce development.

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 creation of affordable rental housing; 2) repairing homes owned by LMI households; and 3) low-interest financial assistance for LMI homebuyers

- Neighborhood Improvements/Infrastructure – 1) building or improving neighborhood infrastructure and streetscapes, including improving water and sewer lines, streets, tree planting, sidewalks/crosswalks, and drainage/flood prevention; 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 or create jobs; and 2) low-interest business development loans, microenterprise assistance, or other business support for LMI business owners; and 3) providing financing for job training programs
- Public Services – 1) providing services for people with special needs, like the elderly, victims of domestic violence/abuse, veterans, or persons with disabilities; 2) providing services for people that are homeless or food insecure; and 3) providing afterschool programs and childcare for children and youth
- Fair Housing Education – 32.3% of survey respondents answered that they are unaware of their rights under Fair Housing and Anti-Discrimination laws (a decrease of over 13% over last year's survey). The responses from this year's survey seem to signal a slight increase in the effectiveness of fair housing and anti-discrimination education efforts. Still, even with slight improvements, survey 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, as approximately 11% of respondents reported that they are aware of potential housing discrimination incidents in the last five years, most often suspected of being based on income levels, race/ethnicity, and source of income.

Additionally, from the 2023 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 (note: affordable rental housing was not presented as an option for this question, but this need is consistently ranked number one in open-topic discussions and surveys alike):

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

Identifying, 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 insufficient supply of affordable rental and homeownership housing units. The topic of affordable housing and policies to encourage the development of affordable housing was a major focus of discussion during the development of this plan. Accordingly, over most recent years, 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, creating pro-housing policies, or a combination of all. Last year, we examined and acted on avenues to amend or create policy aimed at encouraging the development of affordable housing by outside developers.

As a result of our efforts, the 2023 program year appears promising for affordable housing in the City of Merced, as recent State awards have brought two large affordable housing projects closer to fruition for this coming year: 1) 108 units of 30-60% AMI affordable units with farmworker housing - Bella Vista Apartments by Visionary Home Builders; and 2) 156 affordable rental units, including 123 units for families, 31 units for special needs populations, and two manager units – Devonwood Apartments by The Richman Group and Central Valley Coalition for Affordable Housing.

In Spring of 2022, the City began formal negotiations and the preparation of necessary documents for disposition of all ten of its State Housing Successor Agency (HSA) properties to three different affordable housing development partners, Linc Housing, Fuller Center for Housing of Merced County, and CC915

Merced, Inc., for various affordable housing projects – duplexes, single family homes, and “container” apartment units for homeless veterans. CC915 Merced, Inc.’s 20-unit “container” CA State Homekey-funded project with supportive services is currently under construction at the property located at 73 South R Street, with progress being slowed by an exceptionally rainy winter. When completed by this summer, this project will house most, if not all, the homeless veteran population in Merced. The City continues to work with Linc Housing and the Fuller Center of Merced County to transfer ownership and develop the other nine former RDA/HSA properties.

On July 28, 2022, the Childs and B Street Affordable Housing Project – now renamed “The Retreat at Merced Apartments” – received its final occupancy clearance and began allowing approved tenants to move in. Its 89 affordable units (including one manager unit), plus 30 permanent supportive units for formerly homeless, help to relieve the strain on local rental housing vacancy rates – though hundreds more units are needed to fully ease it. The related multi-modal bus stop, bicycle transportation improvements, water, sewer, and storm drain, and neighborhood park improvements and amenities installed through State grant awards and City enterprise fund investment also improve quality of life for tenants and neighbors.

One Year and Continuing Goals - Continued (1)

More funding sources and projects are in the works. 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 next year. Moreover, as aforementioned, the City submitted its HOME-ARP Allocation Plan to HUD in late March 2023, and after approval of the plan on April 11, 2023, gains access to \$1,988,778 of HOME-ARP funds (less administrative funds) that will be used towards production of affordable rental housing for all qualifying populations, with accompanying supportive services.

Past Actions

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 November of 2021, following extensive public surveying and conversation, the Merced City Council (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. In December 2021, \$6.5 million was pledged toward funding affordable housing projects.

Also 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 \$36,000 of its HSA LMI Asset funds to contract with Self-Help Enterprises. The City is currently working with Self-Help to receive State approval of guideline documents.

On December 20, 2021, 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. 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 in 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 Council approved acceptance and appropriation of \$1,324,969 of 2019 and 2020 PLHA funds to Upholdings, Inc. for their 67-unit "Mercy Village." Upholdings continues to work to assemble sufficient funding for the project. In November 2022, the Council issued a funding commitment letter to Linc Housing, pledging the 2021-2023 PLHA funds to their project, a 54-unit affordable apartment complex.

One Year and Continuing Goals - Continued (2)

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 a 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 continues to work towards completion.

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 three 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.

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.

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 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.

One Year and Continuing Goals - Continued (3)

The City has a variety of housing policy projects ongoing and near completion, using a combination of California State grants for Local Early Action Planning (LEAP) and SB2 funds. Each project is designed to affirmatively further fair housing by creating more opportunities for innovative affordable housing development. The City has a consultant working on evaluating the Regional Housing Needs Allocation Unit Production Plan, which includes developing an in-lieu fee structure. As part of this effort, in March 2023, the City submitted to the State an application for ProHousing Designation and the ProHousing Incentive Pilot (PIP) Program grant. The City is nearing completion of its Accessory Dwelling Unit (ADU)/Cottage Home program. The end result of this program will be a catalog of pre-approved, plan checked, architectural designs for ADU/Cottage Homes that people can use free of charge, all they will

need to do is chose their design, get a building permit, and start to build. A similar program is in the works for pre-approved plan checked, duplex and triplex designs.

The City is working on updating its Subdivision Ordinance and other zoning code updates to include Tiny Homes. The City seeks to establish specific zoning districts (Planned Developments, small lots, etc.) where Tiny Homes will be allowed and to establish design standards for such homes. Modification of Title 20 of the zoning code is underway as well, to comply with state law on Density Bonus and SB9.

In January 2022, the City had a Request for Proposals open for a consultant to conduct a Downtown Housing Feasibility Study. The purpose of this study is to analyze the housing needs in the downtown area specifically related to the development of the High-Speed Rail station with Transit Oriented Development. Deliverables will include financial proformas of two potential development locations on existing parking lot parcels, preserving the existing parking while adding more parking for residents, providing a conceptual site plan, elevations, and floor plans for a mixed-use affordable apartment complex. The City expects to award this agreement for professional services in early April 2023.

2. Increasing the Number of Permanent Supportive Units: In July of 2022, with HUD funds, the Childs and B Street Affordable Housing/Retreat Apartments project added 30 permanent supportive units for homeless individuals to the City's housing inventory.

Via an existing partnership with Sierra Saving Grace Homeless Project for the purchase and rehabilitation of five existing units, this project will convert market rate duplex and single-family units to both LMI and permanent supportive rental units. These five units are contained on three separate properties, and future expansion is potentially possible with a garage conversion project to gain another unit.

One Year and Continuing Goals - Continued (4)

Additional permanent supportive units will be completed by Summer 2023 through a separate \$4.4 million State Homekey award announced on March 14, 2022, for the City and Certified Container 915, also mentioned above, who will be enlisting 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 through the use of VASH vouchers, although project completion may not occur until next program year (2024-2025). 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 UpHoldings 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, and rehabilitation work is currently progressing. Approximately 50 of those units will be set aside for case-managed permanent housing for homeless individuals. And, also mentioned above, the Mercy Village project - also with UpHoldings - will include more permanent supportive units with the support of City-provided State PLHA funding. UPholdings continues to work to assemble sufficient funding for the Mercy Village project.

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, last program year, the City included a restart of its Homeowner Rehabilitation program with Habitat for Humanity of Merced and Stanislaus Counties in the adopted Annual Plan. Housing staff is currently preparing the necessary environmental clearance to enable a three-year contract to be executed with Habitat, which the City will amend with additional new funding through the three-year period, including this 2023 program year. We expect to assist approximately nine low- to moderate-income homeowners with needed minor and/or major repairs over three years, thereby preserving and extending the long-term livability and legacy of the homes and making them safer for families to live in.

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.

One Year and Continuing Goals - Continued (5)

4. Improving Streets and Parks with ADA Infrastructure projects: the City is setting aside \$234,657 of 2023 CDBG funds towards project costs to improve ADA accessibility and energy efficiency at the Memorial Plunge Pool located at McNamara Park in South Merced. The park is located in HUD Income-Eligible Census Tract 16.01. The pool receives heavy use during the summer months, but the current equipment is inefficient – replacement of the equipment is expected to drastically lower utility bills and extend the useable season by approximately two months without an increase to the Parks Department's overall operations budget (***NOTE: the First Substantial Amendment to this plan removed this project***).

Additionally, the City will restart an infrastructure project that was previously approved in the 2019 Annual Action Plan but was not able to move forward due to separate issues with a related affordable housing project's environmental clearance (Gateway Terrace II). Previously encumbered CDBG funding

of \$275,000 that was connected to that project has been freed up to become carryover funds in this 2023 Annual Plan, then will be recommitted as a 2023 project. Environmental clearance for the infrastructure project has been completed. The project involves replacement of aging water and sewer mains through a public utilities easement that passes through the housing project site at 1215 K Street and extends under Martin Luther King Jr. Way through adjacent alleyways, along with installation of ADA sidewalk improvements in the immediate area. The sewer main is partially collapsed and the water main, like many throughout the City, is aging and needs to be replaced.

The City is still working to complete environmental clearances for 2021 and 2022 program year ADA infrastructure and park improvement projects to enable them to move forward (NOTE: please see "8. Amendments to the 2023 Annual Action Plan" at the end of AP-05).

Infrastructure applies to emergency services, as well. In 2023, the Housing Division will provide \$632,000 to the Merced City Fire Department to purchase and equip two Emergency Medical Service (EMS) health education assessment/referral team (HEART) vehicles and one off-road Emergency Assessment Vehicle (EAV). In 2022, the MFD responded to 11,672 calls for service, with the vast majority of the calls being for EMS response. Currently, service gaps exist between the time requirements of the local ambulance contractor to respond to Code 3 lights and siren calls and the ability of MFD EMT personnel to respond to Code 2 non-emergent calls the local contractor cannot service. With the use of CDBG funding, MFD has the opportunity to provide medical assessments and transport in a timely manner for those Code 2 calls. ***(NOTE: the Second Substantial Amendment to this plan removed this project).***

5. Fund Vital Public Service Programs that Address High Community Need: the City anticipates the provision of \$214,239 in CDBG funding to assist public service programs that benefit low- to moderate-income individuals and families, especially those who are very low-income, at-risk or currently homeless, experiencing housing or food instability, or LMI youth. Each year, the City works to solicit non-profit organization proposals that address the highest 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 three 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. The January 2023 floods have added yet another challenge for City staff, and although still actively recovering with some of the larger projects, regular yearly cycle timelines are nearly reset. 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 three 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 (MRM), 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 have provided not only the benefit to the clients being served with housing and vital case management, but the surrounding neighborhoods also benefit with the aesthetic improvement and the long-term managed upkeep of the homes thereafter. However, in a “seller’s market” – where homes are selling at higher prices and buyer competition is high – MRM chose to withdraw their 2022 Request for Funding application and did not apply for 2023 funding, as purchasing a home in a competitive housing market with their 2021 CDBG funds proved difficult. However, in March 2023, MRM escrow closed on the purchase of a single-family home in North Merced that will provide housing for a previously homeless and/or low-income family, and Sierra Saving Grace experienced similar success with escrow closings on three properties in Central Merced with 2022-23 funding.

The 119-unit Childs and B Affordable Housing project, which broke ground in January 2021, was completed in July 2022 and began moving in tenants that month. All units are now fully occupied, and an official ribbon cutting ceremony was held on March 1, 2023, belated due in part to heavy winter rains. 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 is now open for community use. The complex also features a swimming pool, community garden, 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. The City installed right-of-way improvements in the surrounding area, which included a new multi-modal transit stop, new and replaced sidewalks, curbs, and gutters, a storm drain basin, streetlights, and bike lanes and sharrows markings - funded by City enterprise funds and a \$13.9 million State Affordable Housing and Sustainable Communities (AHSC) award as part of the nearly \$50 million total project financing.

Successes (Continued)

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 the 2021 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 this Spring 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, State CalHome funding, and recent State “Super NOFA” awards that were discussed above.

In 2022, 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.

Further, the accumulated COVID-19 delays of the 2020, 2021, and 2022 Programs Years are nearly behind us, as the public service subrecipient agreements for the last of the backlogged programs from the 2021 and 2022 Program Years are executed and in place, with just Habitat for Humanity and parks/infrastructure projects remaining to implement. Coronavirus CDBG (CDBG-CV) programs still active are the rental/mortgage/utility assistance programs with Sierra Saving Grace and Salvation Army and the business/microenterprise assistance program with United Way, though the need for the assistance has waned sharply over the last year as the Coronavirus Pandemic has eased.

Lastly, on April 11, 2023, the City received HUD notification that the HOME-ARP Allocation Plan had been accepted and approved by HUD – thus, the City can now access the full \$1,988,778 of HOME-ARP funding to use towards eligible new construction of rental housing with supportive services to all Qualifying Population (QP) groups.

Shortcomings

Due to the concentrated project backlog catchup efforts on public service programs and resulting staffing constraints over the past year, as of May 2023, we were unable to fully implement the restarted Homeowner Occupied Rehabilitation (OOR) program under our partnership with Habitat for Humanity of Merced/Stanslaus Counties (HHMSC). However, we expect to be able to begin assisting homeowners by Summer of 2023. In 2021 and prior, National Environmental Protection Act (NEPA) recordkeeping deficiencies discovered by HUD during a January 2020 monitoring of Housing Division environmental records kept the prior OOR program at a standstill. The monitoring 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 HHMSC. Thus, the Housing Division restarted this beneficial partnership with HHMSC with the 2022 program year, which includes re-doing the required environmental impact analysis with the proper records retained. The City Council approved the 2022 HHMSC project as a three-year program to finish out the current ConPlan period through June

2025, with \$150,000 of CDBG funding supplemented each year. As such, this 2023 Annual Plan includes \$150,000 of CDBG funding to fulfill Year 2 of the program.

Secondly, while we made substantial progress on catching up to the bottlenecks created by COVID-19 related delays, additional funding and large amounts of program income, insufficient staffing levels, monitoring findings, and other matters, we are still finishing the year just behind our goal of 100% recovery by June 2023 – though all public services programming is fully caught up.

At the end of the last program year, the City of Merced was not the only entitlement jurisdiction 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 a temporary change in the normal “corrective action” process related to the required expenditure deadlines of on-hand CDBG funds. The memorandum granted leniency to grantees like the City of Merced who had more than 1.5 times their current CDBG allocation by the annual timeliness deadline of May 1, 2022. Last year, this leniency allowed us to overlap and complete the 2021 projects that were still behind as of the preparation of the 2022 Annual Plan last spring. However, with the next timeliness deadline on May 1, 2023, and large projects still outstanding, the City will likely need to work with HUD to develop a “Work-Out Plan” to spend down the rest of the excess funding in a timely manner.

Further, the constraints of a small Housing Division staff again became apparent beginning in October 2022, when HUD announced a firm deadline of March 31, 2023, for submission of the HOME-ARP Allocation Plan for HOME Participating Jurisdictions (PJ’s) that desired to use this funding source towards eligible activities. As of October 2022, while the City intended to develop its Allocation Plan, we had planned to concentrate on getting caught up on backlogged programs first before beginning the specialized needs assessment, consultation, and citizen participation processes that the HOME-ARP plan preparation required. As a result of the new deadline, Housing staff’s time was diverted away from continuing to move projects forward in order to work on the Allocation Plan, an effort that – while we will come up short on meeting our “catchup” goal of June 2023 – exhibited the quality and determination of our staff in getting the plan completed and submitted within the new timeframe, which should be recognized and commended.

What We Learned

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, as well as a major rail transportation hub in the next decade that will likely change our demographic makeup, we continue 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 and to plan for our future housing needs. Even as we recover and maintain more appropriate staffing levels in relation to workload, the ability of staff to regularly connect directly with low-income residents, attend neighborhood and Continuum of Care

meetings, and attend staff trainings to deepen our staff's technical knowledge continues to be a challenge.

