



ADMINISTRATIVE REPORT

File #: 23-235

Meeting Date: 3/20/2023

Report Prepared by: Kimberly Nutt, Housing Program Supervisor, Housing Division/Development Services Department

SUBJECT: Public Hearing - Introduction and Preliminary Review of Proposed Expenditures of Community Development Block Grant and Home Investment Partnership Program Funds for Fiscal Year 2023-2024, to be Included in the Draft U.S. Department of Housing and Urban Development (HUD) 2023 Annual Action Plan; and Receipt of Public Comment During a Public Hearing

REPORT IN BRIEF

Introduction and Review of Preliminary Program Year 2023 proposed Housing, Economic Development, and Public Service project funding and other expenditures of Federal funding for inclusion in the Draft HUD 2023 Annual Action Plan; and Public Hearing to provide the Public an opportunity to comment.

RECOMMENDATION

City Council -

- A. Conduct a Public Hearing to receive public comment regarding the anticipated funding, proposed projects, focused community needs, and other topics that will be considered for inclusion in the Draft 2023 Annual Action Plan; and,
- B. Discuss and provide comment, if any, on staff recommendations regarding the anticipated funding, proposed projects, focused community needs, and proposed distribution of Federal funding to be included in the Draft of the 2023 Annual Action Plan; and,
- C. Discuss and provide direction to staff regarding prioritization of 2023 Community Development Block Grant Public Service funding requests over the allowed 15% Public Services cap.

ALTERNATIVES

No Council Motion or Approval is necessary for this Public Hearing.

AUTHORITY

HUD requires, per Title 24 of the Code of Federal Regulations Section 91, that participating local government jurisdictions involve citizens in the development of the Annual Action Plan and any subsequent substantial amendments; the City of Merced Housing Division Citizen Participation Plan (Amended); and, the Charter of the City of Merced, Section 405, 409, and 411, et seq.

CITY COUNCIL PRIORITIES

As provided for in the 2022-23 Adopted Budget; and both the 2022-23 and 2023-24 Council Goals and Priorities.

DISCUSSION

Staff is requesting that Council hold the first of two planned Public Hearings to receive public comment regarding the expected funding resources available, proposed project proposals requesting 2023 funding, identified community needs and yearly goals, and the proposed distribution and expenditure of Federal funds, which includes the City of Merced's 2023-24 allocations of Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds, as well as remaining prior-year CDBG and HOME carryover and program income funds.

Additionally, staff is requesting comments from the City Council regarding the same above items, as well as direction regarding project funding (see below discussion).

The Housing Division has successfully implemented projects approved with the First Year 2020, Second Year 2021, and Third Year 2022 Annual Action Plans that meet and carry out the goals and objectives of the 2020-24 Consolidated/Five-Year Strategic Plan. The 2023 Annual Action Plan will be the fourth year of the current ConPlan cycle, beginning July 1, 2023, and ending June 30, 2024 (the 2023 Program Year).

2023-24 HUD Allocations, Active Projects Status, and Total Funds Available

On February 27, 2023, HUD's Office of Community Planning and Development announced the CPD appropriations for the 2023 Fiscal Year with the enactment of their Federal budget.

As such, the City of Merced expects allocations of \$1,034,373 and \$573,200 of CDBG and HOME funds, respectively. These figures represent a decrease of \$65,538 (CDBG) and \$29,992 (HOME), a combined total difference of \$95,530 less than last year's allocations. A total of \$93,000 in CDBG program income is projected to be received by the end of the 2023 program year, with \$54,000 of HOME program income expected.

Housing Division staff is continuing to implement 2022-23 projects, including coordination with Engineering Division staff with environmental clearances and interdepartmental agreements to be able to start groundwork on the 2021-22 W. Childs and Canal Street sidewalk infrastructure project (project costs of \$750,000), to which approximately \$293,000 of 2022-23 funds will supplement. Staff expects this project to begin later this spring with design and bid work.

Staff also continues to work with public service organizations to expend and close out prior year and current year-funded projects, and one of those organizations, Alliance for Community Transformations, chose not to move forward with their awarded 2022-23 CDBG program. These funds will therefore be carried over to the 2023-24 program year to be re-allocated to another eligible program.

