

Preliminary Draft – 2021 Annual Action Plan

(Please note: some sections are still in progress)

Executive Summary

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

1. Introduction

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

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

This City of Merced 2021 Annual Action Plan covers the second-year goals described in the 2020-2024 Consolidated Plan and covers the period spanning July 1, 2021, through June 30, 2022, a timeframe also referred to as "the 2021 Program Year" elsewhere in this plan. The Annual Action Plan identifies various activities proposed to be funded with Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and other fiscal resources to be received from HUD, as well as other sources, such as Program Income received from existing first-time homebuyer loans with the City, and City of Merced 's own resources, such as Enterprise, Housing Successor Agency (HSA), and General Funds. The City expects to receive \$1,132,674 in CDBG funds and \$548,734 in HOME funds, totaling \$1,681,408 from HUD as entitlement formula grants during the 2021-22 fiscal year. Including anticipated and received program income, projected carryover, and CDBG and HOME entitlement formula allocations, the City has a total budget for the 2021 program year of approximately \$5,605,360.78.

The entitlement formula utilizes population information, poverty level, and overcrowded housing data to establish funding allocations. The City of Merced qualifies as a Community Development Block Grant

(CDBG) entitlement City based on the grant formula. The City, 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 ConPlan, 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.

Action Plan Format

In 2012, HUD released its new eCon Planning Suite with interactive tools and resources for grantees to use in the preparation of the Consolidated Plan and Action Plan in the Integrated Disbursement and Information System (IDIS). This new tool provides data from HUD-selected sources, primarily 2010 Census data and the 2014-2018 American Community Survey (ACS) data set. 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 completing the draft of the 2020-2024 Consolidated Plan (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 President Trump 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 by the President on March 27, 2020. The CARES Act is an over \$2 trillion economic relief package that provided direct economic assistance for American workers, families, and small businesses, and preserves jobs for industries. As part of the CARES Act, additional assistance was provided for HUD grantees, and the City received CARES Act allocation of CDBG funds (CDBG-CV funds) in Rounds 1 and 3. The City amended its 2019 Annual Action Plan after each round of allocations to include each CARES Act distribution and implement programs specific to the needs resulting from the outbreak. The City has 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 effects of the pandemic locally.

The crisis drastically affected the preparation of the ConPlan, requiring a re-invent of effective means of citizen participation. In Spring of 2020, the City distributed an online survey to residents, schools, community business partners, and health agencies, among others, and received 204 responses. From the survey results and town hall meetings held before the local effects of COVID-19 were felt, the City was able to see a consensus of community needs and moved forward to public hearings with a final draft plan. However, some community residents felt public outreach was insufficient, and that more residents needed to be directly heard. Following two virtual outreach meetings held in September of 2020, the City restarted a second public review and comment period and public hearings. On November 30, 2020, the City Council approved the final draft of the ConPlan, 2020 Annual Action Plan, and Analysis of Impediments to Fair Housing. However, due to the fast-approaching December 31, 2020, submittal deadline for the Consolidated Annual Performance and Evaluation Report (CAPER) and another CARES Act Substantial Amendment process immediately following, more delays for submittal and HUD approval timelines ensued. The City received HUD approval and access to 2020 program funds on March 10, 2021. The unfortunate end result is that delays in getting funding to our public service partners that help vulnerable residents has placed some programs in jeopardy of closing completely.

As a result of the ongoing crisis, the immediate needs of residents may differ from those presented in this Annual Action Plan. However, the information presented here shows trends that have been consistent over recent years in the City and will likely only prove to be amplified by the effects of COVID-19, especially the needs of very low- to low-income residents.

The American Rescue Plan of 2021

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

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

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

- \$27 billion in Emergency Rental Assistance will be awarded to the Treasury Department, supplementing similar funding provided in the year-end appropriations.
- \$10 billion for a “Homeowner Assistance Fund,” also administered by the Treasury, for foreclosure protection assistance.
- \$5 billion funding for “Emergency Housing Vouchers” that will provide additional rent assistance, targeted to households who are homeless, recently homeless, or fleeing domestic violence.
- \$5 billion in funding, to be awarded using the 2021 HOME allocation formula, for various activities benefiting those who are homeless, at risk of homelessness, fleeing domestic violence, veterans who meet one of these criteria, and others where assistance or services would prevent homelessness or serve those with the greatest risk of housing instability.

Regarding the above last bullet point, on April 28, 2021, the City of Merced was notified that it will receive a one-time HOME-ARP allocation of \$1,988,778 during the 2021 program year. Because HUD does not plan to issue implementing notices until later this year, funds were not available in time to include in this Action Plan. The funds can be used towards four eligible activities, including the production or preservation of affordable housing; tenant-based rental assistance; supportive services, including homeless prevention services and housing counseling; and the purchase or development of non-congregate shelter for individuals and families experiencing homelessness. The City intends to process a needs assessment and amendment process when those funds become available, to use towards the housing and service needs of our most vulnerable citizens.