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 each Annual Plan cycle. Each year, the expectation that internet access is a right not a luxury becomes more matter-of-fact and the norm – therefore, reaching more residents by internet-based methods rather than any other means has become both easier and surprisingly more fruitful in terms of resident participation. Simply put, we have learned that more residents are willing to respond to an internet survey than attend a meeting. However, there are those residents that prefer paper-based methods, so we also made a concentrated effort to make paper-based surveys available to residents to fill out and mail back.

As such, this year, we once again heavily utilized the internet and social media in distributing our Community Needs Survey and advertising and holding meetings, via website postings, and a hybrid of in-person and live streaming input meetings. We also used traditional methods to solicit participation, such as direct mail to ensure that the survey went out in the monthly utility bill newsletter, engaged with residents at in-person Town Hall meetings, distributing flyers at the local County library and State Employment Development Department, 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 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 by developing programs earlier than we have in the past.

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.

Lastly, our Information Technology staff is currently working on developing a master list of mailing addresses for all apartment complexes in the City of Merced. Once this list is usable, Housing staff will consider its use in assessing five-year and yearly community needs, to directly reach approximately 1,100 apartment units to ask them to respond to community surveys and provide input to the development of plans.

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, news radio broadcasts, regular City Council meetings, Town Hall meetings, community 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 and HOME resources could be used and leveraged to provide services, programs, and housing funding to the community.

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 2023 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 2023 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.

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. The regulation at 24 CFR 570.902 requires that a grantee 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, have been 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 for the 2022 timeliness test date. As such, in a letter dated June 20, 2022, HUD informed the City that it would have 12 months to reach the 1.5 standard; however, due to both unexpected and continuing backlog of larger-dollar projects, the City will likely not meet the 2023 timeliness test and looks forward to working closely with HUD to develop a CDBG Workout Plan for expenditure of these funds.

Citizen Participation/Consultation - Continued

Meetings, Public Outreach, Consultation, and Comment Periods

** Note: for Citizen Participation information regarding Amendments to this Plan, see "8. First Amendment to the 2023 Annual Action Plan" and "9. Second Amendment to the 2023 Annual Action Plan" at the end of AP-05*

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 2023 Annual Action Plan:

- Community Needs Survey: November 16, 2022 – February 28, 2023
- Community Needs Survey QR codes and links provided in December 2022, January, and February 2023 Utility Bill newsletters
- Notice of Funding Availability - Information and Application posted on Housing Division website: December 1, 2022
- Funding Request Application Period: December 1, 2022 – February 15, 2023
- Annual Plan/HOME-ARP Allocation Plan Process Report to City Council: December 5, 2022 (6:00 p.m.)
- Invitation to Apply/NOFA Notification Letters mailed to 125 local organizations: week of November 14, 2022
- Notice of Funding Availability (NOFA) for Non-Profit Program Funding Requests Published in Merced Sun-Star and Merced County Times: December 1, 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 December 1, 2022
- Community Meeting Flyers distributed to Merced County Library, UC Merced & Merced College inviting residents to participate in Outreach Meetings
- KYOS Broadcast Radio Spot: "Community Conversation" interview with City Staff on Friday, December 16, 2022; air date: Saturday, December 17, 2022 at 7:00 a.m. (radio spots are also

posted on the KYOS website: www.1480kyos.com) - 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, December 12, 2022 (6:00 p.m.); Tuesday, December 13, 2022 (6:00 p.m.); and Friday, December 16, 2022 (3:00 p.m.)
- City Council Town Hall Meetings: January 25, January 31, and February 9, 2023
- 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 2, 2023
- 2023 Public, Governmental, Business, Health, and Service Agency Virtual Consultation survey: February 21, 2023 – March 3, 2023
- Public Hearing (First): March 20, 2023 at 6:00 p.m.
- Public Review and Comment Period: March 31, 2023 - May 15, 2023 (46 days) - Extended by Council
- Council Meeting – Report Item: April 17, 2023 (Council requested second review of project list and alternative project options); 6:00 p.m.
- Public Hearing (Final): the scheduled May 1, 2023 hearing was opened and continued to the June 5, 2023 meeting.
- Continued Public Hearing (Final): June 5, 2023, 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.

** Note: for Public Comment information regarding Amendments to this Plan, see "8. Amendments to the 2023 Annual Action Plan" at the end of AP-05*

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 2023 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 English, Spanish, Hmong 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 9 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 to take the survey from the convenience of their home. Multiple attendees at the input meetings also responded on paper versions, which were 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, at the County Library, and the local State employment office.

As a result of these efforts, a total of 338 respondents participated in the survey, an increase of 197 respondents over last year.

329 surveys were submitted in English, 9 in Spanish, and 0 responses were received in Hmong. With increased efforts to reach Spanish-speaking populations, there was a noted increase from 2022 in the percentage of primarily Spanish-speaking residents responding to the survey, from 1.5 to 7 percent of respondents (5.2% stated they read primarily in Spanish). No residents responded to the survey in Hmong, even though 0.9 percent and 0.3 percent speak and read in Hmong, respectively. 32.2% of respondents stated they were of Hispanic or Latino origin, an increase of just 0.2% over last year. 6.1% of respondents were Asian, 5.8% were Black/African American, 0.9% Native Hawaiian/Other Pacific Islander, 3.9% were American Indian/Alaskan Native, and 65.4% were White/Caucasian. 33.3% of respondents answered that their income levels range between \$0 and \$55,999 (generally extremely low- to moderate-income ranges for a single-person household).

The lasting effects of the COVID-19 pandemic and increased inflation-related cost of living are starkly evident, as a combined 61.5% of the 338 respondents stated they have had difficulties paying their rent, mortgage, and utility bills (gas/electric/municipal utilities) during the last two years and had to make trade-offs between essential expenses to keep their housing, which was an increase of nearly 20 percentage points from last year’s survey. Similarly, 19.2% stated that they have had difficulty affording necessary repair or improvements to their homes and 11.2% had experienced homelessness (approximately 8.7% and 3.8% increases respectively from last year’s survey).

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 December 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 a hybrid in-person/virtual format. Those who wished to attend virtually were provided a Microsoft Teams link, where they could submit questions through the software's chat function for staff to answer live during the meeting or have a dialogue with in-person staff and other attendees through their device microphone. Virtual attendees could also join the meeting with their landline phones through the call-in phone number provided. Spanish and Hmong language interpreters attended each meeting in-person and were prepared to provide interpretation services, if needed. The in-person meetings were held in the Sam Pipes Room, which is a large ADA-accessible meeting room located on the first floor of City Hall.

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.

Council Meetings/Public Hearings

On December 5, 2022, Housing staff provided the City Council and the Public with an informational report that discussed the upcoming citizen participation processes for both the 2023 Annual Action Plan and the HOME-ARP Allocation Plan, as well as providing tentative dates for the respective public hearings.

A total of two public hearings were held (March 20, 2023, and May 1, 2023), with the May meeting being continued to June 5, 2023, and the comment period extended to May 15, 2023, and a third Council meeting was added in between the two original public hearings to provide Councilmembers additional opportunity to discuss and provide direction to staff regarding final project funding. 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. Additionally, comments and concerns expressed by citizens during the January/February Town Hall Meetings were noted.

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

- 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 trust funds
- Housing resources for farm workers
- Housing vouchers
- Fair housing rights
- Rent control and protections
- Homeowner rehabilitation programs
- Substandard housing
- Job training programs
- Counseling/dispute resolution services for tenants and landlords

Please see the below and the tables in Section AP-12 Participation for summaries of the public comments received during community outreach for this plan.

2023 Annual Action Plan
City Council Public Meetings/Hearings and Public Comments Received

<p style="text-align: center;">Monday, December 5, 2022; 6:00 p.m. – Agenda Item K.3. (Information Only Item) Merced Civic Center – City Council Chambers, 678 W. 18th Street, Merced</p> <p>Notes: At this Council meeting, staff presented information regarding upcoming public participation opportunities planned in conjunction with the 2023 Annual Action Plan preparation and for the HOME-ARP Allocation Plan, as preparation activities for both plans were occurring at the same time. Staff spoke about the Community Needs Assessment surveys, the locations, and methods available to take the survey, and encouraged residents to take the survey and provide their input. Additionally, the dates, locations, and ways to attend for the three Community Input Meetings were provided in the report and in the staff presentation. Staff explained what CDBG and HOME funds can be used for in the community to address priority community needs, including affordable housing, rehabilitation, and public services. Additional allowed uses were explained for the HOME-ARP funds associated with that separate plan prep process. A timeline for completion of plan preparation activities was presented for each of the two plans, including anticipated public hearing dates.</p> <p>Staff answered questions from the Council regarding HOME-ARP encumbrance deadlines and how information to non-English speaking residents was being disseminated to ensure they would be equally included. Staff explained that all outreach materials would be published in English, Spanish, and Hmong and that interpreters would be provided at all meetings and events.</p> <p>Public Comment; No public comment was collected at this meeting, as this item was presented as “information only.” However, information in the staff report was publicly available and staff provided contact information in the presentation for any questions.</p>
<p style="text-align: center;">Monday, March 20, 2023; 6:00 p.m. – Agenda Item J.1. (Scheduled Public Hearing) Merced Civic Center – City Council Chambers, 678 W. 18th Street, Merced</p> <p>Notes: At this Public Hearing, proposed expenditures and project funding using CDBG and HOME funds were introduced to inform the public and Council and to gather any public comment. Housing staff reviewed the citizen participation requirements and process and provided needs assessment results from the electronic survey and other outreach efforts conducted between December and February 2023. Community members in attendance were invited to provide further input for the public hearing.</p> <p>Council discussed the proposed projects and provided direction to staff regarding public services funding amounts to meet the 15% public services cap. Council also asked staff to look for alternative projects to the Acquisition/Rehab program and requested more information about the WeeCare microenterprise program in order to determine other funding.</p> <p>Comments from the public included:</p> <ul style="list-style-type: none"> • Written comment submitted to City Clerk prior to meeting: None • In-person comments received during the Public Hearing (2 speakers): 1) <i>Leticia Luki (Harvest Time)</i> – explained there is very high food insecurity in the community, explained how they have assisted the community and its homeless residents with perishable food box and lunch box supplements for thirty years, and asked the Council for their support; 2) <i>Monika Grasley (Lifeline CDC)</i> – provided a slideshow presentation explaining how Lifeline CDC is helping to empower Loughborough Area residents to thrive. • Voicemail comments submitted to City Clerk and played during the meeting (2 voicemails): 1) <i>Erik Ekejian</i> – emphasize significance of supporting economic development in the community and ensuring equal opportunities for everyone; urge policies and initiatives that drive economic growth and create a nurturing environment where businesses and residents can prosper; listen to diverse perspectives and work together to develop strategies to benefit residents; 2) <i>E.J. Elmer Lorenzi</i> – (provided the same voicemail comment as prior speaker) <p>Other: Council held the Public Hearing and, afterwards, held a discussion regarding the proposed funding for the 2023 program year. As a result of this discussion, the Council asked staff to return for the April 17, 2023, meeting with alternative project funding options, to explore whether there may be a better use of CDBG funds with a wider community benefit. The proposed projects in question were Sierra Saving Grace’s 2023 Acquisition/Rehab project and WeeCare’s childcare provider microenterprise proposal.</p>

City Council Public Meetings/Hearings - Public Comment Summary (Page 1)

<p align="center">Monday, April 17, 2023; 6:00 p.m. - Agenda Item K. (Report Item) Merced Civic Center – City Council Chambers, 678 W. 18th Street, Merced</p> <p>Notes: At this meeting, staff presented an alternative project funding option (Fire Department EMS vehicles) and more information regarding the WeeCare “Boost” microenterprise proposal and received new Council direction regarding final project funding that would move forward to the Final Draft. There was additional discussion regarding public services funding, particularly project funding for tenant/landlord counseling services.</p> <p>Though not scheduled as a public hearing item, community members in attendance were invited to provide input.</p> <p>Comments from the public included:</p> <ul style="list-style-type: none"> • Comments submitted to City Clerk prior to meeting: None • In-person comments received during the Public Hearing (1 speaker): <i>Madeline Harris (Leadership Counsel for Justice and Accountability)</i> – stated their support for more Tenant/Landlord Counseling project funding to Project Sentinel, based on the needs they have seen in the community. • Voicemail comments played during the meeting: None <p>Other: Fire Chief Parker provided information about the Fire Department’s HEART car proposal and how it can be used to deliver increased EMS and preventative care services to housed and unhoused community members, to fill the services gap that currently exists. There were two comments provided by residents via the Facebook Live broadcast.</p>
<p align="center">Monday, May 1, 2023; 6:00 p.m. - Agenda Item J.3. (Scheduled Final Public Hearing) Merced Civic Center – City Council Chambers, 678 W. 18th Street, Merced</p> <p>Notes: At this Public Hearing, staff asked Council to open and continue the Public Hearing to the June 5, 2023, Council Meeting, in order to provide more time to incorporate the changes to the plan as per direction received from Council at the last meeting, since the plan was not ready for approval due to these changes. Staff also requested that the Public Comment Period be extended by two weeks, to May 15, 2023, to provide residents additional time to review and comment on these changes. Staff provided a brief presentation regarding final figures for public services projects.</p> <p>Comments and Suggestions from the public included:</p> <ul style="list-style-type: none"> • Comments submitted to City Clerk prior to meeting: None • In-person comments received during the Public Hearing (1 speaker): <i>Peng Cha Vang (resident)</i> – provided comments regarding the organization of agenda items (staff answered this question during the meeting – this was the noticed public hearing date) and asked that more funding be provided to the Parks and Recreation Department to fund parks projects. • Voicemail comments played during the meeting: None <p>Other: Council opened and continued the Final Public Hearing to June 5, 2023, and extended to Public Review and Comment Period to May 15, 2023.</p>
<p align="center">Monday, June 5, 2023; 6:00 p.m. - Agenda Item K.1 (Continued Public Hearing) Merced Civic Center – City Council Chambers, 678 W. 18th Street, Merced</p> <p>Notes: At this Public Hearing, staff provided a brief presentation, and asked Council to re-open and hold the Public Hearing. Two speakers asked questions that were answered by staff following the hearing. Councilmembers had no questions of staff.</p> <p>Comments and Suggestions from the public included:</p> <ul style="list-style-type: none"> • Comments submitted to City Clerk prior to meeting: None • In-person comments received during the Public Hearing (2 speakers): 1) <i>Wolf (no last name)</i>: asked staff to explain the HOME project that provides funding for affordable housing. Following the close of the public hearing, staff explained that the funds are being targeted towards a 156-unit affordable housing project that is seeking to begin construction in 2024 if CA Tax Credit funding is awarded ; and, 2) <i>Alejandro Flores</i> – asked for an explanation on the Tenant and Landlord Counseling project. Following the close of the public hearing, staff explained the project further. • Voicemail comments played during the meeting: None <p>Other: Council re-opened and held the Final Public Hearing and approved the 2023 Annual Action Plan, which included award of funds to subrecipients and adoption of Resolution 2023-34.</p>

City Council Public Meetings/Hearings - Public Comment Summary (Page 2)

Public Comment

46-Day Public Review and Comment Period (Extended)

A Public Notice was published on March 2, 2023, which notified the public about opportunities to review and comment on the Annual Action Plan and the scheduling of two public hearings, on March 20, 2023, and May 1, 2023. The Notice also provided instruction on how to comment and the availability of language interpretation if needed. The notices were published in English, Spanish, and Hmong.

The Public Review and Comment Period was initially scheduled to be held March 31, 2023, through May 1, 2023. However, at the May 1, 2023, Public Hearing, the City Council voted to extend the Review/Comment Period another 15 days, to end on May 15, 2023. The total number of days with this extension was 46 days. This gave the public opportunity to comment on the funding option changes that Council requested at the April 17, 2023, council meeting.

Written Comments received during the Extended 46-day Public Review and Comment Period:

The Housing Division did not receive any written comments during the Comment Period held from March 31, 2023, to May 15, 2023.

There were no requests to view the Draft Plan in person. The Draft Plan was posted to the Housing Division website for review. A link to this page was provided in the Public Notice.

Public Comment Period Summary - March 31 to May 15, 2023

**City Council's Community Town Hall Meetings
January 25, January 31, and February 9, 2023**

This summary includes citizen comments that could potentially be addressed with programs assisted by HUD CDBG or HOME funding.