Unfortunately, HUD's approximately three-month allocation announcement delay last spring affected

timing to execute service contacts. Due to this delay, delays from prior years, and large loan payoffs the City will have more resources on hand when a timeliness report is run by HUD this spring. The City will need to coordinate with HUD this summer to develop a workout plan to expend the remainder of the 2021 funding. This program year included the program income from the Grove Apartment payoff and the rest of the accumulated unspent CDBG funding. The funding is current programed and budgeted to active projects in various stages of completion. All three Housing Division personnel positions are now 100% staffed and steady, meaningful progress is being made.

The bulk of available HOME funding remains targeted towards construction of affordable rental housing projects. With a conditional commitment letter approved by Council last Spring 2022, a likely HOME project is making encouraging progress towards its financial source layering efforts with recent announcements of State affordable housing and infrastructure funding awards.

2023 Annual Action Plan

As a HUD Grantee and Entitlement Community that receives yearly allocations of HUD funding, the City of Merced is required to engage residents and stakeholders regarding the community's needs and follow its adopted Citizen Participation Plan (CPP) in doing so. The CPP sets forth the policies and procedures for citizen participation for all HUD-related plans and processes.

Community Needs Assessment - Resident/Service Organization Outreach Efforts

To reach as many City of Merced residents, community organizations, and governmental agency partners as possible in the assessment of both the community's current needs and the enlistment of community service partners to address them, Housing Division staff kicked off multiple citizen participation and agency/service consultation efforts in November 2022, earlier than in more recent years.

In November, a Community Needs Survey was created and pushed out online and in paper form to residents using several different outreach methods and means. Further discussion regarding the survey is provided below.

To solicit direct, in-person participation with both residents and community service organizations, quarter-page multilanguage advertisements in English, Spanish, and Hmong were published in both newspapers on December 1, 2022, that publicized three hybrid in-person/virtual "Community Input and Funding Information" meetings. These meetings were held on December 12, 13, and 16, 2022, at the Merced Civic Center's ADA-accessible Sam Pipes Room at both evening and daytime hours to accommodate work schedules and evening commitments. All three of these meetings were available to attend virtually through Microsoft Teams, and meeting links were published with the notices and posted on the Housing Division website and the City's social media pages (Facebook and Instagram). The ads encouraged the public's participation in two ways - by attendance at the meetings either in-person or virtually and by submitting their input through the online community needs survey.

At the meetings, staff was able to answer questions asked live through the "chat" function and through live discussion into the meeting, and Spanish and Hmong interpreters were present at each

meeting to provide language services, if needed, and to participate in the discussion as representatives of their respective service organizations. Attendees could listen and participate through their computers, smartphones, or through call-in phone numbers. Housing staff's PowerPoint presentation was streamed to those at home through the Teams software and smartphone app and could be provided directly to those who would be attending by phone.

In summary, 28 people in total attended the combined resident/service organization input meetings.

Further outreach about the Needs Survey and Annual Plan process was attained by staff participation in a "Community Conversations" radio spot on KYOS NewsTalk 1480 AM/107.3 FM that aired on December 17, 2022.

Housing staff also attended all three Town Hall Meetings held over the months of January and February 2023, noting public comment as to the needs and issues expressed by citizens and directly speaking with residents to inform them of the Annual Plan needs assessment and project funding processes, as well as soliciting additional needs survey responses. Staff also helped connect some residents affected by the January 2023 floods to services that could advise them.

As of the writing of this report, Housing staff is wrapping up a Public, Governmental, Business, Health, and Service Agency consultation process that polled local stakeholders as to the needs of the community and ways in which deeper cooperative partnerships can be obtained.

2023 Community Needs Survey

The Resident Community Needs Survey asked both city residents and interested non-residents to respond with what they see as the most needed and underfunded community needs in the categories of housing, public service, public infrastructure, and economic development, as well as overall. The survey also asked questions regarding fair housing rights knowledge and experiences, in order to poll how well fair housing education efforts are reaching citizens and to understand some of the fair housing issues of the community.