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 last year's 2020-2024 ConPlan that will 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 2021 Annual Action Plan closely mirrors that of the ConPlan and First-year Annual Plan, in identifying the following target populations, ranked in general order of placing from surveys:

- Homeless persons;
- 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 addition, or HIV/AIDS)
- Children and youth under 13
- Veterans

Barriers to Housing

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

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

12. Housing restricted based on age
13. Other experiences/observations including: not enough parking on streets/cul-de-sacs; lack of jobs to support cost of housing; not enough yard or outdoor space in housing/apartments; inefficient public transportation; supply of homes for sale limited by outside investors purchasing for rental housing; not enough senior housing options

Essential Project Types

Several types of projects were also identified as essential to the community for the 2021 program year:

- Public Infrastructure and Capital Improvements that build or improve neighborhood infrastructure and streetscapes, such as new/improved streets, water and sewer lines, sidewalks/crosswalks, and storm drainage (particularly those in low-income neighborhoods)
- Programs that increase jobs or assist new businesses, such as microenterprises
- Increased public services to area nonprofit agencies, particularly those programs that provide services for the homeless, special needs, and youth
- Permanent supportive housing for the chronically homeless
- Programs that promote and/or create fair and affordable housing, especially targeting extremely low- and low-income households

Ranked Needs and Activities by Category

Additionally, through a combination of electronic resident needs assessment survey responses, public agency consultation survey responses, virtual town hall meetings, CARES Act and other Substantial Amendment public hearings, and multiple stakeholders meetings discussions and feedback, the following needs and activities were ranked highest and most important by respondents and attendees:

- Housing– 1) Decent, safe affordable housing; 2) Repairing homes owned by households with low- to moderate-incomes; and, 3) Providing housing opportunities for people that are homeless.
- Neighborhood Improvements/Infrastructure – 1) building or improving neighborhood infrastructure and streetscapes, including water and sewer lines, streets, tree planting, sidewalks/crosswalks, and drainage 2) eliminating environmental hazards, such as litter/trash/dumped items, vacant or dilapidated buildings, and overgrown lots; and 3) upgrading parks and recreational facilities.
- Economic Development – 1) Financing projects that increase jobs; and 2) Making low-interest business development loans to people with low- or moderate-incomes; and 3) Providing financing for job training programs.

- Public Services – 1) Providing services for people that are homeless; 2) Providing services for people with special needs, like the frail elderly, victims of domestic violence/abuse, or persons with disabilities, alcohol or drug addiction, or HIV/AIDS; and 3) Providing afterschool programs and childcare for children and youth under 13, including parenting classes.
- Fair Housing Education - 37.7% of survey respondents answered that they are unaware of their rights under Fair Housing and Anti-Discrimination laws, with 46.9% answering that they are at least somewhat familiar with the laws themselves. Though this is an improvement from the same survey conducted in the last Annual Plan cycle, it shows that a deeper effort should still be made by the City and its fair housing partner organization to reach and distribute education materials to renters and landlords to promote better understanding of their protections and rights.

Additionally, from the community needs survey, the following types of projects were ranked in order of the most underfunded but with the greatest need, from highest to lowest:

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

Weighing Needs vs. Available Funding

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

One Year and Continuing Goals

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

1. Affordable Housing: the greatest housing issue the City is facing is affordable rental and homeownership housing. The topic of affordable housing and policies to encourage the development of affordable housing was a major focus of discussion by the citizens during the development of this plan, with multiple stakeholder and resident input meetings and staff presentations to Council on the topic. Accordingly, the City will be 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 layering strategies, or a combination of all. Specifically, this year, we expect to further examine potential avenues to amend or create policy aimed at encouraging the development of affordable housing by outside developers. The start of the 2021 program year appears promising for affordable housing in the City of Merced. Currently under construction are 92 low-income affordable housing units as part of the larger 119-unit Childs and B Street Affordable Housing project. And, thanks to an unexpected change of ownership in January 2021 of the 2004-constructed The Grove Apartments that resulted in a large payoff of CDBG, HOME, Section 108 loan, and LMI Asset (former Redevelopment Agency) funds, the Gateway Terrace II project's 40 affordable units (plus 10 units for homeless veterans) now has funding alternatives available that, with the approval of this plan, will help rejuvenate the project and see start of construction in this program year. Moreover, as aforementioned, the City was notified by HUD in late April 2021 that the HOME program will be receiving a special allocation of American Rescue Plan HOME (HOME-ARP) funds in the amount of \$1,988,778 that can be used towards production of affordable housing. In addition, the City will continue to allocate HOME funding towards Community Housing Development Organization (CHDO) projects for new construction and rehabilitation of multi-family rental unit projects. The City will also look for ways to direct its State Housing Successor Agency properties towards affordable housing development during the disposition of those properties that will likely occur during the 2021 program year.