Town Hall Meeting #1, Wednesday, January 25, 2023; Multicultural Arts Center, 645 W Main Street, Merced
<p>Notes: List of Topics/Needs expressed by the public and discussed:</p> <ul style="list-style-type: none"> • Downtown parking availability/parking garage use for public parking, leased spaces • Public Infrastructure Projects: recent John Muir sidewalk project completion and cooperation of PW appreciated • Park/Recreation Facilities: bike path repairs after storm damage/FEMA funding for long-term reconstruction; public restrooms in parks • Youth Activities: kids need things to do; Adventure Playgrounds (playadventures.org); Youth Wellness Center in South Merced – City has partnership with County Office of Probation and Merced County Workforce Development for future project Violence Prevention Program at Steven Leonard Park, pilot project with wrap-around services to include youth employment training, counseling, behavioral health, and social services, City will support with peer mentorships; Teen Center at the Library – City contribution; job training important for youth • Education • Neighborhoods: Downtown Neighborhood Association; acceptance of Historic Neighborhood Designation application for "Spaghetti Acres" area • Homelessness • Affordable Housing – invest in Housing Trust Fund; HTF funding was set aside but program hasn't been structured/implemented – being included in Prohousing policies that City is currently working on; John Ceccoli – Deputy Director Human Services Agency, 100-day challenge multi-agency effort to house 100 children and youth, successful with 116 children/youth housed • LGBTQIA+ Community – Central Valley Pride activities – peer led support groups, preventative services, film festival, Pride Fest, youth events, MAC Center staffing; needs volunteers, needs city support with funding • Flood relief go LMI residents, stimulus checks; displacement assessment; tenant/landlord counseling for LMI families; City working with FEMA/OES to deploy resources to affected neighborhoods; working with Project Sentinel to advocate for fair housing rights; Resource center at fairgrounds; permanent supportive placements through contract with Housing Authority/County; resources coming for remediation as a result of the Emergency Declaration • Seniors: new rail station will affect the Senior Center and the Boys and Girls Club; urged city to look for quality options to meet the needs of seniors in the community – building that will function with their needs and activities; High Speed Rail aware of this high need (replacing Senior Center) • Measure C – need to continue funding for DART Team, Police, Fire services so services are not lost • Misc: Elections process improvements (County); Climate/Air Quality mitigation/SB1383 organic waste; inflation hurting low-income residents the most

Town Hall Meetings - Public Comment Summary (Page 1)

<p align="center">Town Hall Meeting #2: Tuesday, January 31, 2021; Cruickshank Middle School, 601 Mercy Ave, Merced</p>
<p>Notes: List of Topics/Needs expressed by the public and discussed:</p> <ul style="list-style-type: none"> • Housing – need to keep working on housing; permanent housing needed; affordable housing projects – working on funding commitments; State Prohousing designation; need truly affordable housing; farmworker and undocumented worker housing/assistance – legal resources limited for undocumented renters; need rental assistance • Measure C general tax – reconsider putting it back to the voters; also consider a tax on unhealthy food items such as potato chips and soda • Youth: need youth employment programs; housing for youth, infrastructure, resources, wellness, protection; ARPA-funded Youth Jobs Program needs to continue once those funds are fully expended; 196 youth applied for 168 spots available – need is still there; bring back summer youth jobs program; programs for youth prevent future crime • Job training: proper training needed for High Speed Rail maintenance yard workforce • Facilities: lights needed at skate park at McNamara Park; Safe Street Light program – upgrade existing lights to LED bulbs, project in progress at city; however, new streetlights in parts of city all over town are needed; • Traffic: often backed up and new lights seem to be installed every other block; bicycling needs to be promoted and bike lanes widened and made safer (gutter not a bike lane); some areas no more right-of-way available; transit-oriented development may change some areas, triggering needed improvements; intersection of Coffee/Childs very congested in morning at Weaver and Golden Valley schools; multiuse path project currently being designed for Childs Ave at Coffee Rd; M Street at Donna/Buena Vista – speeding, accidents; Loughborough Ave traffic calming study; traffic enforcement is being enhanced with new monitoring equipment that will record number and speed of cars where it is placed • Misc: redefine what public safety is – affordable housing, mental health, parks, roads/transportation, access to clean and safe water; flood relief program for low-income; public infrastructure to prevent future floods; youth wellness center; affordable housing trust fund
<p align="center">Town Hall Meeting #3: Thursday, February 9, 2023; Weaver Middle School, 3076 E Childs Ave, Merced</p>
<p>Notes: List of Topics/Needs expressed by the public and discussed:</p> <ul style="list-style-type: none"> • Measure C • Parks & Recreation: need funding for summertime activities; no updated Parks & Rec masterplan, but there is a strategic plan and several services are offered over the summertime; the long term strategic plan helps in laying out priorities for replacement of facility buildings, installation of future regional parks, and other improvements. • Railroad crossings: undercrossing needed at the Union Pacific crossing at 16th/15th and G Streets • Litter/Neighborhood cleanups: abandoned shopping carts are a problem again, after Code Enforcement lost funding/staff for cart retrieval; existing Municipal Code needs to be enforced and business contact list needs to be updated • Transportation: future roundabout at Hwy 59/Gerard Avenue – timeline and notification to residents that will be impacted; reroute traffic through Mission Avenue, notification by CalTrans; still in design phase; est 5-10 years; speeding a problem • Housing; Housing Trust Fund; first time homebuyer program for farmworkers; extreme heat weatherization program; tenant/landlord counseling and mediation program needed; youth guaranteed housing program/post-high school youth homelessness; point in time count does not capture young people who are “couch surfing” with friends • Flood-related housing issues: local housing crisis exacerbated by January storm flooding; habitability issues left by landlords after flooding; funding gaps left by FEMA/CalOES funds for undocumented workers; relocation assistance for tenants who will need to move due to flood damage; coordination of inspections for flood damage assessment between FEMA and City/County through substandard housing program; accountability for landlords longterm and policies to protect tenants • Youth: Isiah Project in South Merced – life skills curriculum, shoes to kids, events • Election process for Council seats • Public Safety/Policing Standards • Schools: need land for new schools; sidewalks from Weaver School to Golden Valley High School; Childs Ave sidewalk project scheduled for construction by fall/winter 2023

Town Hall Meetings - Public Comment Summary (Page 2)

Community Input/Public Service Information Meetings
December 12, 2022 at 6:00 p.m.; December 13, 2022 at 6:00 p.m.
and December 16, 2022 at 3:00 p.m.

There were three hybrid in-person/virtual meetings held. All meetings were held in-person in the Merced Civic Center's Sam Pipes Room. For all meetings, interested residents and public service providers could attend through Microsoft Teams conference software. Direct links to the meetings were posted on the Housing Division website, and questions could be asked through the chat feature on Microsoft Teams and by voice directly into the in-person meeting to be answered in a live conversation with city staff. An email address was provided for any questions submitted after the meeting.

Notices published in local newspapers and posted on the City website informed residents that translation services for Spanish and Hmong languages were available upon request by email and telephone prior to the meeting. Staff received no translation requests.

Residents and local public service groups were invited to attend through multiple outreach avenues, including: newsletters delivered with utility bills (December 1st newsletter), quarter-page newspaper advertisements, multiple social media posts, the City's website, letters mailed directly to non-profit organizations, a local community news radio show, and these meetings were mentioned in all housing-related public meetings held during that time, including a presentation to City Council on December 5, 2022.

The meetings were held in two parts. Part One of the presentation was focused on providing information to residents about the City's Housing Program and the Annual Plan process, how the highest needs of the community could be addressed through yearly CDBG and HOME federal funds, how important it is to reach and understand the needs of the City's most vulnerable citizens, and to respond to the Community Needs Survey. Part Two of the presentation was focused to public service non-profit organizations, providing more detailed information regarding CDBG and HOME eligible uses, National Objective requirements, and how to apply for and get technical assistance help with requests for project funding to assist the City in addressing the needs of the community.

All comments and questions received were discussed and answered during each meeting.

Community Input Meetings - Summary

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

All public comment was 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 2023 Annual Action Plan, which carries out the fourth year of the ConPlan, closely resemble those listed above, and through funding, all of the needs listed above will be addressed in some way, big or small, with the projects included in this 2023 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 125 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 1 – February 15, 2023, the Housing Division received eleven applications from non-profit organizations seeking project funding for the 2023 Program Year.

At the March 20, April 17, and May 1, and June 5, 2023, Council Meetings/Public Hearings, staff asked the 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 funding activities and goals aimed at addressing community needs. As the Housing Division received more funding requests in total than the Public Services 15% cap allowed, Councilmembers were provided information about each proposed project and asked to prioritize the funding requests and award amounts based on the expressed needs and funding preferences of the community during this process.

As a result of all discussions, five public service projects, three public facilities/improvement projects, and two housing providers were awarded funding for the 2023-24 Annual Plan year. Additionally, a large

amount of HOME funding, including CHDO HOME, is set aside to contribute to a potential 156-unit affordable rental housing development.

City Council approved the Final Draft of the 2023 Annual Action Plan on June 5, 2023, and adopted Resolution #2023-34 (attached). Council also approved submission of the 2023 Annual Action Plan to HUD following any necessary minor changes and revisions.

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.

8. First Substantial Amendment to the 2023 Annual Action Plan

Introduction and Reason for Amendment:

Through a Substantial Amendment to the 2023 Annual Action Plan (AAP), the City of Merced intends to make changes to previously approved Community Development Block Grant (CDBG) projects in the existing AAP, which also involves projects that were approved in the 2021 and 2022 Annual Action Plan but are not moving forward using the prior-approved funding.

The primary reason for these changes is to expedite expenditure of CDBG funds by April 30, 2024, in order to meet certain regulatory expenditures deadlines of the City's CDBG funding. As previously mentioned in this and past plans, and in recent Consolidated Annual Performance and Evaluation Reports (CAPERs), the City has experienced multiple events and circumstances since early Spring 2020 that have caused accumulated delays to planned CDBG projects, including the 2020 COVID-19 Pandemic, additional public outreach efforts in fall of 2020, vacant staff positions, environmental monitoring findings and suspended project funding, and unexpected payoff of large CDBG loans resulting in a substantial amount of unplanned Program Income in Spring 2021. Initial efforts to allocate these funds on infrastructure projects have proved unsuccessful, and the City is now in its second year of non-compliance with CDBG Timeliness deadline requirements. To remedy this, the City has worked with HUD over recent months to prepare and complete a Workout Plan, which will assist the City to become compliant by Spring of 2024. During preparation of the Workout Plan, ways to expeditiously expend CDBG funds were identified, which has led to the need to amend this Annual Plan.

Secondarily, these changes also seek to address the urgent need for additional affordable rental housing units in Merced City, which has already been identified in the current Consolidated Plan and elsewhere in this Annual Plan. As such, the City intends to move \$2,612,845 of CDBG funds to Project #15, which originally planned to use only Home Investment Partnership Program (HOME) funding. The added CDBG funds will be used to acquire the necessary land on which the rental housing project will be built. Additionally, some HOME funds may also be used towards the land purchase in the event the final purchase price is more than the available CDBG funding provided. The project is expected to accomplish

its financial closing procedures by the end of February 2024, along with the transaction for the sale of land.

Citizen Participation and Public Comment Received (1st Substantial Amendment)

The City's adopted Citizen Participation Plan (CPP) sets procedures for Citizen Participation for preparation of all HUD-related plans and reports, as well as specific requirements for amendments to Consolidated Plans and Annual Action Plans. The CPP requires a Substantial Amendment whenever: 1) a change is needed to be made to allocation priorities or method of funding distribution that affects more than 75% of the allocation of funding in any project and/or the total distribution of funding; 2) when an activity is intended to be carried out using any HUD funding source that was not covered by the Consolidated Plan; and/or 3) to substantially change the purpose, scope, location, or beneficiaries or an activity.

For Substantial Amendments, the CPP requires: notices to be published in multiple languages, available translation of all documents and at all meetings or hearings, a 30-Day Public Review and Comment Period, no public hearing, City Council approval, and submittal of the Council-approved and amended plan to HUD. Copies or lists of the proposed amendments are to be made available primarily at the Merced City Hall/Civic Center, with alternate optional locations at the Merced Senior Center, Merced County Administration Building, and the City's website.

All requirements of the CPP were met in the preparation of this Substantial Amendment. Public Notices were published in English, Spanish, and Hmong languages on November 23, 2023, in the Merced Sun Star and Merced County Times local newspapers. The notices were posted on the public bulletin board outside City Hall, and posted online on the Housing Division's website (www.cityofmerced.org/housing). The notice also notified the public of the intended City Council approval date, in order to give residents an additional opportunity to participate (through the City Clerk, citizens can speak about any matter on every City Council agenda). The notices served to notify residents about the intent to amend the 2023 Annual Action Plan, notified them of the reasons for the amendments, briefly described the amendment actions, and provided instructions to view a prepared Summary that detailed all the intended amendments. This Summary was made available to view online, to view physically at the Housing Division office, or by email by request.

Public Comment Received

Public Review and Comment Period - November 24 - December 26, 2023

No written or verbal public comment or inquiries were received during the 33 days provided to residents to view and comment on this amendment.

City Council Meeting - January 2, 2024 - Agenda Item K.3.

No written, verbal/voicemail, or in-person public comment was received regarding the amendment at the City Council meeting.

The City Council approved the First Amendment unanimously, with one councilmember not in attendance (6 Ayes, 0 Noes, 1 Absent, 0 Abstain). City Council Resolution 2024-02 is included in Attachment 3 of this Annual Action Plan.



1st Substantial Amendment – 2023 Annual Action Plan

December 2023

Summary of Changes to Projects and Amendment Details

Introduction and Reason for Amendment:

Through an amendment to the 2023 Annual Action Plan (AAP), the City of Merced intends to make several changes to previously approved Community Development Block Grant (CDBG) projects in the existing AAP, which also involves projects that were approved in the 2021 and 2022 Annual Action Plan but are not moving forward using the prior-approved funding. The primary reason for these changes is to expedite expenditure of CDBG funds by April 30, 2024, in order to meet certain regulatory expenditures deadlines of the City's CDBG funding. Secondly, these changes also seek to address the urgent need for additional affordable rental housing units in Merced City. As such, the City intends to move \$2,612,845 of CDBG funds to an existing project in the AAP that originally planned to use only Home Investment Partnership Program (HOME) funding.

This summary has been prepared to explain what items in the existing AAP will be amended, added, or deleted.

Please see the tables and information on the pages that follow below.