This year, the survey was pushed out in English and in fully translated Spanish and Hmong versions. Income level, ethnicity group, and language preference questions were also asked to help Housing staff understand what population sectors were responding, as well as to gauge what other languages could potentially be added that would encourage more citizens to participate. HUD requires the City to reach as many low- to moderate-income and minority-group residents as possible. Thus, this survey is multi-purpose -- serving to assess community needs, the success of City staff's outreach efforts to low- to moderate-income level and ethnicity groups, and the ways we could do even better.

After going live in November 2022, the online Community Needs Survey was primarily pushed out to residents in the December 2022, January 2023, and February 2023 utility bill newsletters, as well as with multiple posts to both social media pages. The Needs Survey "QR" codes and weblinks were also published in the newspaper advertisements for each language (English, Spanish, Hmong).

Housing staff has found that the use of the utility bill newsletter and social media posts are the most effective and least expensive outreach methods to directly reach and gather input from the greatest

number of city residents, in that a much larger majority of residents are the most willing to answer a survey than any other participation method.

Outreach also encouraged citizens without internet service or smartphone QR code readers to call or email Housing staff to request paper hardcopies of the surveys to fill out and return by mail or drop-off. Staff mailed out approximately 20 paper surveys and nine responses were mailed back or hand-delivered in return, which were then inputted into the electronic database manually.

The survey closed successfully on February 28th with 338 total responses (329 English, 9 Spanish, 0 Hmong).

Preliminary Survey Results

As with all public input collected during this process, per HUD directive, needs assessment responses are to be used by both staff and Council to make the best decisions as to where to direct the coming year's program funding in order to address the greatest community needs. Responses are also used to evaluate how these needs change over time in relation to those assessed with the 2020-24 Consolidated/Five Year Strategic Plan (ConPlan).

The results of the Needs Survey are still being evaluated in detail, but thus far, responses remain consistent with the ConPlan's assessed community needs from 2020, with some slight movement upward of the need for LMI homeowner rehab and affordable childcare options.

Preliminarily, the following are the top three responses for each of the four needs categories and the top five overall needs, in order of greatest need:

- Housing needs: 1) Decent, safe, affordable housing; 2) repairing homes owned by LMI homeowners; 3) building new rental apartments for LMI households
- Public Service needs: 1) services for people with special needs (including elderly, domestic violence victims, and disabled); 2) services for people who are homeless; 3) after school programs and childcare for children/youth under 13 years of age
- Neighborhood Improvement needs: 1) building or improving neighborhood infrastructure and streetscapes (water and sewer lines, streets, tree planting, sidewalks/crosswalks, and drainage); 2) eliminating environmental hazards (litter/dumped items, vacant/dilapidated buildings, and overgrown lots); 3) upgrading parks and recreation facilities.
- Economic Development needs: 1) projects that increase jobs; 2) low-interest business development loans to LMI people; 3) financing for job training programs
- Overall - Greatest Needs: 1) affordable homeownership opportunities; 2) affordable quality childcare; 3) employment training/workforce development; 4) small business assistance (microenterprise grants or loans); 5) homelessness prevention (*note: this year, Affordable Rental Housing was not included as a possible answer for Overall Greatest Need, but it*

resulted as the top Housing need above)

The above results will be helpful in the Council's prioritization of program funding (discussed below). It is worthwhile to note that program proposals/funding requests received will address a majority of the higher needs listed above.

2023 Project Funding - Preliminary

A Notice of Funding Availability (NOFA) was published in the Merced Sun-Star and Merced County Times on December 1, 2022, notifying the public and community organizations of the availability of project funding, and inviting proposals during the application period held from December 1, 2022, to February 15, 2023.

Letters were also mailed directly to over 120 community organizations and interested groups in November 2022 and again at the end of January 2023 to invite proposals and remind organizations of the upcoming February NOFA deadline. Housing staff was available to these organizations to meet, confer, and help guide the organizations' proposals to ensure they would meet HUD National Objective and eligible activity requirements that are specific to funding source regulations.