2. Permanent Supportive Housing: during this program year, we expect to add a total of 33 units of permanent supportive units through the Childs and B Street Affordable Housing project (30 units), if the project continues to stay ahead of estimated construction timelines, and via existing partnerships with Sierra Saving Grace Homeless Project (2 units) and the Merced Rescue Mission (1 unit) for acquisition projects that will purchase, repair, and convert market rate duplex and single family residences to permanent supportive rental units. If the Gateway Terrace II Apartments project is successful with new funding strategies in continuing forward with construction, another 10 units of permanent supportive housing for homeless veterans will be added, although project completion may not occur until the following program year (2022-2023).

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3. Homeowner Housing Rehabilitated: 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 large or even minor repairs that come with homeownership. Thus, over this program year, through the continuing Homeowner Rehabilitation programs with Habitat for Humanity of Stanislaus and Merced County, we expect to assist at least 6 low- to moderate-income homeowners with needed minor and/or major repairs, thereby preserving and extending the long-term livability of the homes and making them safer to live in.

4. Public Infrastructure projects: the City plans to invest approximately \$1,743,030 towards infrastructure projects that will improve existing facilities or install missing elements in areas where a majority of low- and moderate-income residents live and where they are most needed, such as ADA curb upgrades in South Merced. We expect these improvements to benefit approximately 4000 residents of the City.

5. Public Services: the City anticipates the provision of approximately \$196,202 in funding to assist programs that benefit low- to moderate-income individuals and families, especially those who are homeless, elderly, victims of domestic violence, and disabled. Each year, the City will work to solicit non-profit organization proposals that address the needs of the community, including life skills and job training programs to help individuals thrive and be successfully independent.

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 year with the Coronavirus crisis and constraints on in-person meetings and large gatherings, the City has performed satisfactorily in addressing its priority needs and carrying out the programs described in the ConPlan. Though not much time has passed since receiving approval of the ConPlan/First Year Annual Action Plan and being able to implement the 2020 program year projects, the City has evaluated its performance during the last program year in order to set goals and strategies for this year.

Successes

Over the last (2015-2019) Consolidated Plan cycle and over the first year of the current 2020-2024 cycle, we have been consistently successful with the two acquisitions programs by Sierra Saving Grace Homeless Project and Merced Rescue Mission, both of which convert a range of one to three units of market rate housing to permanent supportive rental units for homeless individuals and families each year. While in 2020 both organizations got a very late start, as of the writing of this Draft 2021 Annual Action Plan, Sierra Saving Grace has successfully opened escrow on a two-unit home that, after legal conversion of the two-car garage, will be converted to a tri-plex for placement of three individuals and/or small families into permanent supportive housing. Merced Rescue Mission is currently encountering higher market rate prices in a competitive “seller’s market,” but is expected to make an offer on a suitable home by the end of September 2021. These two programs provide not only the benefit to the clients being served with housing and case management by the overall programs these subrecipients offer, but the surrounding neighborhoods also benefit with the aesthetic improvement and the long-term managed upkeep of the homes thereafter.

The Childs and B Affordable Housing project was able to break ground earlier this spring after a successful financing close of escrow on December 15, 2020, and is slightly ahead of the schedule to complete construction on the 119 affordable apartment units, which also include 30 units for permanent supportive housing, by late Spring of 2022. A funding source for the project was altered this Spring to use \$2,000,000 of CDBG funds instead of a Section 108 Guarantee loan, after an unexpected January 2021 payoff of loans associated with The Grove Apartments supplied enough repaid CDBG funds to use towards construction of the on-site Neighborhood Facility that will be open for community use once complete. A substantial amendment to the 2020 Annual Action Plan to switch these funding sources was completed in early Spring 2021. The remainder of the CDBG fund repaid by The Grove project will be recorded as program income received during the year in this plan and will be used towards infrastructure projects in the 2021 program year.

While we were still unable to break ground on the 50-unit Gateway Terrace II Affordable Housing project during the 2020 program year, Housing Successor Agency LMI Asset funds (former Redevelopment Agency funds) were also received from January 2021 The Grove loan payoff, and will be redirected towards this project through this plan, enabling it to proceed without use of Federal funds. The City of Merced is hopeful that this is the breakthrough this project needed in order to see its successful construction over the next two years' time.