1st Substantial Amendment - Summary of Changes (Public Review Summary) - Page 1

2023 Projects to be Changed as a part of this Amendment:

2023 AAP Project #	Project Name	Goal	Funding Source/Amount	Use of Funds	Summary - Project Details Amended
Original: #15 No change to project number	Original: HSG – HOME: Construction of Affordable Rental Housing (23/24) Amend to: HSG – CDBG/HOME: Affordable Rental Housing – Land Acquisition and Construction (23/26)	Original: 2B, 2C Amend to delete: Goal 2C	Original: HOME \$4,403,129 Amend to add: CDBG \$2,612,845	Original: HOME: Rental Housing Construction Amend to add: CDBG: Acquisition of Land for Affordable Housing HOME: a portion of HOME funds may be used towards Land Acquisition, in addition to Rental Unit Construction	1. Project Name – changed to: <i>HSG - CDBG/HOME: Affordable Rental Housing - Land Acquisition and Construction (23/26)</i> ; 2. Goals Supported - Delete Goal 2C from project, as project will not include units for Permanent Supportive Housing 3. Funding - Add additional funding: CDBG funds in the amount of \$2,612,845 4. Description - Add CDBG funds to project narrative. CDBG funding will be split as follows: \$2,375,314 for land acquisition; \$237,531 for activity delivery costs (10% of CDBG funds used for acquisition); HOME funding will be used for both Acquisition of Land and Housing Unit Construction (no change to total amount; however, if HOME funds are used for acquisition, ADC is charged at 10% of the amount used towards acquisition) 5. Location Description - 1535 Devonwood Drive, Merced 6. Planned Activities - CDBG: IDIS Matrix Code/Activity: 01/Acquisition of Real Property; Eligibility: 24 CFR 570.201(e); CDBG National Objective Met: LMH/Low-Mod Housing Benefit - 24 CFR 570.208(a)(2)(iv) 7. Goal Outcome Indicator (AP-20) - unchanged
#5 No change	Original: PSA – CDBG: Project Sentinel “Tenant-Landlord Services” (23/24) No change	Original: 3A, 5 Amend to delete: Goal 5	Original: CDBG \$51,385 No change	Original: Public Services – Tenant and Landlord Counseling No change to use	Minor changes are being made to this project at the advice of HUD, as follows: 1. Goals Supported – remove Goal 5 (Enhance Fair Housing Knowledge and Resources) and decrease by \$56,445. This project is more appropriate under only Goal 3A. Increase Goal 3A by \$45,069. (\$11,376 difference is attributed to spread of Direct and Indirect Administrative activities over all projects based on percentage of total funding)

1st Substantial Amendment - Summary of Changes (Public Review Summary) - Page 2

2023 Projects to be Deleted by this Amendment:

2023 AAP Project #	Project Name	Goal Affected	Funding Source Affected	Amount Deleted and Added Back to Available Resources and Subtracted from Associated Goal	Reason Cancelled
#7	PFI - CDBG: City of Merced McNamara Park Memorial Plunge Pool Improvements (23/24)	1A	CDBG	\$258,122	This project is not moving forward due to higher priority projects. Funds are needed for Project #15 described in the above table. Goal Outcome Indicator (Table AP-20) is reduced by 1 Public Facility ("Other"), and 900 Persons Assisted
#17	HSG – CDBG: Rehabilitation Project to be Determined (23/24)	2A	CDBG	\$126,563	In the original Annual Plan, this project was intended as a "holding" project, with no specific use determined until an amendment to the plan was processed. As such, with this First Substantial Amendment, this holding project will be deleted and the funds will be used towards the changes described in Project #15 in the above table. Goal Outcome Indicator reduced by 1 Housing Unit

Other amendments to the 2023-24 Annual Action Plan:

1. Increase in Program Income: thus far in PY2023, more program income has been received than originally anticipated (original estimate: \$93,000). This amendment will specifically direct \$27,095 of this unanticipated program income towards Project #15. Total program income of \$120,095.
2. Increase in Carryover Resources Expected: As a result of changes to 2021 and 2022 projects, more carryover funds have become available. These changes were:
 - a. Disencumber/repurpose a total of \$19,891 of PY2021 and PY2022 Public Service program funding not utilized by three subrecipient programs (PY2021 Alliance for Community Transformations \$624.05; PY2021/Project #13 Symple Equazion \$11,995.85; and PY2022 Harvest Time \$7,271.71)
 - b. Disencumber/repurpose a total of \$872,506 of previously approved funding to the S. Canal/W Childs Avenue Street and Sidewalk Improvement Project (PY2021/Project #5/\$825,000; and PY2022/Project #7/\$47,506).
 - c. Disencumber/repurpose a total of \$1,092,333 of PY2021 CDBG from infrastructure projects that are not moving forward (Project #'s 6, 7, 8, 9, and 10).
 - d. PY2014, 2015, and 2016 CDBG funds totaling \$216,335 that have become available for re-use after repayment of an ineligible infrastructure activity early in the 2023 program year.

1st Substantial Amendment - Summary of Changes (Public Review Summary) - Page 3

3. As a result of project changes and deletions, the following adjustments to 2023 CDBG Annual Goals and Objectives (Section AP-20 in AAP) are necessary: a) Goal 1A – decrease by \$331,697; b) Goal 2A – decrease by \$148,582; c) Goal 2B – increase by \$2,721,833; d) Goal 3A – increase by \$45,069; e) Goal 4A – decrease by \$2,018; f) Goal 5 – decrease by \$56,445.
4. Minor text amendments and other corrections related to these adjustments will be made to sections where these projects and goals are mentioned.

1st Substantial Amendment - Summary of Changes (Public Review Summary) - Page 4

9. Second Substantial Amendment to the 2023 Annual Action Plan

Introduction and Reason for Amendment:

Through a second substantial amendment to the 2023 Annual Action Plan (AAP), the City of Merced intends to make additional necessary changes to previously approved Community Development Block Grant (CDBG) projects, which also involves a project that was approved in the 2022 Annual Action Plan but is not moving forward with the use of HUD funding.

The primary reason for the second substantial amendment is due to the discovery of unintended miscalculations of CDBG financial resource figures as the first substantial amendment was being readied for its January 2024 City Council approval. The calculation error resulted in an overstatement of the available CDBG financial resources. As a result, further cuts are necessary to planned projects in order to balance the 2023 Annual Plan budget (expected available resources vs planned projects).

As noted above, the first substantial amendment was necessary in order to meet certain regulatory expenditures deadlines of the City's CDBG funding. As such, given that urgent nature, the City Council and HUD approved the first amendment, condition with the directive to City staff to immediately start a second amendment process that would correct the error that was discovered, as well as adjustments to other parts of the plan that were affected. Approval by both Council and HUD of the second amendment are necessary, in order to be able to close out the 2023-24 program year correctly and accurately.

Citizen Participation and Public Comment Received (2nd Substantial Amendment)

All requirements of the CPP were met in the preparation of this Second Substantial Amendment. Public Notices were published in English, Spanish, and Hmong languages on April 4, 2024, in the Merced Sun Star and Merced County Times local newspapers. The notices were posted on the public bulletin board outside City Hall, and posted online on the Housing Division's website (www.cityofmerced.org/housing). The notice also notified the public of the intended City Council approval date, in order to give residents an additional opportunity to participate (through the City Clerk, citizens can speak about any matter on every City Council agenda). The notices served to notify residents about the intent to amend the 2023 Annual Action Plan for the second time, notified them of the reason for the amendment, briefly described the amendment actions, and provided instructions to view a prepared Summary that detailed all the intended amendments. This Summary was made available to view online, to view physically at the Housing Division office, or by email by request.

Public Comment Received

Public Review and Comment Period - April 5 - May 6, 2024

[this section will be completed following the end of the Public Review and Comment Period]

City Council Meeting - May 6, 2024 - Agenda Item

[this section will be completed following the May 6 Council meeting]



2nd Substantial Amendment – 2023 Annual Action Plan

April 2024

Summary of Changes to Projects and Amendment Details

Introduction and Reason for Amendment:

Through a second amendment to the 2023 Annual Action Plan (2023 AAP) for Program Year 2023-24, the City of Merced intends to make changes to previously approved U.S Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) projects and to correct previously stated CDBG financial resource calculations.

This summary has been prepared to illustrate and explain what items in the current amended AAP will be further amended, added, or deleted. During a 30-day Public Review and Comment Period held from 4/5/24 to 5/6/24, written questions/comments regarding these changes can be directed to: (mail/in-person) City of Merced Housing Division, 2nd Floor Merced Civic Center, 678 W 18th Street, Merced CA 95340; (email) housing@cityofmerced.org. Housing Division staff can be reached by telephone at (209)385-6863.

The 2023 AAP was first amended in January 2024, to expedite expenditure of excess CDBG funds. The primary need for a second amendment is due to the discovery of unintended miscalculations of CDBG financial resource figures as the initial amendment was being readied for its January City Council approval. Given its urgent nature, Council and HUD approved the first amendment, conditioned with the directive to City staff to immediately start a second amendment process that would correct the errors, which now necessitates eliminating and/or postponing additional projects in order to balance the program year budget. Council and subsequent HUD approval of this second amendment will allow City staff to then close out the 2023-24 Program Year with accurate project lists and financial calculations.

Please see the tables and information on the pages that follow.

Translation/interpretation of this summary to Spanish and Hmong will be made available upon request – please call (209)385-6863.

La traducción/interpretación de este resumen al español y hmong estará disponible previa solicitud; llame al (209) 385-6863.

Kev txhais / txhais cov ntsiab lus no ua lus Mev thiab lus Hmoob yuav muaj nyob rau ntawm qhov kev thov - thov hu rau (209) 385-6863.

2nd Substantial Amendment - Summary of Changes (Public Review Summary) - Page 1

Projects to be Deleted by this Second Substantial Amendment:

AAP Project # and Annual Plan Year	Project Name	Goal Affected	Funding Source Affected	Amount Deleted and Added Back to Available Resources and Subtracted from Associated Goal	Reason Cancelled
2022 Project #7 (Also was 2021 Project #5)	PFI – CDBG: S Canal St/W Childs Ave. Street, Sidewalk, Curb & Gutter Improvements (FY22/23)	1A Improve Public Infrastructure & Facilities	CDBG	\$ 275,000 (Originally budgeted as \$270,000 project costs and \$5,000 Activity Delivery Costs - ADC)	This project was initially planned as a 2021 and 2022 CDBG public infrastructure project with total project costs of \$1,043,190 and \$104,316 for Activity Delivery (total of \$1,147,506 CDBG). A portion of these funds were removed with the 1 st Substantial Amendment to the 2023 Annual Plan, leaving a total of \$275,000 to be directed towards engineering plan design. However, this project is now moving forward <u>without any</u> federal funding (using Local and State funding sources), so the project in its entirety is removed from CDBG funding/Annual Plans for all years. This project originally expected to benefit an estimated 19,029 residents living within one mile of the project site.
2023 Project #5	PFI – CDBG: Merced City Fire Dept – HEART and EAV EMS Vehicles (23/24)	1A Improve Public Infrastructure & Facilities	CDBG	\$ 632,000 (All project costs, no ADC)	This project is not moving forward due to necessary adjustments that were made to CDBG Expected Resources to correct previous calculation errors. As a result, there are not enough CDBG resources available to carry out this project during PY2023. Goal Outcome Indicator (Table AP-20) is reduced by 3 Public Facilities (“Other”), and 520 Persons Assisted
2023 Project #14 (after 1 st Amendment) (Originally 2023 project #16)	HSG – CDBG: Habitat for Humanity – Homeowner Rehabilitation of Existing Housing Assets	2A Increase Owner Occupied Rehab Opportunities 2B Increase Affordable Housing Opportunities	CDBG	\$ 180,000 (Originally budgeted as \$150,000 project costs and \$30,000 ADC)	This project is not moving forward in PY2023 due to necessary adjustments that were made to CDBG Expected Resources to correct previous calculation errors. As a result, there are not enough CDBG resources available to include it in the 2023 Annual Action Plan. However, this project is carried over from previous years and must still be completed. PY2023 funded was intended to replace previous HOME funds that were removed from the project. As such, this

2nd Substantial Amendment - Summary of Changes (Public Review Summary) - Page 2

					<p>project may be re-added in the 2024 Annual Action Plan.</p> <p>Goal Outcome Indicator (Table AP-20) is reduced by 1 Homeowner Housing Added (1 household housing unit) and 1 Homeowner Housing Rehabilitated (1 household housing unit).</p>
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Other changes to the 2023-24 Annual Action Plan in this Second Substantial Amendment:

1. Increase in Program Income: more program income has continued to be received at higher amounts than originally anticipated (original estimate: \$93,000). This second amendment will specifically include and direct an additional \$27,225 of this unanticipated program income towards Project #15 (HSG - CDBG/HOME: Affordable Rental Housing - Land Acquisition and Construction (23/26). Total program income of \$147,320 now received in 2023-24 and added to the previously amended CDBG Expected Resources.
2. As a result of the deletion of 2022 Project #7 noted in the table above, the previously amended 2023 Carryover Funds is increased by \$275,000, which will then increase the previously amended 2023 CDBG Expected Resources by the same amount.
3. As a result of project changes/deletions, the following adjustments to the previously amended 2023 CDBG Annual Goals and Objectives (Section AP-20 in AAP) are necessary: a) Goal 1A – decrease by \$657,623; b) Goal 2A – increase by \$1,997; c) Goal 2B – decrease by \$159,173; d) Goal 3A – increase by \$2,377; e) Goal 4A – increase by \$422.
4. Minor text amendments and other corrections related to these adjustments will be made to sections where these projects and goals are mentioned.

2nd Substantial Amendment - Summary of Changes (Public Review Summary) - Page 3

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

City of Merced Housing Division
678 W. 18th Street
Merced, CA 95340

(209) 385-6863

Email: housing@cityofmerced.org

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

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 as 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 40 agencies, organizations, and inter-agency departments, including our Police and Fire Departments.

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(l))

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 homelessness 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 and Human Services Agency began working to develop a No Place Like Home (NPLH) Community Plan, which later expanded to a regional plan approach. The Regional Homeless Plan incorporates 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 remains a valuable tool for best practices to follow, with recommendations including:

- Following a Housing First approach to provide shelter and housing as quickly as possible. Once obtained, a variety of services are offered 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., depending on the willingness and needs of the household;
- Identifying funding sources for rapid re-housing, involving a variety of assistance including: short- 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 to help with circumstances that impede access to housing such as poor credit history, legal issues, and inability to negotiate manageable lease agreements with landlords; and 3) availability to resolve housing-related crises 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 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, engagement, and at shelters;
- Supporting a community outreach and education campaign to 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 and non-homeless families and individuals, as well as homeless veterans.

During the development of the 2023 Annual Action Plan, representatives from the CoC attended the December 2022 public input meetings and assisted the Housing Division with direct citizen meet-and-greet at the January and February 2023 Town Hall meetings. This collaboration time was invaluable at strengthening the coordination between our two entities.

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	CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING
	Agency/Group/Organization Type	Housing Services - Housing Services-Education Community Housing Development Organization (CHDO) and Non-Profit Public Benefit Corporation
	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 Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy

	<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 is an established non-profit Community Housing Development Organization (CHDO) and an Affordable Housing Developer. CVCAH provides housing (ADA-accessible, large family, rental, permanent supportive) 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. CVCAH also develops affordable housing throughout the State of California and approximately 25% of income generated from those and local housing activities assists in providing housing for homeless individuals and families. The City partners closely with CVCAH in developing affordable housing in the community. CVCAH feels the need for more senior citizen facilities, health services, and affordable housing has increased over the last year and that the need for fire stations/equipment has steadily remained the number one infrastructure need in 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. Area for improved coordination: helpful if all the City and County agencies could come together to assist each other out when opportunities arise to producing and servicing the low-income families in the city.</p>
2	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, victims of domestic violence/human trafficking/sexual assault, homeless/chronically homeless, persons/families at risk of homelessness, elderly persons, mental health patients, drug treatment and recovery patients, formerly incarcerated, veterans, unemployed/those looking for work, businesses, and communities of color/cultural/heritage. Currently, the United Way is administering its programs countywide. 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. Area for improved coordination: find a way to integrate the 211 network as part of the housing navigation system for the people of Merced County, to be able to assist with basic entry and navigation.
3	Agency/Group/Organization	LifeLine Community Development Corporation
	Agency/Group/Organization Type	Services-Children Services-homeless Services-Education Services-Employment Services - Victims Services - Narrowing the Digital Divide Planning organization 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 neighborhood communities to thrive through an asset-based approach, providing access to resources such as computers for document preparation and digital forms, internet services, and after-school programs. Populations served include homeless and chronically homeless individuals and families, children/youth/adolescents, families with children, victims of domestic violence, human trafficking, and/or sexual assault; persons/families at-risk of becoming homeless, elderly persons, formerly incarcerated, and those who are unemployed or looking for work. Lifeline CDC also provides housing services through referrals and informal counseling. LifeLine CDC receives approximately \$200,000 to \$300,000 annually from individual donors, foundations, and various small grants, including CDBG funds. 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. Area for improved coordination: Additional focus is needed to seniors and the recent homeless. Many people are on the verge of becoming homeless. A tiny home community setting may be of benefit for these population groups.