As a result of the NOFA process, Housing staff received 11 project funding applications. Ten proposals were accepted, and one was disallowed after it was determined ineligible due to it being proposed outside the City limits (Winton).

The City is required to serve a minimum of 70% of low- to moderate income (LMI) city residents and households with CDBG funds over at least three years of the five-year ConPlan period. HOME funds are required to serve 100% LMI each year.

Public Service Requests:

Per CDBG regulations, the City can use a maximum of 15% of the sum of its CDBG allocation and prior-year program income totals towards public service projects ("public service cap"), which includes, but is not limited to, supportive services for homeless, youth, disabled, elderly, and LMI families and individuals.

As such, the total that is available for Public Services activities is \$203,080 (calculation = \$1,034,373 allocation + \$319,494 2022-23 total program income to date x 15%). Total funds requested by all organizations for Public Services projects is \$318,748. This means that public service funds are over-requested, and reductions need to be made to the final award list prior Council approval of the Draft Annual Plan (Public Hearing scheduled for May 1, 2023). Therefore, staff is requesting Council direction as to the handling of public service funding, such as prioritizing by community need, council priorities, or reducing each proposal in order to comply with the public service cap.

It should be noted that nearly 50% of survey respondents, in combination, reported that they have had trouble paying rent/mortgage and utilities and have had to make difficult trade-off decisions between truly essential expenses like food, utilities, or transportation in order to meet their housing payment. For this reason, staff recommends that additional emphasis and consideration should

continue to be placed on programs that assist with these four essentials (such as avoiding reductions/cuts to amounts/programs). Such projects are indicated below with an asterisk (*).

Listed below are descriptions of the Public Service project proposals and requested amounts received from the listed organizations. Staff has done an initial assessment of each project to determine that each meets HUD's requirements for basic eligible activities and one of three National Objectives (to benefit LMI individuals, eliminate slum/blight, or address particular urgencies).

1. Organization: Sierra Saving Grace Homeless Project *
Program: Emergency Assistance Program
Requested: \$35,500 (CDBG - public service)
Program Description: Sierra Saving Grace requests funding to provide short-term/one-time rental, mortgage, utility and security deposit assistance to homeless and LMI households at risk of homelessness, foreclosure, or loss of electricity/heat. Payments will be made to the landlords, mortgage holders, or electric/gas utility company on behalf of the tenant/homeowner. Goal of the program is to prevent homelessness and enable safe, healthy living environments for residents.
2. Organization: Harvest Time *
Program: Food 4 You
Requested: \$61,660 (CDBG - public service)
Program Description: This organization provides food distribution to the homeless and LMI residents by on-site delivery to homeless encampments and from drive-by pickup at the church site of Calvary Assembly of God, respectively. Harvest Time requests funding for direct staff costs, gas/electric utility and liability insurance costs for the program's food storage warehouse on the church site, and assistance with mileage costs for delivery of food to the encampments that are within the city limits, as donations have not kept pace with the need for food distributions.
3. Organization: Project Sentinel
Program: Tenant/Landlord Counseling Services
Requested: \$155,894 (CDBG - public service)
Program Description: This organization submitted a proposal 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 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. Project Sentinel expects to be able to manage approximately 120 cases with the amount of project funding requested, serving approximately 1000 city residents. It is expected that HUD's 51% LMI minimum served requirement will be met.
4. Organization: Lifeline Community Development Corporation
Program: Empower Loughborough Community
Requested: \$25,000 (CDBG - public service)

Program Description: This organization proposes to continue serving the Loughborough area low-income census tracts with strength-based approaches to helping 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 services, and workforce agency connections that will enable parents to obtain stable jobs while providing safe places for their children to learn and grow.

5. Organization: Boys and Girls Club of Merced County

Program: Journey Upward Merced Program (JUMP) for Youth

Requested: \$40,694 (CDBG - public service)

Program Description: 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.

Housing Project Requests

Activity Delivery Cost (ADC) revenue generated from these housing projects is discussed in the Administrative Funding section further below.