4	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 Services - Victims Agency - Emergency Management Other government - Local Grantee Department
	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 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 City of Merced's Police and Fire Departments each are in constant contact with homeless, extremely low-income families with children, persons with disabilities, persons HIV/AIDS, mental health patients, drug treatment and recovery patients, businesses, 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 homeowners and rental property owners that are most in need of homeowner or rental property rehabilitation funding. 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.
5	Agency/Group/Organization	Merced County Food Bank, Inc.
	Agency/Group/Organization Type	Services-homeless Services-Health Services-Education Services - Victims Health Agency Agency - Emergency Management Regional organization Non-Profit Public Charity 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 Non-Homeless Special Needs Anti-poverty Strategy Regional Food Insecurity
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	<p>The Merced County Food Bank's (MCFB) mission is to improve the health and well-being of Merced and Mariposa residents affected by hunger, through the acquisition, storage, and distribution of nutritious food; to provide and advocate for, increased access to, and consumption of, nutritious fruits, vegetables, nuts, and other foods; and, to integrate, facilitate, and advocate for programs and services that address hunger's underlying and related issues. This organization sources and distributes food and other nutrition products to those in need with the help of partnering agencies, such as food pantries, emergency shelters, and meal programs that serve families, children, seniors, and others at risk of hunger, educates the public about the problem of hunger. MCFB also directly serves the public through the Senior Brown Bag Program, USDA Emergency Food Assistance Program (EFAP) distribution sites, and through California's Drought Food Assistance Program (DFAP). MCFB is 80% funded through private donations and 20% publicly funded through the State of California Department of Social Services (DSS), U.S. Department of Agriculture (USDA), and Federal Emergency Management Agency (FEMA). Approximately 60% of their budget supports low-income food insecure residents of the City of Merced. 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. Area for improved coordination: more services are needed for vulnerable populations, especially the elderly.</p>

6	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. Referral support is provided for wrap-around services such as mental health. Populations reached include children/youth/adolescents, families with children, persons/families at-risk of becoming homeless, and children with disabilities. Approximately 53% of families served are LMI. The Boys and Girls Club of Merced County receives approximately \$500,000 to \$1,000,000 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. Area for improved coordination: strategies to serve working families or families seeking to get back to employment.

7	Agency/Group/Organization	Sierra Saving Grace Homeless Project
	Agency/Group/Organization Type	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless 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 Strategy Non-Homeless Special Needs Anti-poverty Strategy Lead-based Paint Strategy

	<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>Sierra Saving Grace Homeless Project (SSG) provides housing (rapid rehousing, emergency rental assistance, permanent supportive, rental housing, acquisition with rehabilitation) and non-housing supportive services to homeless, at-risk, and chronically homeless individuals/families within the community. Populations served by those primary services include: children/youth/adolescents, families with children, persons with disabilities, victims of domestic violence/human trafficking/sexual assault, homeless and/or chronically homeless persons, elderly persons, mental health patients, drug treatment or recovery patients, formerly incarcerated individuals, veterans, and those unemployed or looking for work. SSG receives current and past grant funding from a combination of HUD CDBG, HOME, CDBG-CV, and Emergency Solutions Grant (ESG) funds, California Emergency Solutions and Housing (CESH) funds, and other sources as they become available. SSG currently is contracted with the Central California Alliance for Health (CCAH) to serve their members who are homeless or at risk of homelessness with deposit assistance and housing case management and manage Rapid Rehousing funds from ESG and CESH. Approximately 80% of clients served are City of Merced 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. Better coordination can occur with affordable housing and mental health service providers in the community. Area for improved coordination: SSG attends weekly meetings with area service organizations to coordinate services and funding assistance to those in need and is a member of the City and County Continuum of Care. SSG works closely with the City's Housing Division on homelessness prevention and the creation and provision of both affordable and permanent supportive housing.</p>
8	Agency/Group/Organization	Merced Community College District

	Agency/Group/Organization Type	Services - Housing Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Education Services-Employment Services - Narrowing the Digital Divide Other government - State Foundation
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Needs - Unaccompanied youth 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?</p>	<p>The Merced Community College District covers most of Merced County and the Chowchilla High and Dos Palos Joint Elementary School Districts, was formed in 1962, and is a fully accredited college, offering lower division courses paralleling those of and transferable to four-year colleges and universities. Merced College's student support programs aim to connect students to basic need services, such as housing, childcare, clothing, transportation, and food assistance, to enable their education goals. Located on their Main and Los Banos campuses, the Basic Needs Center is intended to be a one-stop, single location for students to access services and resources, including bags of food. Other services include a sexual violence prevention program and personal counseling, and the college partners with the State CALWorks program to provide students and their families with career opportunities and support services. The college serves veterans, parents, former foster youth, students with disabilities, high school students, formerly incarcerated, and low-income residents. The College also offers Extended Opportunities Programs and Services (EOPS) to facilitate very low-income and historically underrepresented students' academic and career goals, and hosts a collaborative and all-inclusive Equity Hub area in the Student Union building. The college has a 2022-23 enrollment of approximately 12,000 students. Merced College receives their funding from the State and Federal Financial Aid for qualifying students. Area for improved coordination: coordination of housing services and provider information and grant assistance to help students obtain housing.</p>
9	Agency/Group/Organization	Housing Authority of the County of Merced
	Agency/Group/Organization Type	Housing PHA Services - Housing

	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 HOPWA Strategy Market Analysis Anti-poverty Strategy
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	<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 Housing Authority provides permanent subsidized rental housing for residents and housing projects countywide and assists clients in connecting with partner agencies for any other needs. The Housing Authority services housing within communities in Merced County, but the program allows for participants to transport their vouchers to any U.S. state and the Authority remains responsible for the rental subsidy of those vouchers. Populations served include children/youth/adolescents, families with children, persons with disabilities, victims of domestic violence/human trafficking/sexual assault, homeless and chronically homeless persons, persons/families at-risk of becoming homeless, elderly, and veterans. The HACM receives annual funding from HUD's Housing Assistance Payments (HAP) program, Operating Fund for Public Housing (PH), Rural Development/USDA, Office of Migrant Services, and California HCD Office of Migrant Services (OMS). Funding is to provide rental assistance to families at the extremely low to very low HUD-published income levels. 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. Over the last year, the Authority has seen a continued decrease in housing stock, a lack of affordable housing, and dramatically increased rents. Area for improved coordination: A better understanding of funding and program rules and regulations on the part of the City and County would assist in understanding the limitations and opportunities the Authority can and cannot participate in. Also, better and more regular coordination, communication, and accessibility between all agencies, the City, and the HACM can be made to ensure that all resident needs are met throughout the City via collaborative housing projects and that all parties are up to date with each agency's capacities.</p>
10	Agency/Group/Organization	MERCED COUNTY

	Agency/Group/Organization Type	Housing PHA Health Agency Agency - Managing Flood Prone Areas Agency - Management of Public Land or Water Resources Agency - Emergency Management Other government - County Planning organization 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 HOPWA Strategy 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.

11	Agency/Group/Organization	Merced City and County COC
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Other government - County Regional 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 Non-Homeless Special Needs HOPWA Strategy Market Analysis 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?</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, as of the 2023 PIT count conducted on February 23, 2023, 571 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 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.</p>
12	Agency/Group/Organization	MERCED RESCUE MISSION

	Agency/Group/Organization Type	Housing Services - Housing Services-Persons with Disabilities Services-Victims of Domestic Violence 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 Market Analysis Anti-poverty Strategy Lead-based Paint Strategy

	<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 (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. The Rescue Mission works to fill the gaps in services for people experiencing homelessness. 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. MRM did not respond to the Annual Plan consultation survey but assisted the City in its HOME-ARP Allocation Plan consultation during the month of January 2023 by responding to similar needs assessment questions.</p>
13	<p>Agency/Group/Organization</p>	<p>Greater Merced Chamber of Commerce</p>
	<p>Agency/Group/Organization Type</p>	<p>Planning organization Business Leaders Business and Civic Leaders Business Support and Advocacy</p>

	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. The Chamber of Commerce did not respond to the City's 2023 Annual Plan consultation needs assessment survey, but has provided vital feedback in most recent years.
14	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 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 provides invaluable and vital 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. The organization did not respond to the City's 2023 Annual Plan consultation needs assessment survey, but is a close partner of the City organization, in ensuring inclusivity and fair housing amongst all citizens.
15	Agency/Group/Organization	Project Sentinel, Inc.
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-Education Service-Fair Housing 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 Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Analysis of Impediments to Fair Housing Choice
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	<p>The organization provides vital and necessary 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, as Project Sentinel provided their presence and assistance during the December public input and January/February Town Hall meetings, as well as during the January 2023 floods. Additionally, tenant and landlord education materials developed by Project Sentinel were provided to residents who attended the Town Hall meetings and are also provided on the City's Fair Housing webpage dedicated to providing fair housing information to residents.</p>

16	Agency/Group/Organization	Alliance for Community Transformations
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services-Employment Service-Fair Housing Services - Victims Services - Narrowing the Digital Divide 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 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 Alliance for Community Transformations (ACT) 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 through the Valley Crisis Center emergency shelter. 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. 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. ACT did not respond to the Annual Plan consultation survey but assisted the City in its HOME-ARP Allocation Plan consultation during the month of January 2023 by responding to a similar needs assessment survey.
17	Agency/Group/Organization	The Leadership Counsel for Justice and Accountability
	Agency/Group/Organization Type	Services-Education Service-Fair Housing Services - Victims Services - Narrowing the Digital Divide Planning organization Fair Housing/Housing Policy Advocate
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Citizen Participation and Outreach

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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, as well as an advocate for citizen input to public policy. 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. Though the Leadership Counsel did not respond as an organization to the consultation needs assessment survey, they regularly and actively participate in City Council and other meetings with City officials regarding potential housing policy strategies, affordable housing, and tenant rights advocacy.
18	Agency/Group/Organization	HEALTHY HOUSE WITHIN A MATCH COALITION
	Agency/Group/Organization Type	Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Education Service-Fair Housing Services - Victims Services - Translation/Cultural/Social; 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 Needs - Veterans 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?	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, including Spanish interpretation at City Council meetings. The City utilizes this organization for translation services at all public hearings and public outreach meetings, and Healthy House translators were integral during the January 2023 flooding in helping to relay the needs of Spanish-speaking 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.
19	Agency/Group/Organization	Habitat for Humanity Merced/Stanslaus Counties
	Agency/Group/Organization Type	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Service-Fair Housing Regional organization 501(c)(3) Non-Profit 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 Merced/Stanslaus Counties (HHMSC) 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. HHMSC 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. HHMSC did not respond to the Annual Plan consultation survey but assisted the City in its HOME-ARP Allocation Plan consultation during the month of January 2023 by responding to a similar needs assessment survey.
20	Agency/Group/Organization	Golden Valley Health Centers
	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 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
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	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 funding 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.
21	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

	<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 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 funding 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.</p>
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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.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
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 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 made available for public review and comment for a minimum of 30 days, as required in the adopted Citizen Participation Plan. 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 Town Hall meetings in January and February of 2023, citizens had the opportunity to informally address City Council with their community concerns. This year's meetings were held in a slightly different format, with all City departments providing information tables and knowledgeable staff to answer residents' questions for approximately one hour before the Town Hall meeting began. This gave Housing staff another valuable opportunity to engage with citizens and solicit more responses to the Community Needs Survey. When possible, a follow-up call was made to provide further information to residents. Housing staff then remained for the Town Hall meeting to note any community needs expressed that had not yet been brought up in the three Community Input workshop meetings or through the concurrent community survey. Housing staff also spoke to several residents after the meeting regarding issues related to their apartment units flooding during the January storms.

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 125 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, a total of three public hearings were held with the City Council, where Housing staff presented the 2023 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 30-day public review period was held from March 31 to May 15, 2023, after the City Council extended the period an additional two weeks at the May 1, 2023, scheduled public hearing. During this period, the City received no (zero) written comments from residents and community members. Comments received at the public hearings are summarized in the Executive Summary and the Public Participation attachments.

Community Surveys were also administered at various public locations, including on-line on the City's website, through several social media postings, and through the 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 338 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	Community Needs Assessment Survey	<p>Minorities</p> <p>Non-English Speaking - Specify other language: Spanish and Hmong</p> <p>Persons with disabilities</p>	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	Feedback revealed significant concerns with overburdened housing costs (51.5% spend over 30% of their household income on housing), difficulty paying essential living	No responses were rejected. 17 of the 338 respondents stated that they were not residents living within the City of Merced city limits. County residents who took the survey were asked their association to the	

		<p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>was made available to all residents, and nine 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 English, Spanish, and Hmong, from November 16, 2022, through February 28, 2023. The English survey received 329 responses, 312 of them City residents, with 9 responses in Spanish (all City residents), and 0 responses in Hmong. 32.2% of the 338 survey respondents identified as being of</p>	<p>expenses (food, housing, utilities, 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>City, and responses revealed that 64.7% work within the city limits, 23.5% have family that lives in the City, and 58.8% also shop here. This year we chose not to include out-of-boundary responses in the specific needs category questions, so as to better understand the needs of City residents in 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</p>	
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			Hispanic or Latino origin, with 7% respondents answering that their primary spoken language is Spanish. 0.9% of respondents answered that their primary spoken language is Hmong. Persons of Asian descent accounted for 6.1% of respondents, and persons identifying as Black/African-Americans made up 5.8% of respondents.		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 therefore their voices are still very much of value.	
2	Internet Outreach	<p>Minorities</p> <p>Non-English Speaking - Specify other language: Spanish and Hmong</p> <p>Persons with disabilities</p>	The City relied heavily on social media platforms and the internet, and used the utility bill newsletter to encourage survey response and to reach more residents. Flyers with links to the Community	Housing staff monitored all comments posted to these meetings to gather any that could be included into needs assessment and other community conversation efforts. It also was	No comments left on social media posts were rejected.	

		<p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>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-person and Microsoft Teams meeting, where attendees could use the chat function to ask questions and their device's microphone to speak into the meeting. In-person</p>	<p>an additional opportunity for direct outreach to residents in answering their questions on current projects and other topics.</p>		
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			public hearings and all community input meetings were available for translation in Spanish and Hmong.			
3	Public Comment Period	Non-targeted/broad community	The draft 2023 Annual Action Plan was published for comment to solicit feedback from community residents on project funding and the year's goals and objectives on March 30, 2023. The comment period was publicly noticed to be open from March 31, 2023, through May 1, 2023. However, at the May 1, 2023, public hearing, which was continued to June 5, 2023, the City Council extended the public comment period an additional two weeks, to May	The Housing Division did not receive any written comments during the extended 46-day review and comment period. See also the summary of public comments received in the plan attachments.	No comments were rejected.	

			15, 2023. Public comment notices were published on March 2, 2023, 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 the Public Participation attachment in this plan.	All comments made at the public meetings were accepted.	

			<p>and requested language assistance to all residents. This included: interpreters for non-English-speaking citizens (Spanish and Hmong); information provided through workshops, the school district, and local community centers; and easily accessible virtual meeting platforms for the hybrid in-person/virtual public input meetings. All public meetings were held at convenient times of the day and evening and accommodated persons with disabilities, including online participation through Microsoft Teams. A total of three (3) community</p>			
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			input group meetings were held (December 12, 13, and 16, 2022). Additionally, Housing Division staff presented information to the City Council and the public on December 5, 2022, at the start of this process, to inform them of the timeline and process staff would be undertaking to prepare the 2023 Annual Plan, as well as the HOME-ARP Allocation Plan that was eventually submitted to HUD in March 2023 and subsequently approved.			
5	Public Hearing	Non-targeted/broad community	The City actively encouraged low- and moderate-income residents, persons of color, persons with	See summary of public comments received in the Public Participation attachment in this	All comments made at the public hearings were accepted.	

			<p>disabilities and non-English-speaking residents to attend public hearings by making them available in Spanish and Hmong and publishing notices in widely distributed 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, school districts, and local community</p>	<p>plan.</p>		
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			<p>centers; and utilized a location for the public hearings that was accessible for persons with disabilities. All public 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. The second public hearing was opened and continued to the June 5, 2023, Council meeting, giving</p>			
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			residents multiple opportunities to speak and provide input.			
6	Newspaper Ad	Non-targeted/broad community	On December 1, 2022, the City published a quarter-page 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 December 12, 13, and 16, 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,	As a result of the advertisements, more residents were informed about the Community Input Meetings and the Community Needs Survey and could then choose to participate in one or both activities.	The City did not receive any direct comments regarding this advertisement.	

			Spanish, and Hmong languages.			
7	Technical Assistance to Organizations	Organizations seeking program funding assistance	The City's Housing Division hosted three information meetings that explained relevant CDBG and HOME regulations and explained the City's NOFA process. Meeting dates were December 12, 13, and 16, 2023. These meetings were held in two parts - part one focused to the residents in attendance, and the second part focused to attending organizations. Additional technical assistance was offered to organizations for one-on-one meetings to develop their applications and programs to ensure it	As a result of this technical assistance, the Housing Division received two funding requests from organizations and both City departments applied for public facility improvements projects funding.	All requests for technical assistance were accepted and assistance provided.	

			<p>would meet a national objectives and include eligible costs, and three organizations (WeeCare, Inc., Love Focus Youth Outreach THPP-NMD, and the Boys and Girls Club of Merced County) and two City departments (Fire and Recreation and Parks Departments) met with staff for this technical assistance. Additionally, staff met with a fourth non-profit briefly with the intent to help them develop their program for a possible funding application for the 2024 program year.</p>			
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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 \$1,607,573 in new CDBG and HOME funds for program year 2023. 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	1,034,373	147,320	2,325,865	3,507,558	1,220,056	For 2023, the City will receive a \$65,538 decrease in CDBG grant funding over last fiscal year. Program income in the amount of \$96,000 is anticipated in Year 5 of the current Consolidated Plan period (next

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: \$		
		Housing Public Improvements Public Services						<p>year). CDBG Prior Year Resources include: unspent/remaining funds from 2022-23 projects (Sierra Saving Grace; Harvest Time), unspent/remaining funds from 2019-20 and 2021-22 projects that experienced COVID-19 related or other delays (Sierra Saving Grace; Lifeline CDC; Symple Equazion; Central Valley Coalition for Affordable Housing), 2022-23 projects withdrawn or using alternate non-HUD funding (Alliance for Community Transformations; Self-Help Enterprises), and payments and payoffs from active housing loans received during the 2022-23 program year.</p> <p>With the First Substantial Amendment, Prior Year Resources also includes prior year CDBG funds previously reserved for infrastructure projects that are not moving forward or will be deferred to future funding years.</p> <p>The Second Substantial Amendment corrects the CDBG Prior Year Resources</p>

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: \$		
								carryover figures. As a result of these corrections, prior year carryover no longer includes resources for prior year infrastructure projects.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	573,200	54,000	4,044,999	4,672,199	602,776	The City will receive a \$29,992 decrease in HOME grant funding over last fiscal year. Program income in the amount of \$60,000 is anticipated in Year 5 of the current Consolidated Plan period (next year). HOME Prior Year Resources include: payments and payoffs from active housing loans received during the 2022-23 program year, \$45,000 for 2022-23 Fuller Housing Project that used alternative funding, and \$3,781,338 for affordable housing rental projects.

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 attempts to use HOME Funds, State Grants, and local funding sources, when appropriate, to meet the objective of the Annual Action Plan and emphasizes the need for local organizations to leverage Federal, State and local resources when they request funding for their programs. These efforts have been fruitful, and projects supplemented with other funding sources 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. The HOME statute provides for a reduction of the matching contribution requirement under three conditions: 1) local 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, effective for the fiscal year in which the determination is made and for the following fiscal year. 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 2022, 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 2022 estimated poverty rate of 29.75 percent and a PCI of \$20,363, the City of Merced's match is reduced 100 percent for Fiscal Years 2022 and 2023. Additionally, with Federal Declaration of Major Disaster declared in January 2023 due to storm-related flooding, the City could also request a reduction of the HOME Match funds under the third criteria (24 CFR 92.222(b)) for years 2023 and 2024.

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

Federal: Rental Assistance Program (Section 8 Housing Choice Voucher Program), Supportive Housing Program (SHP), National Housing Trust Fund, and Project Based Section 8.

State: Low-Income Housing Tax Credits (LIHTC), Mental Health Services ACT (MHSA), Cal-Home Program, The California Housing Finance Agency (CalHFA), Multi-Family Housing (MHP) Program, Joe Serna, Jr. Farmworker Housing Grant (FWHG) Program, Emergency Housing Assistance (EHAP) Program, Affordable Housing (AHP) Program, Affordable Housing and Sustainable Communities (AHSC) Program, No Place Like Home (NPLH), Housing Related Parks (HRP) Program, Infill Infrastructure Grant (IIG) Program, Permanent Local Housing Allocation (PLHA), and the 2017 Housing Funding Package (SB2 Funding).

Local: 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. 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 in varying stages of working to dispose these lands to three separate affordable housing developers for 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 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 assisting Linc Housing and the Fuller Center through related zoning, building permit, and other requirements to begin development. The City has entered into Disposition Development Agreements (DDAs) with all three entities, and Custom Container's project is expected to complete construction by Summer of 2023.

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 2023-24 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 2023-24 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 2023-24 Housing Division budget. 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 \$474,843 of local Water and Sewer Enterprise Funds
- First Time Home Buyer Program: Approximately \$1,771,579 for CalHome Programs, including \$1,125,000 of new 2021 CalHome Program funding
- Homeowner Rehabilitation: Approximately \$1,375,000 of new 2021 CalHome Program funding,

and a portion of available State HOME 92/93/94 grant funding totaling \$555,193 will be used for homeowner rehab projects

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 2023-24 Annual Plan period, carried over from the 2021-22 and 2022-23 program years. 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 and 2022 Annual Action Plans, and continuing into the 2023 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 2021 Annual Plan as an Expected Resource for the GTII repayment, and an additional \$269,640 was provided in the 2022 plan for repayment of the HOME funding previously used for 1820 I Street.

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, which is scheduled to occur late Spring 2023. This additional funding was previously contemplated using CDBG and HOME funds, and the receipt of LMI Asset Funds in January 2021 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: \$290,528	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 600 Persons Assisted
2	2A Increase Owner Occupied Rehab Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$190,164	Homeowner Housing Rehabilitated: 3 Household Housing Unit
3	2B Increase Affordable Housing Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$2,760,384 HOME: \$4,638,667	Rental units constructed: 156 Household Housing Unit
4	2C Provide Assistance for Supportive Housing	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$0 HOME: \$0	

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: \$226,336	Public service activities other than Low/Moderate Income Housing Benefit: 2820 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 60 Households Assisted Homelessness Prevention: 261 Persons Assisted
6	4A Provide Homeless Prevention & Support Services	2020	2024	Homeless	City Wide	Homelessness Housing and Support Services	CDBG: \$40,146	Public service activities other than Low/Moderate Income Housing Benefit: 227 Persons Assisted
7	5 Enhance Fair Housing Knowledge and Resources	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	HOME: \$33,532	

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	1A Improve Public Infrastructure & Facilities
	Goal Description	<p>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, fire stations and emergency response equipment, and parks and recreation facilities.</p> <p>This goal includes \$15,528 (<i>amended</i>) of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>
2	Goal Name	2A Increase Owner Occupied Rehab Opportunities
	Goal Description	<p>With 2023 CDBG and carryover funding, the City will continue low-income homeowner occupied housing rehabilitation program activities city-wide. These activities will benefit LMI households.</p> <p>This goal includes \$10,164 (<i>amended</i>) of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>
3	Goal Name	2B Increase Affordable Housing Opportunities
	Goal Description	<p>The City will work to increase rental opportunities for LMI households through new construction of rental housing.</p> <p>This goal includes \$147,539 (<i>amended</i>) of CDBG and \$23,788 of HOME administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>

4	Goal Name	2C Provide Assistance for Supportive Housing
	Goal Description	<p>The City will provide assistance for supportive housing for eligible residents in the City. These projects will supply vital supportive housing for formerly homeless and other special needs individuals and families, as well as rehabilitate and convert market-rate housing to affordable and supportive rental units. The City will include supportive housing units into new rental housing projects whenever possible.</p> <p>There are no specific projects in this 2023 Annual Action Plan that are directed towards this goal; however, Housing Division staff continues to work with local organizations on finishing prior-year supportive housing projects and to explore new funding sources that address this goal.</p>
5	Goal Name	3A Provide Vital Services for LMI Families
	Goal Description	<p>Provide supportive services for low- to moderate-income households in the jurisdiction. Public or supportive services could 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.</p> <p>This goal includes \$12,097 (<i>amended</i>) of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>
6	Goal Name	4A Provide Homeless Prevention & Support Services
	Goal Description	<p>The City will provide for both homeless prevention and support services for the homeless population in the jurisdiction. 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> <p>This goal includes \$2,146 (<i>amended</i>) of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>

7	Goal Name	5 Enhance Fair Housing Knowledge and Resources
	Goal Description	<p>The City will provide funding for fair housing education and other tenant and landlord resources and services for residents of the City of Merced.</p> <p>This goal includes \$0 (<i>amended</i>) of CDBG and \$172 of HOME administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>

Projects

AP-35 Projects – 91.220(d)

Introduction

The projects budgeted for the 2023 program year are summarized below.

The Administrative and Public Service activities identified are expected to be completed no later than June 30, 2024. The public facility and infrastructure activities identified are expected to be completed no later than winter of 2024 (*updated*), but could potentially experience delays.

Except for HOME direct administration and fair housing services, all HOME funds will be directed towards the required 15% CHDO Reserve funds and construction of new multifamily rental housing.

Two potential projects have recently received State “Super NOFA” funding awards and are awaiting the next phase of State Tax Credit Award considerations. If tax credits are secured and environmental clearances are wrapped up, Devonwood Apartments (developer: The Richman Group), a 156-unit project in North Merced, will likely proceed to a February 2024 (*updated*) estimated financial close date using new 2023 and all available carryover formula HOME and CDBG funds (CDBG to acquire property). Our CHDO partner, Central Valley Coalition for Affordable Housing, will be a partner in this project, and as such, the project would also use accumulated 2022 and 2023 CHDO HOME funds, and CDBG carried over from prior year projects that were cancelled or not moving forward. CDBG funds are now added to the project, through the First Substantial Amendment to this plan. In addition, Visionary Home Builders of California’s 108-unit Bella Vista Apartments will use a portion of the City’s local non-HUD PLHA funds, if State Tax Credit awards are successful.

Identified Projects

The City of Merced intends to carry out the below projects during Program Year 2023, 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

1st Substantial Amendment - Previously Approved Projects Affected

As a result of the First Substantial Amendment to this Annual Plan, Projects #7 [PFI-CDBG: City of Merced McNamara Park Memorial Plunge Pool Improvements (\$258,122 CDBG)] and #17 [HSG-CDBG: Rehabilitation Project to be Determined (\$126,563 CDBG)] have been deleted from the below list. As

such, all the original project numbers are still reflected below as originally approved; however, Project #'s 7 and 17 are no longer listed. Additionally, Project #15 has been amended to include CDBG funds and Acquisition of Land for Affordable Housing has been added to the intended use of funds for both CDBG and HOME.

2nd Substantial Amendment - Previously Approved Projects Affected

As a result of the Second Substantial Amendment to this Annual Plan, Projects #5 [PFI - CDBG: Merced City Fire Dept - HEART and EAV EMS Vehicles (\$632,000 CDBG)], #6 [PFI - CDBG: K/13th/Hwy 59 Water/Sewer Main Replacement and ADA Improvements (\$275,000 CDBG), and #14 (originally #16) [HSG - CDBG: Habitat for Humanity - Homeowner Rehabilitation of Existing Housing Assets (\$180,000 CDBG)] have been deleted from the below list.

Projects

#	Project Name
1	AP - CDBG & HOME: Direct Administration (23/24)
2	AP - CDBG: Indirect Administration (23/24)
3	AP - CDBG: City and County Continuum of Care Planning Activities (23/24)
4	AP - HOME: Fair Housing Services Administration (23/24)
6	PFI - CDBG: K/13th/Hwy 59 Water/Sewer Main Replacement and ADA Improvements (23/24)
8	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (23/24)
9	PSA - CDBG: Lifeline CDC "Empower Loughborough Community" (23/24)
10	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (23/24)
11	PSA - CDBG: Boys and Girls Club of Merced County "J U M P" for Youth (23/24)
12	PSA - CDBG: Project Sentinel - Tenant-Landlord Counseling Services (23/24)
13	HSG - CDBG: Habitat for Humanity Merced/Stanislaus Homeowner Rehabilitation (22/25)
15	HSG - CDBG/HOME: Affordable Rental Housing - Land Acquisition and Construction (23/26)
16	HSG - HOME CHDO Reserves: Community Housing Development Org Project (23/24)

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 2023 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 December 1, 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 December 12, 13, and 16, 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 (23/24)
	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: \$74,737 HOME: \$23,960
	Description	The project allows the Housing Division the ability to provide CDBG & HOME administrative services to ensure the planning and implementation of all Housing Division projects. The City is permitted to charge up to 20% of its 2023 CDBG allocation (minus Indirect Administration charges) and up to 10% of its 2023 HOME allocation for administration costs (minus Fair Housing Services funding). In Section AP-20 "Annual Goals and Objectives," these direct administration dollar figures are spread amongst and added to all goals (1A, 2A, 2B, 2C, 3A, 4A, and 5), based on the percentage that projects use each funding source to meet their listed intent.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Direct Administration activities will benefit all residents, but 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	<p>The following administrative activities will take place with this project:</p> <p>Direct CDBG Administrative Costs: \$74,737; IDIS Matrix Code: 21A/General Program Administration; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</p> <p>Direct HOME Administrative Costs: \$23,960; IDIS Matrix Code: 21H/CDBG Funding of HOME Administrative Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(i)(2).</p>
2	Project Name	AP - CDBG: Indirect Administration (23/24)
	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: \$112,737
	Description	To provide Indirect Administrative funds of up to 10% of the 2023 CDBG allocation for indirect services necessary to complete all Housing Division activities. In Section AP-20 "Annual Goals and Objectives," these indirect administration dollar figures are spread amongst and added to all goals (1A, 2A, 2B, 2C, 3A, 4A, and 5), based on the percentage that projects use CDBG funding to meet their listed intent.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Indirect Administration activities will benefit all residents, but primarily LMI individuals and households throughout the City.
	Location Description	Indirect Administration activities will be conducted City-wide to benefit LMI individuals and households.

	Planned Activities	Indirect Administrative Costs: \$112,737; IDIS Matrix Code: 21B/Indirect Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(e).
3	Project Name	AP - CDBG: City and County Continuum of Care Planning Activities (23/24)
	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 planning activity funding to the Merced County Human Services Agency (HSA), who is the "Collaborative Applicant" for the City and County Continuum of Care. Funds will be used towards planning activities related to homelessness strategies within City boundaries. Specific activities will involve non-HUD assisted costs of collection, analysis, and reporting of statistical data (including homeless counts), preparing related studies and reports, preparation of plans, policy-setting, and the formulating of strategies and resources that will implement and update the Regional Homelessness Plan during the 2023 program year and/or assist in guiding homelessness strategies. This will enable the Collaborative Applicant/HSA to help the City of Merced determine the current and future housing and service needs of the City's homeless populations, identify any gaps in services, and guide our homelessness-related goals and objectives.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Planning activity funding to the CoC for planning and data collection activities focused on preventing homelessness in the City of Merced and assist the City in homelessness strategies. The 2023 Point In Time count that was conducted on February 23, 2023, determined that there are a total of 227 unsheltered and 344 sheltered homeless individuals living in the City of Merced (total of 571).
	Location Description	Homelessness Planning-related 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 offices located at 2222 M Street in Merced.