1. Organization: Central Valley Coalition for Affordable Housing (CVCAH)

Program: Community Housing Development Organization (CHDO) Required Reserve

Requested: \$85,980 (HOME)

Program Description: project to be determined (likely an affordable rental housing project) - the City is required to set aside at least 15% of the annual HOME allocation for CHDO projects. If no other CHDO organization is certified during the 2023 program year, these funds will be allocated towards an eligible project by CVCAH, the City's current/only CHDO.

2. Organization: To be determined

Program: Affordable Rental Housing - New Construction

Requested: Approximately \$388,920 (HOME)

Program Description: all available HOME funding will be directed towards an affordable rental housing project to help secure its project financing package. Recent State awards to the Richman Group (Devonwood Apartments, 156 units) and Visionary Home Builders (Bella Vista Apartments, 108 units) bring these two strong projects closer to fruition and are potential uses for these funds.

3. Organization: Habitat for Humanity, Merced/Stanslaus Counties (HFHMSC)

Program: A Brush With Kindness

Requested (2023): \$150,000 (CDBG) - funding for Year 2 of the 3-year program approved with the 2022-23 Annual Plan (total of \$450,000/three years)

Program Description: owner-occupied rehabilitation (OOR) of single-family homes owned and occupied by LMI homeowners, to improve and preserve privately-owned homes and assist with necessary repairs that will allow the home to remain safe to occupy, including lead testing and remediation, roof repair/replacement, HVAC updates, energy efficient windows, and plumbing repairs. Last year's 2022 Annual Action Plan awarded HHMS with \$150,000 to begin a three-year OOR program, with the initial agreement to be amended each year with an additional \$150,000 (or alternative amount at Council's discretion) to fulfill their original request of \$450,000. A maximum of \$50,000 will be used per assisted residence/ owner. The 2022 program is expected to start before the end of the current program year, as Housing staff is working to complete a "Tier One" NEPA environmental review that will enable the agreement to be approved and executed.

4. Organization: Habitat for Humanity, Merced/Stanslaus Counties (HFHMSC)
Program: Completion of 241 E Main Street reconstruction/rehabilitation project
Requested: \$150,000 (CDBG)
Program Description: This project is partially started, but has experienced several setbacks and unanticipated cost increases since it began in approximately 2018, including those related to the Coronavirus pandemic and the January 2020 HUD Environmental Monitoring. Previous agreements and amendments have since expired; and the original project scope has changed from a simple rehabilitation to a reconstruction/rehab after full demolition of the structure in 2019; however, Housing staff has been working with HUD and HFHMSC to develop an acceptable path for completion. As such, the requested CDBG funds will replace the previously committed HOME funds, and staff is processing updates to both the previous environmental review and a new agreement amendment to reflect these changes. The project will result in the completed home being sold to an approved LMI family through HFHMSC.
5. Organization: Sierra Saving Grace Homeless Project (SSG)
Program: Supportive Housing - Acquisition with Rehabilitation Program
Requested: \$500,000 (CDBG)
Program Description: SSG is seeking to 2023-24 funds to purchase an existing 1-4 unit residential property, repair/rehabilitate to current building codes, then rent to LMI individuals or families with supportive case management provided by Sierra Saving Grace, if needed. Benefits of program are: 1) market-rate residential properties are converted to affordable housing, which addresses both the affordable rental housing unit shortage and homelessness; 2) neighborhoods are improved by the rehabilitation of the units; and, 3) preserves the City's housing stock, as units may need major repairs. SSG is currently in escrow with three properties using 2022-23 funding and will be undertaking extensive rehabilitation work with each.
6. Organization: Habitat for Humanity, Merced/Stanslaus Counties (HFHMSC)
Program: Homeowner rehabilitation of 820 ½ K Street (818 K Street)
Requested: \$125,000 (CDBG)
Program Description: HFHMSC is proposing rehabilitation of a single-family home and two duplexes at this property. After similar funding set aside in the 2019 and 2020 Annual Plans did not move forward due in part to the January 2020 HUD Environmental Monitoring and the Coronavirus pandemic, HFHMSC continued to look for ways to assist this property owner.