	Planned Activities	CDBG: Support towards planning activity costs of the Merced City and County Continuum of Care's Collaborative Applicant (Merced County Human Services Agency - HSA) for planning strategies to address homelessness in the Merced community: \$38,000 (meets ConPlan Goal 4A – Provide Homeless Prevention Services); IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205. CDBG funding is not provided to the nonprofit providers who implement the homelessness programs funded by the CoC. HSA/Collaborative Applicant will use these funds towards any planning and/or data collection costs not already assisted by HUD CoC funding, in order to assist the City make decisions regarding homelessness program funding.
4	Project Name	AP - HOME: Fair Housing Services Administration (23/24)
	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: \$33,360
	Description	The City will use \$33,360 of its HOME Administration funds to support a fair housing education, counseling, and antidiscrimination legal services program in partnership with Project Sentinel, Inc. to address the City's responsibility to ensure and protect the fair housing rights of its residents and Affirmatively Further Fair Housing (AFFH).
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Fair Housing Services will be an administrative activity under HOME Administration in PY 2023. As a project funding by administrative funds, outcomes will not be reported in the 2023 CAPER – however, at least 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 \$33,360 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; IDIS Matrix Code: 21D-Fair Housing Services (subject to Admin cap); National Objective Met: N/A; Eligibility: 24 CFR 571.206(c).
5	Project Name	PFI - CDBG: K/13th/Hwy 59 Water/Sewer Main Replacement and ADA Improvements (23/24)
	Target Area	
	Goals Supported	1A Improve Public Infrastructure & Facilities
	Needs Addressed	Expand/Improve Public Infrastructure & Facilities
	Funding	CDBG: \$275,000
	Description	<p>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 replace and aging water main and partially collapsed sewer main in the alley between W. 12th and W. 13th Streets that intersects with K Street and which also runs through a public utility easement on a future affordable housing project site, as well as a section sewer main that extends under Highway 59. These improvements will allow improved water and sewer service to current and future area residents. The project will also install new ADA ramps, walkways, and other improvements in the immediate area, which is in HUD Eligible Census Tract 16.01 (Block Group 3), improving disabled accessibility.</p>
	Target Date	6/30/2025

	Estimate the number and type of families that will benefit from the proposed activities	This project is expected to benefit approximately 600 nearby residents within the area served by all improvements. Approximately 144 residential units and individual water and sewer connections, including church buildings and a U-Haul service center, are included in the project benefit area and will directly benefit. Block Group 3 of Census Tract 16.01 contains approximately 1,256 residents, including those residing east of Highway 59, which is not in the project area.
	Location Description	The City will arrange for design and replacement of existing water and sewer mains that run through a section of alley between W. 12th and W 13th Streets, and underneath Highway 59 in South Merced. The mains will also be replaced in an existing public utilities sewer main easement that runs through a 1.46-acre parcel at K Street. This parcel is the site of a potential 50-unit affordable housing project that will be constructed using non-HUD funds.
	Planned Activities	Sewer and water main replacement and new ADA-accessible ramps, driveways, and sidewalks (improve/upgrade existing facilities). IDIS Matrix Code: 03J - Water/Sewer Improvements; Eligibility: 24 CFR 570.201(c); National Objective Met: LMA/Low-Mod Area Benefit - 24 CFR 570.208(a)(1)(i).
6	Project Name	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (23/24)
	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
	Funding	CDBG: \$35,500
	Description	Sierra Saving Grace Homeless Project will receive \$35,500 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	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	Assistance will benefit approximately 20 households with housing assistance and, as a result, prevent homelessness for approximately 45 extremely low-, low-, and moderate-income individuals during the program 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 3341 M 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 \$35,500 for its short-term emergency rent/mortgage/utility assistance program; IDIS Matrix Code: 05Q/Subsistence Payments; Eligibility: 24 CFR 570.207(b)(4); National Objective Met: LMC/Limited Clientele Exclusive - 24 CFR 570.208(a)(2)(C)
7	Project Name	PSA - CDBG: Lifeline CDC "Empower Loughborough Community" (23/24)
	Target Area	
	Goals Supported	3A Provide Vital Services for LMI Families
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	CDBG: \$25,000
	Description	Lifeline CDC proposes to continue serving the Loughborough area with \$25,000 for its 2023 "Empower Loughborough Community" program. This organization uses strength-based approaches to helping Loughborough-area residents lift themselves out of poverty and become self-reliant. Lifeline works to provide the gap in job seeking and technical resources, job skills education, childcare and afterschool services, and workforce agency connections that will enable parents to obtain stable jobs while providing safe places for their children to learn and grow.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	This program serves extremely low- to moderate-income families who live in the Loughborough area. Approximately 500 residents are expected to be directly served with this program. According to 2020 Census figures, approximately 4,190 people live in Census Tract 10.03, where the majority of this program is focused.
	Location Description	The Loughborough area is located in North Merced and is generally considered to be Census Tract 10.03 extending to parts of Tract 10.04.

	Planned Activities	Eligible project costs may include but not be limited to: staffing costs, utilities, and community center activity materials and equipment, printing costs, and insurance for community center spaces used by Lifeline CDC. DIS Matrix Code: 05H/Employment Training; Eligibility: 24 CFR 570.201(e); National Objective Met: LMA/Low-Mod Area Benefit – 24 CFR 570.208(a)(1)(i).
8	Project Name	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (23/24)
	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: \$61,660
	Description	Harvest Time will receive \$61,660 of CDBG funds for its "Food 4 You" homeless individual/LMI household food distribution program costs for staffing, electric/gas utility and liability insurance costs, and other eligible costs to support food box disbursements to LMI households and the provision of meals to homeless individuals living within the City limits.
	Target Date	6/30/2024
	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 2022, this program distributed 5,132 family food boxes to LMI families, a 44% increase over 2021. Approximately 90% percent of clients are City of Merced residents, and approximately 50% of beneficiaries are duplicated (receive provided services more than once). This program also provides prepared meal services to approximately 227 homeless individuals yearly within the City limits, by delivering lunch boxes via a cooperative partnership with Merced Rescue Mission three times per week. This number is approximate, based on the 2023 Point In Time count of unsheltered homeless in February 2023. Therefore, we estimate that a total of approximately 2,536 individuals are expected to be served with this program (2309 LMI + 227 homeless). For reporting purposes, 227 homeless individuals will be tracked separately as "Other" in the AP-20 Goal Outcome Indicators column, as it is a separate service that the program provides (meals to homeless).

	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. 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)
9	Project Name	PSA - CDBG: Boys and Girls Club of Merced County "J U M P" for Youth (23/24)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	CDBG: \$40,694
	Description	The Boys and Girls Club of Merced County will receive \$40,694 for its "Journey Upward Merced Program (JUMP)" for Youth. This organization proposes to expand upon its 2022-23 program in providing hands-on work experience and life skills for high school-age city resident LMI youth, as well as in preparing students them for trade school, college, or immediate careers in leading local industries. Volunteers and consultants in local trades identified by participants as career interests, such as auto mechanics, transportation, electrician, culinary, agriculture, construction, finance, or business services will be invited to share about their industry and facilitate live demonstrations that will allow participants to gain first-hand knowledge and experience. Participants will also gain approximately 50 hours of work experience through internships.
	Target Date	6/30/2024
	Estimate the number and type of families that will benefit from the proposed activities	Approximately eleven (11) 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 20 expected participants (unduplicated), approximately 53% 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 11 LMI youth participants 13 to 19 years of age who live within the City of Merced. Project costs may include, but not be limited to, 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>IDIS Matrix Code: 05D/Youth Services; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/51% Limited Clientele – 24 CFR 570.208(a)(2)(B).</p>
10	Project Name	PSA - CDBG: Project Sentinel - Tenant-Landlord Counseling Services (23/24)
	Target Area	City Wide
	Goals Supported	3A Provide Vital Services for LMI Families
	Needs Addressed	Public Services & Quality of Life Improvements
	Funding	CDBG: \$51,385
	Description	<p>Project Sentinel will be provided \$51,385 of 2023 CDBG funds to provide Tenant and Landlord Counseling Services as an eligible public service program in response to a noted increase in the number of calls they and City staff have received over recent years from Merced residents while administering its Fair Housing Services administrative program on behalf of the City. This project would provide direct education and counselling services to tenants and landlords where cases of fair housing discrimination do not appear to exist, but where a clear dispute between tenants and landlords requires substantial intervention, mediation, and/or education to resolve problems, prevent evictions, and prevent potential homelessness. Please note: with the First Substantial Amendment, the Goals Supported by this project changed from Goal #5 to Goal #3A, as this project is better described as a public service program.</p>
	Target Date	6/30/2024

	Estimate the number and type of families that will benefit from the proposed activities	Project Sentinel expects to be able to manage approximately 40 cases (households) with the amount of project funding provided, serving and providing homelessness prevention for approximately 216 persons.
	Location Description	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. Services may also be handled from local offices, as needed.
	Planned Activities	Counseling services will be provided to help prevent and settle disputes between tenants and landlords. IDIS Matrix Code: 05K/Tenant-Landlord Counseling; Eligibility: 24 CFR 570.201(e); National Objective Met: LMA/Low-Mod Clientele (LMC) – 24 CFR 570.208(a)(2)(B).
11	Project Name	HSG - CDBG: Habitat for Humanity Merced/Stanslaus Homeowner Rehabilitation (22/25)
	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 Merced/Stanslaus Counties will receive \$150,000 of the City's CDBG funds in PY2022 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 per year for activity delivery costs, for a total project cost of \$180,000 annually for three years. Assistance will allow residents' homes 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 Merced/Stanslaus 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 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. Supplemental funding of \$180,000 (\$150,000 project costs/\$30,000 activity delivery) is added for program year 2023.
	Target Date	6/30/2025
	Estimate the number and type of families that will benefit from the proposed activities	Each year of planned funding of this project with CDBG funds will assist approximately three (3) low- to moderate-income homeowners within Merced City limits (note: each \$180,000 amount includes 20% activity delivery costs of \$30,000).
	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 2023 CDBG funds will be added to this 2022 project (includes 20% ADC) 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). In 2022, Habitat-Stanislaus proposed a three-year contract, to which the City is supplementing with \$180,000 of 2023 CDBG funds. IDIS Matrix Code: 14A/Rehabilitation: Single-Unit Residential; Eligibility: 24 CFR 570.202(a)(1); National Objective Met: LMH/Low-Mod Housing Benefit - 24 CFR 570.208(a)(3).
12	Project Name	HSG - CDBG/HOME: Affordable Rental Housing - Land Acquisition and Construction (23/26)
	Target Area	
	Goals Supported	2B Increase Affordable Housing Opportunities
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	CDBG: \$2,612,845 HOME: \$4,403,129
	Description	Approximately \$4,403,129 of HOME funds will be expended on acquisition of land for and construction of a multi-unit affordable rental housing project within the City of Merced. This amount includes 20% activity delivery costs totaling \$733,854. With the First Substantial Amendment to this plan, CDBG funds are added to this project. A total of \$2,612,845 of CDBG funds will be expended on acquisition of land for the project. This amount includes %10 activity delivery costs totaling \$237,531. Negotiations continue to move forward with an affordable housing developer for construction of approximately 156 units of extremely low- to low-income multi-family rental projects using these HOME funds. Conditional Commitments have been issued and (updated) the project has received its NEPA environmental assessment clearances (December 2023).
	Target Date	6/30/2026
	Estimate the number and type of families that will benefit from the proposed activities	The City of Merced anticipates that approximately 156 units of affordable rental housing can be produced with these CDBG and HOME funds as part of subsidy layering package(s) for a project currently in pre-development discussions and subsidy layering. A project will be targeted to produce 100% LMI household units within the projects themselves, or a mix of LMI and special needs population housing, such as units that are set aside for developmentally disabled, homeless, veterans, seniors, or mental health patients.

	Location Description	As pre-development discussion are still in the preliminary stages, a location has not been finalized. The location will be located within the City limits.
	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.
13	Project Name	HSG - HOME CHDO Reserves: Community Housing Development Org Project (23/24)
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HOME: \$211,750
	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 2023 HOME allocation, this amounts to \$85,980, with an additional \$17,196 for activity delivery costs (total of \$103,176). This will be combined with 2022 HOME CHDO project and activity delivery funding towards an eligible affordable housing or rehabilitation project (total of \$211,750). The project will be carried out by the City's 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. CVCAH will also be a partner in the new affordable housing being considered with formula CDBG and HOME funds listed in Project 15 above. If that project is successful with its subsidy layering efforts, these CHDO funds will be added to that project.
	Target Date	6/30/2026
	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. If funds are used for rental housing construction in combination with a HOME-funded projects, accomplishment indicators for CHDO funds will be reported as a HOME project. As such, the City is considering using all 2022 and 2023 CHDO reserve funds towards a 156-unit new rental housing project in 2023.
	Location Description	All HOME CHDO projects will be undertaken within the City of Merced. The project location has not been finalized.

	Planned Activities	Rental Unit Rehabilitation or New Rental Housing Construction
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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 2023 is no exception. We expect that more than 85% (*amended*) of our CDBG and HOME activities will be focused to benefit residents in Eligible Census Tracts or at specific sites located within those census areas, all of which are directed to projects expected to benefit LMI individuals and families. One project site is located in an area that is not within one of these census tracts, using 2% (*amended*) of total funding, but will benefit an LMI family (Habitat for Humanity - E Main St.). The City's ultimate goal remains at 100% LMI benefit, regardless of census tract orientation.

Geographic Distribution

Target Area	Percentage of Funds
City Wide	14

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 little over 14 percent (14.28%) (*amended*) of 2023 CDBG will be directed to projects that serve LMI residents citywide, while 85.7 percent will be directed specifically to certain projects that will serve LMI residents in specific HUD Eligible Census Tract areas or specific project sites. 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 10.05 (Highway 59/Willowbrook Dr/Shadowbrook Dr/Cooper Ave - North of Highway 99, North/West of Bear Creek, South of Santa Fe Railroad, East of city limit boundary); 2,285 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 15.02 (Upper Southwest 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 Southwest 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/East of Highway 99, South of Highway 140, West 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 2023 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 2023 Annual Action Plan.

One Year Goals for the Number of Households to be Supported	
Homeless	0
Non-Homeless	150
Special-Needs	30
Total	180

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

One Year Goals for the Number of Households Supported Through	
Rental Assistance	20
The Production of New Units	156

One Year Goals for the Number of Households Supported Through	
Rehab of Existing Units	3
Acquisition of Existing Units	0
Total	179

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

Discussion

The figures noted above comprise of the following Program Year 2023 projects (*as amended*):

Number of Households to be Supported by Population Type:

Homeless Households Supported (0 individuals/households):

- Unlike most recent years, for 2023, the City is not targeting funding directly to house homeless individuals or families, or those that meet the definition of homeless, such as those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening condition. This said, these populations may indirectly be served through other housing types, such as rental assistance.

Non-Homeless Supported (total of 150 individuals/households) - *amended*:

- Sierra Saving Grace Homeless Project - Rental Assistance to support 20 non-homeless households to prevent homelessness (20)
- Habitat for Humanity of Merced/Stanslaus Counties - 3 LMI homeowners will be assisted through Owner Occupied Rehabilitation (3)
- Affordable Rental Housing Development - 156 new affordable rental housing units will be constructed using 2023 and prior year HOME, 2022 and 2023 CHDO HOME, and CDBG funds (*amended*). This project will include 30 units that will be set aside to house formerly homeless or at-risk individuals and families (126).

Special Needs Households Supported (total of 30 individuals/households):

- Affordable Rental Housing Development – 30 units of a 156-unit new affordable rental housing project will be set aside to house and case-support formerly homeless and those at-risk of becoming homeless (30).

Households Supported Through Project Types:

- Short-term Emergency Rental and Rental Deposit Assistance - Sierra Saving Grace Homeless Project: 20 households
- Production of New Units - Affordable Rental Housing Construction: 156 households
- Rehabilitation of Existing Units – Habitat for Humanity Merced/Stanslaus Counties: total of 3 Units/Households (3 homeowner rehabilitation) - *amended*

For 2023, 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. Annually, 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. For 2023, there are no projects planned to acquire and rehab existing units.

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 2023-24 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. In Merced, this is the Housing Authority of Merced County (HAMC). The City of Merced does not own or assist in operations of 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.

HAMC is the public housing agency serving the City of Merced and all others within the County of Merced. The HAMC 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 HAMC to develop future multi-family projects within the community.

The HAMC 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 working with the Authority and Merced County Behavioral Health to support the project with voucher assistance.
- Affordable Housing Project (2023) – as this project continues to build its financial subsidy laying strategy, 39 households (*updated*) are planned to be supported with project-based voucher assistance through HAMC.

As these projects break ground, applications will be accepted from eligible households with vouchers from the Housing Authority.

In January 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. However, since then, there have only been 118 new units of affordable housing constructed within the City limits, so unit availability is still lacking. However, the City continues to diligently work with developers to construct more. A 156-unit development to be located in North Merced has successfully secured State grants, appears to be a good candidate for State Tax Credit funds, and with these and other subsidies in place, will receive the bulk of the City's available balance of HOME funds. This project will use Project Based Vouchers (PBV's) issued by HAMC.

In February 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 four projects in Merced City.

Additionally, the waiting list for Housing Choice/Section 8 vouchers is currently open through June 26, 2023.

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

The HACM receives its annual contribution of funds from HUD through the comprehensive grant mechanism used to maintain the Authority's operations, renovate units, and meet local, state, and federal requirements for housing projects. Like all federally assisted projects, HAMC projects are subject to the requirements of Section 24 CFR Part 58, which requires the Housing Authority to process the National Environmental Protection Act (NEPA) certification through the local unit of local government (the Responsibility Entity, or RE), which is the City of Merced.

In May 2023, the City of Merced reviewed and certified concurrence with five NEPA analysis prepared by HAMC's environmental consultant for five of the Authority's planned rehabilitation projects that are located within the City of Merced's jurisdictional boundaries. The projects were evaluated the projects against the federal laws and authorities listed in 24 CFR 58.5, and the projects were determined to have no effect to the environment and will be in compliance with those laws.

As such, the Authority will be implementing modifications to existing public housing units, based on the Section 504 Needs Assessment that it completed. 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 their 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 (HOP). 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 HOP for tenants residing in public housing. The 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 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 or loans to either preserve existing affordable housing or add additional affordable housing units to the community through rehabilitation or construction of affordable rental housing. Many of these units are used for permanent supportive housing for formerly homeless.

Currently, there are many homeless services available within the City of Merced. These services are managed by a variety of countywide organizations. 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) and HUD. Through collaborative data gathering and strategic planning, City continues to work closely with the Continuum of Care member organizations to determine how the needs of the homeless population can be assisted with CDBG and HOME funds. A City representative is on the Continuum of Care Board, whose meetings 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 2023 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.

2023 Program funding to serve homeless and special needs individuals (amended):

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 \$61,660 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 the homeless throughout the City of Merced via a collaborative effort with the Merced Rescue Mission. This collaboration came about as a direct result of discussions held during the December 2022 Community Input and Service Organization NOFA information meetings.
2. *Merced County Human Services Agency (HSA) – Collaborative Applicant Homelessness Planning*: this project will provide \$38,000 of the City’s CDBG funds to support data collection, analysis, and strategic planning efforts to address homelessness within the City limits of Merced by the County’s Human Services Agency, who acts as the Collaborative Applicant to analyze and address homelessness strategy countywide. As the City does not have the resources to do this work ourselves, this collaborative approach to determining and successfully addressing the needs of the City’s homeless residents is vital to meet that effort.
3. *Affordable Housing – new rental construction with supportive services*: a project for new construction of rental housing will set aside 30 units for formerly homeless or those at risk of homelessness. On-site supportive services will be provided to those that need it.

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).

2023 Program Funding to address emergency shelter and transitional housing needs:

1. *Planning Activity Support for the HSA - Collaborative Applicant*: As discussed in the homeless population one-year goals section above, the City will provide CDBG funding to support the Agency’s strategic planning 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. Therefore, through this collaboration, the City helps the Human Services Agency strategize the use of shelters and transitional housing in addressing homelessness, including to assess if more of these types of housing for the homeless are warranted, and whether the City could strategize future funds to contribute a portion towards those projects.

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 continues to prioritize assisting homeless persons make the transition to permanent, independent housing.

Through the Continuum of Care and its community-based non-profit member organizations, the County has implemented a mixed-model Housing First and Rapid Re-housing approach in recent years. The CoC, combined with the County's emergency shelter and transitional shelter bed inventory, have largely contributed to the effort to limit the effect of the COVID-19 pandemic and the rising cost of living on local homeless counts.

While COVID-19 and rising inflation are factors in recent year to year fluctuations, it's important to look to previous "normal year" figures for comparison and indicators of efforts to address homelessness. Since the 2019 pre-pandemic Point in Time Count, the total number of homeless countywide has increased 29.1%, and within the city, by 36% (from 419 in 2019 to 571 in 2023). That being said, in this same time frame, the number of unsheltered individuals within the city limits has increased comparatively slower, at 11%. This indicates the success of efforts and the use of available funding by all agencies to shelter the homeless in some way, whether by newly constructed units with permanent supportive housing or through transitional or emergency shelters. The Childs and B "Childs Court" Apartments included 30 units of permanent supportive housing and on-site case management for formerly homeless individuals and families, and since 2019, the Navigation Center has also been built and is providing services. The City's use of CDBG funds for acquisition of single family and duplex/triplex housing has also contributed to these efforts.

However, the increase in the number of sheltered individuals, from 215 to 344 (129 individuals – a 60% increase) indicates we still have much work ahead of us in terms of permanent housing, some of which is already done and beginning to draw near to fruition. Currently, there are three projects in various stages of construction and fund-stacking that will add 60 units dedicated to permanent homeless housing – cutting this increase nearly in half. For 2023, all available funds are dedicated to one such project, which will set aside 30 units for formerly homeless.

Housing First is recognized as an evidence-based best practice model by national researchers and policymakers based on years of research and implementation. The use of Housing First 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. The Navigation Center uses a mix of these two models, by temporarily providing housing while concurrently assessing the need for services and matching them with housing to meet their individual needs.

The February 2023 Homeless Point in Time count report indicated that 322 individuals were in temporary shelters, and 72 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.

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 the approaches to housing that were described previously. The 2023 homeless count revealed that over half the 390 unsheltered persons countywide are in the City of Merced, and over 87% of the 394 sheltered persons counted are 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 mental health care, employment services, and life skills training. 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.

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 have the same resources as the County. However, the City can assist the overall effort with funding for other collaborative, complementary, and supporting programs that help identify and strategize homelessness prevention in other ways.

2023 Program Funding to Homelessness Prevention:

1. *Short-term Rental Assistance:* 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 temporary 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 assistance 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 \$35,500 in CDBG funding for Program Year 2023, a \$5,500 increase over last year.
2. *Tenant/Landlord Counseling:* Especially after the January 2023 flooding, there has been a rising trend in the number of calls and referrals by both tenants and landlords needing help with disputes. Although the City contracts with Project Sentinel, Inc. for fair housing services, this service does not extend beyond fair housing discrimination education, counseling, and when needed, advocacy and representation in individual discrimination cases. It does not include mediation for cases that do not involve the protections covered under the Fair Housing Act (those involving race, color, national origin, religion, sex/gender identity, familial status, and disability). Other types of disputes seen between landlords and tenants as a result of the 2023 floods made basic tenant/landlord counseling services rise near to the top of community need and was a frequent and emotional topic during the January/February Town Hall meetings. As a result, Project Sentinel submitted a separate proposal to provide these services for the 2023 Program Year, and as such, will be provided \$51,385 to carry out these services as a Public Service program for 2023. In turn, this will provide additional homelessness protection for those disputes that can be successfully mediated.

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 County of Merced Community Regional Homeless Plan 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 2023 HUD Annual Action Plan designed to reduce the barriers to affordable housing include:

- Fair Housing Services provided by a Project Sentinel.
- Tenant and Landlord Dispute Counseling provided by Project Sentinel.
- Short Term Rental, Mortgage, and Gas/Electric Utility Assistance for LMI households (Sierra Saving Grace).
- Year 2 of a three-year program to provide funding for forgivable loans to homeowners needing health and safety repairs to their property (Habitat for Humanity of Merced/Stanislaus Counties).
- New Affordable Rental Housing Construction – all available funding, including 2022 and 2023 CHDO Reserve funds, HOME, and CDBG (*updated*), will be directed towards acquisition of land and construction of a 156-unit affordable housing complex, which will also provide 30

permanent supportive units to homeless and/or at-risk households.

- Using the Regional Housing Needs Allocation Unit Production Plan adopted by City Council on April 4, 2022, 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 be able to purchase a home. A monthly mortgage payment typically provides more housing per bedroom than rental housing, as the latter is more expensive. To address this problem, the City of Merced applies for First Time Homebuyer Program (FTHB) whenever resources make it possible.

In December 2021, the City of Merced, in partnership with Self-Help Enterprises, applied to State HCD for 2021 CalHome First Time Homebuyer Assistance funds as well as funds for Owner-Occupied Rehabilitation, and on April 19, 2022, the City was awarded \$2,500,000 total for both activities. While these are still in the process of being implemented, homebuyers and homeowners may begin to be assisted by Summer of 2023. The City has maintained a list of pre-qualified interested residents, and this list has been forwarded to Self-Help Enterprises to begin from before processing any new applications.

The Housing Division maintains a loan portfolio of previous FTHB loans, which were funded through various sources such as 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. As these loans are paid off, the income is then used to provide funds for new loans, which Self-Help Enterprises will also administer with the new 2021 funds.

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, with Habitat for Humanity of Merced/Stanslaus Counties (HHMSC), administers a Homeowner Rehabilitation Program funded by Community Development Block Grant (CDBG) funds.

This program offers these homeowner rehab activities through a 15-year forgivable deferred loan, with the caveat being that the homeowner has to remain the occupant of the home for the full term of the loan, after which the balance is then forgiven. If the owner moves out or the ownership is transferred before this time, the balance with interest then becomes due and payable.

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 in recent years 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.

Discussion:

2023 Program Funding to Provide Fair Housing Activities:

1. A total of \$33,360 in HOME administrative funds will be spent in FY 2023 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 related to claims of discrimination, 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.
2. Project Sentinel will also administer a Tenant and Landlord Counseling Service to handle non-discrimination-based disputes, with \$51,385 of 2023 CDBG funds as a public service (*amended*).

Actions and 2023 Program Funding to help remove constraints for First-Time Home Buyers:

1. The City was awarded \$1,125,000 of 2021 CalHome First Time Home Buyer program funding by the State of California and is currently working with Self Help Enterprises to administer these funds and provide assistance to homebuyers for the purchase of single-family homes as gap financing. 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, Self Help will also be administering new FTHB loans with these prior year funds. The Housing Division has kept a waiting list of potential income-qualified clients since the last funding was fully exhausted approximately six years ago, and Self Help is currently contacting these potential homebuyers.

2023 Program Funding for Low- to Moderate-Income Homeowners to Maintain Safe Housing:

1. The City will provide \$150,000 of 2023 CDBG funds to Habitat for Humanity of Merced/Stanslaus Counties for Year 2 of a three-year program 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 is currently implementing this three-year contract with Habitat Merced/Stanslaus and will amend it with new CDBG funding in Fall 2023 after approval of the 2023 Annual Action Plan.
2. 2021 CalHome grant funding – as part of the 2022 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. This program is expected to be able to start assisting homeowners in Summer 2023.

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

2023 Program Funding to Upgrade Public Facilities and Infrastructure and Improve Accessibility:

1. Restart of Water and Sewer Main Replacement and ADA Sidewalk Improvement project in the alley between W. 12th and W. 13th Streets between K Street and Hwy 59 and sidewalks surrounding a future affordable housing project (Project #6).

2023 Program Funding to Support Special Needs and Improve Public Facilities/Services:

None (*Amended with 2nd Substantial Amendment*)

2023 Program Funding to Promote Economic Development:

1. Boys and Girls Club - "Journey Upward Merced Program (JUMP)" for Youth – work experience program for high school-aged youth (Project #11).

All of the above projects are important, as they serve to promote and improve accessibility and access to quality of life and life-saving amenities for all residents of Merced. Due to the expansion of Merced largely into northern parts of the city in "boom" years and the lack of sufficient funds and staff resources, South Merced still contains sections of infrastructure that are outdated in terms of Engineering Design Standard, as some sections no longer meet current ADA standards. The City is committed to upgrading these older areas of the City as it has CDBG and local funding and staffing resources 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 2023 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 and finish construction of over 475 new affordable housing units over the near future years (Visionary Home Builders/Bella Vista - Parsons Avenue – 108 units; Upholdings/Mercy Village - Park Avenue – 67 units; Upholdings/1213 V Street – motel conversion – 96 units; Richman Group/Devonwood Apartments - Devonwood Drive – 156 units; Gateway Terrace II/W. 13th and K Street – 50 units – LMI Asset funds).
- 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 78 new affordable housing units on these properties (Fuller Center for Housing of Merced County – 4 units; Linc Housing – 54 units; and CC915 – 20 units nearing completion).
- 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 for HOME 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. This repayment is expected to occur by Fall 2023.
- The Regional Housing Needs Allocation Unit Production Plan for all new market rate developments has been implemented.
- Council is in the process of establishing policies and budgeting strategies for set-up of a locally

funded Housing Trust Fund (May – June 2023).

- Monitoring of past projects to ensure they remain assets for safe, affordable housing.

Although the current economy offers significant challenges to many households, homeownership has become less affordable as a result of increasing prices and interest rates 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 General Plan's Housing Element, which is currently undergoing an update. Community input from public meetings substantiated much of what the Housing Authority and Housing Element has reported – that housing is still lacking for senior citizens, low-income, and special needs adults. With identified areas of need, affordable housing projects will strive to consider these populations when possible.

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 and Central parts of Merced area where there are concentrations 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, Habitat for Humanity's Owner-Occupied Rehab (OOR) program, and the acquisition and rehab programs run by partners Sierra Saving Grace and 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 for lead-based paint. After assessment and testing, if deteriorated lead-based paint surfaces are found, they must be stabilized during the rehabilitation of the property and 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 and Lead Safe Housing Rule (LSHR) regulations (24 CFR Part 35).

The procedures regarding lead-based paint in 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 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 staff on these changes and to ensure that all housing projects, including HUD-assisted public infrastructure or facility, multifamily new construction, acquisition, and rehabilitation projects, remain compliant with LSHR 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 encouraging and partnering with organizations who 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. Additionally, the 2023 program with Boys and Girls Club of Merced County will provide hands-on work experience and introductions to industry representatives for high school-aged youth, to attempt to give them a "leg-up" early start to meaningful, well-paying careers.

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 better 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 out of those patterns of hardship. For the workforce itself, the City will continue to look for ways to increase job training programs and 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. Industries that provide job skills training to match these technological times and foreseeable incoming industries 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 30-50 percent or less of the Median Family Income for Merced County, as the housing need for this particular income level is great, especially lower incomes. 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 commissions 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 Division maintains primary management of, as well as the coordination of, the various organizations involved in these processes when working with programs and projects assisted with HUD dollars. The staff within the Division 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 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 and Federal Register Notices on CDBG and HOME program planning requirements and rule changes
- Scheduling staff for training webinars/seminars whenever possible, in order to stay up to date on rule changes and ahead of the learning curve

Other Actions: Policies and Procedures Update

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, by Summer 2023, the Housing Division will finalize work already in progress to develop NEPA Environmental Policies and Procedures and fold them into the Housing Division's existing procedures.

Finally, the Housing Division plans to review and, if necessary, update its Citizen Participation Plan, to ensure continued compliance with HUD regulations and to continue to find more efficient, wider-reaching ways of reaching residents and to solidify them into procedures.

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 the 2021 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 is currently still working towards completing this action. 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.

Also, please note that the First Substantial Amendment to this plan increased the total expected CDBG Program Income (see chart below) from the original \$93,000 to the actual figure of \$120,095 received as of September 2023.

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 | 147,320 |
| 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:	147,320

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(l)(2)

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

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.

The City will also be repaying \$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 both repayments during the late portion of the 2022 or early in the 2023 program years, 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 hope 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. Projects usually call 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.

A house must be owner-occupied and deed restricted against resale for the affordability term. Prepayment on loans 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. Loan are not assumable and must be paid in full upon sale or transfer of the property.

Following a 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 a 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.

5. If applicable to a planned HOME TBRA activity, a description of the preference for persons with special needs or disabilities. (See 24 CFR 92.209(c)(2)(i) and CFR 91.220(l)(2)(vii)).

There are no planned HOME TBRA activities during the 2023 program year.

6. If applicable to a planned HOME TBRA activity, a description of how the preference for a specific category of individuals with disabilities (e.g. persons with HIV/AIDS or chronic mental illness) will narrow the gap in benefits and the preference is needed to narrow the gap in benefits and services received by such persons. (See 24 CFR 92.209(c)(2)(ii) and 91.220(l)(2)(vii)).

There are no planned HOME TBRA activities during the 2023 program year.

7. If applicable, a description of any preference or limitation for rental housing projects. (See 24 CFR 92.253(d)(3) and CFR 91.220(l)(2)(vii)). Note: Preferences cannot be administered in a manner that limits the opportunities of persons on any basis prohibited by the laws listed under 24 CFR 5.105(a).

The City of Merced has not set any preferences or limitations for rental housing projects.

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 (last year), 2023 (this year), and 2024 (Years 3-5). The City chose those years to give appropriate time for the program and a short-staffed division 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. We also needed additional time to allocate and spend a very large amount of CDBG and HOME program income received in January 2021 as a result of an unexpected loan payoff.