Last year, a single-family structure at a property in Salida was donated by a developer after it was slated for demolition to make way for a senior care facility in that jurisdiction. HFHMSC is currently working to relocate this structure to 820 ½ K Street in Merced City using separate funds. CDBG funds are being requested to finish rehabilitating the structure and to rehab an additional duplex that they also plan to locate to the parcel.

Staff is still evaluating the details of this project, including ensuring HUD's eligible activity and National Objective requirements and that it will meet all zoning requirements. Transportation and Building Permits have not been approved; thus a staff recommendation to include this project would be premature at this time. Additionally, as there is limited CDBG funding available, there may not be enough funding to complete the project this year.

Economic Development Funding Requests

1. Organization: WeeCare, Inc.
Program: BOOST (Business Operation and Optimization Support Tools)
Requested: \$84,000 (CDBG)
Program Description: This organization proposes a project to benefit LMI childcare business owners as a HUD-eligible Microenterprise Assistance program. WeeCare will provide technical assistance and business support to family childcare providers who serve children 0-5 and up to 13 years of age. The goal is to expand economic opportunities for these providers in Merced by training them to use essential tools that make their operation more efficient, enabling their full revenue potential and stabilizing jobs in the childcare industry. WeeCare is a for-profit business, which HUD allows for administering of qualifying economic development programs, and pledges to match awarded CDBG funds dollar for dollar. As such, WeeCare expects to benefit 50 LMI daycare owners, potentially creating 15 new jobs (as employees of daycare providers), and can benefit a large number of LMI families who choose to use the services of these daycares.

Public Facilities/Infrastructure Capital Improvement Projects

1. Organization: City of Merced Parks and Community Services
Program: Energy Efficiency Upgrade for Memorial Plunge Pool at McNamara Park
Requested: \$168,397 (CDBG)
Program Description: The City's Parks and Community Services proposes to use \$80,000 of CDBG funds to replace and upgrade aging facility equipment at the McNamara Park public swimming pool with new, energy efficient equipment. Through the upgrade, lowered operating costs, and staying within the confines of their proposed 2023-24 department operating budget, they estimate they will be able to extend the useable recreation season of the pool an additional two months of the summer.

This is also an opportunity to upgrade the existing bathroom facilities at the pool to meet current ADA standards. Engineering staff is currently assessing scope of work and potential costs of those improvements. An additional \$88,397 is available to use towards these ADA improvements. Together, \$168,397 is available for all pool facility improvements.

2. Organization: City of Merced/Central Valley Coalition for Affordable Housing
Program: Restart of Water and Sewer Main Replacement/ADA Infrastructure Improvements for Gateway Terrace II Affordable Housing Project and surrounding area
Requested: \$250,000 (CDBG)
Program Description: This project will restart the water and sewer main replacement and ADA improvement project that was originally approved with the 2019 Annual Action Plan. This project is considered separate from the 50-unit affordable housing project to be located on K Street between W. 12th and W. 13th Streets and has completed all necessary NEPA environmental clearances to the satisfaction of HUD. However, prior committed funding was tied to the housing development activity, which was the subject of the January 2020 HUD Environmental monitoring, and this project has been on hold as a result. Housing staff has defunded the prior funds, which will now be considered “carryover funds” going into the 2023 Annual Action Plan. After HUD approval of the new Annual Plan, staff will re-commit CDBG funds and draft new agreements with CVCAH and the Engineering Department for civil improvement plan design. CVCAH will oversee the project.

2023 Administrative Funding

1. Organization: Project Sentinel, Inc.
Program: Project Sentinel Fair Housing Services
Requested: \$33,360 (HOME - Admin)
Program Description: Providing Fair Housing services, education, and outreach to City of Merced residents. Project Sentinel provides comprehensive fair housing services of civil rights enforcement (audits and complaint-based investigations) and community outreach and education. Education and outreach activities inform community members of their fair housing rights and responsibilities. These services are provided throughout the rental and homeownership process and are available to home seekers, in-place residents, and housing providers. Provision of these services will help create and maintain healthy communities and will assist the City of Merced in meeting its obligations to affirmatively further fair housing.
2. Organization: Merced County Human Services Agency
Program: Merced City and County Continuum of Care Collaborative Applicant
Requested: \$38,000 (CDBG - Admin)
Program Description: The purpose of the Collaborative Applicant is to act as the legal entity for the Merced City and County Continuum of Care Board and to provide administrative support. The Human Services Agency and the Continuum of Care board hold monthly meetings to create and strategize funding to address homelessness in the City and County jurisdictions. This includes enlisting staff and consultant services to accomplish annual data collecting through the annual Point In Time (PIT) count, the Housing Inventory Count (HIC), grant monitoring, and strategizing programs with new funding sources. CDBG administrative funds will support the Collaborative Applicant and the City/County cooperative effort to reduce and eliminate homelessness within the City of Merced.
3. Organization: City of Merced Housing Division
Program: Housing Program Administration - CDBG, HOME
Requested: all figures are being estimated at the time this report, as several recent changes

were made to prior estimates. The new figures will be presented to Council at the March 20th meeting.

Fair Housing Requirements

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) requires that the recipients of Federal funds from HUD, such as the City of Merced, are obligated to determine who of its citizens lacks access to opportunity and address any inequities among protected groups (due to race, color, national origin, religion, gender/gender identity, familial status, and disability), work to reduce segregation, and endeavor to provide greater opportunities to racially or ethnically concentrated areas of poverty.

To help the City meet these responsibilities, the City uses a portion of its administrative funding annually to partner with Project Sentinel, Inc.(listed above) to ensure that housing opportunities in the City are provided fairly and equally to those protected groups and all residents. Project Sentinel provides education to tenants, landlords, and community members about fair housing laws, investigates complaints, and advocates for those who are experiencing housing discrimination.

This year, in addition to the regular administrative program funding, Project Sentinel has submitted an additional proposal that addresses tenant and landlord counseling, a service that has recently come to the forefront as a 2023-24 Council Priority as a result of January 2023 flood damage.

National Environmental Protection Act (NEPA) Requirements

All federally-funded projects and their related activities, regardless of the level of potential environmental impact, undertaken using the City's allocations of CDBG, HOME, HOME-ARP, and CDBG-CV funds are subject to the provisions of the National Environmental Protection Act of 1969 as amended (NEPA), which established national policies, goals, and procedures for protecting, restoring, and enhancing environmental quality. In addition to NEPA requirements, projects are also subject to other Federal laws related to environmental conditions, as well as similar authorities at the state and local levels.

In meeting these environmental responsibilities, as part of the development of this Annual Action Plan, staff will ensure that the intended use of the City's HUD entitlements and the Draft Annual Action Plan, when approved, will be fully evaluated for compliance with NEPA and an environmental review completed prior to execution of grant agreements or other documents legally committing the City to fund the projects. For most projects, an environmental review (or HUD-accepted tiered review) will either be underway or be completed and filed prior to Council approval of the Annual Action Plan in May 2023.

Next Steps

While a full-text draft of the 2023 Annual Action Plan is not ready to present with this report, a First Draft will be posted to the City's website by March 30, 2023, for a 30-day Public Review and Comment Period that will be held from March 31-May 1, 2023. A second and final public hearing will be held at the Council meeting of May 1, 2023, where Council will be asked to approve the final draft of the plan.

Housing staff is on track to submit a Council-approved 2023 Annual Action Plan to HUD by May 15, 2023. An “on-time” submission ensures that the programs approved with the plan are able to implement their programs in a timely fashion.

IMPACT ON CITY RESOURCES

No budget or appropriation action is required at this time.

Funding for the 2023 HUD Annual Action Plan is representative of the 2023-24 Housing Division budget in the concurrent development of the overall City budget for the upcoming City fiscal year. Funds presented as CDBG and HOME anticipated allocations were the amounts included in the nationwide announcement of allocations by HUD on February 27, 2023 and will be the City’s 2023-24 allocations unless corrected by HUD with amendment notifications or other processes.

ATTACHMENTS

1. Presentation