Additionally, while we experienced several severe delays during the program year and 2020 program contracts are still being implemented as a result, we did see success with several vital public service programs being able to start their programs, including the provision of operating cost assistance for a wintertime overnight homeless shelter by the Merced Rescue Mission, CDBG and Coronavirus CDBG (CDBG-CV) subsistence payments programs by Sierra Saving Grace, a CDBG-CV subsistence payment program by The Salvation Army, and CDBG-CV Food Bank Assistance to the Merced County Food Bank.

Shortcomings

While we have had encouraging success over the last year with affordable housing projects, we did not see as many Homeowner Rehabilitation projects come to fruition as we had expected. While most likely this can be attributed to the COVID-19 crisis and perhaps understandable hesitancy of both homeowners and Habitat for Humanity of Stanislaus County to start projects during this time, the need is still there. Habitat is currently working with two homeowners to begin rehabilitation projects on their homes. There is probably room for improvement in terms of making sure that those homeowners who most need the assistance are the those that we try the hardest to inform that it is there.

This year, the COVID-19 crisis has greatly exacerbated the Housing Division's continuing difficulty in consistently maintaining adequate staffing levels to match the workload, compounding the still-lingering residual effect of the economic downturn that began in approximately 2008 and resulted in City-wide downsizing, elimination of positions, and shifting the Housing Division to a complete reliance on its HUD Administration funding resources to staff the division, away from any supplemental General Fund staffing appropriations. The tumultuous 2020 year with the COVID-19 crisis, involving staff working from home through mid-May of 2020, three substantial amendment processes and related work occurring over the course of the year, and associated delays in ConPlan/Annual Plan approvals increased the workload and strain on existing staff during this time. The delays in implementing 2020 programs has meant that no CDBG and HOME administration funding was available to reimburse the current Housing staff of two. Current staffing levels remain at two employees; however, the City has recently begun the recruitment process for the vacant third Housing staff position in anticipation of administration funds that will be available soon, as acquisition and affordable housing projects move forward. The need for more staffing was noted by members of the public during various stages of the development of the 2020-2024 Consolidated Plan.

The unfortunate side effect of the delays of the past year, current insufficient staff levels, and no extensions granted by HUD of the August 2021 regulatory deadline – though a late 30-day comment period waiver issued by HUD has helped – has created additional bottlenecks, as staff has needed to switch focus temporarily from implementation of 2020 programs to preparation of this plan.

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, we will continue to grow, seek new, and expand upon current partnerships and community organizations that will help us with outreach efforts to improve services to and more effectively connect with low-income and disadvantaged populations that exist within our community. In correlation with inconsistent staffing levels of the Housing Division over the last few program years, the ability of staff to regularly connect directly with residents and attend neighborhood and Continuum of Care meetings has slowly declined, something

that has also been compounded during the development of the Consolidated, First Year Annual Plan, and this 2021 Annual Action Plan by the difficulties put forth by the Coronavirus pandemic over the last year.

Valuable lessons were learned last program year during the development of the 2020-2024 Consolidated Plan and First-year Annual Action Plan regarding the value of our resident advocacy groups in helping us make connections to interested residents, but it also exposed the need to find new and/or better ways to reach the populations that most need the funding assistance provided through this plan. This year, we utilized social media, live streaming, and television broadcasting in holding multiple virtual resident and stakeholder meetings, social media in distributing our Community Needs Survey, direct mail to ensure that the survey went out in the monthly utility bill newsletter, and participated in two separate local radio station interviews both to distribute information to the public regarding the availability of CDBG-CV programs and to inform listeners how they could participate in the development of this plan.

What will we change to be more effective?

Recognizing that ways to reach residents in the community are continually changing and that most of the more efficient electronic means learned during the pandemic of reaching the public will likely stay and become part of the norm, the City will continue to look for better and deeper ways to reach a greater number of residents each year. We need to, especially, continue to make a robust commitment to a much deeper reach to 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 or other means of getting online to answer surveys. In this way, we will be better equipped, informed, and innately able to anticipate and respond to the needs for the next year of funding, and possibly even be working on programs for the year after that in order to develop programs earlier than we have in the past. In short, we need to spend more time actively connecting so that we can truly provide to the community in the deep ways and areas that it is needed. Equivalently, we need 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 an informed part of the important coordinated community conversations that are occurring.

ATTACH Current Projects and Activities spreadsheet (Table 2)

ATTACH 2021 Proposed Projects and Activities spreadsheet (Table 3)

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 virtual community meetings, in-person and virtual resident and stakeholder meetings on specific topics such as affordable housing and affordable housing policy, surveys, public hearings, and individual meetings. Citizens who participated in the process received extensive information about the Annual Action Plan, affordable housing policy considerations, 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. The City also consulted with public and private departments and agencies, and social service and non-profit organizations to understand the community's needs and available resources. Department staff provided input on how CDBG resources could be used and leveraged to provide services.

Citizens were encouraged to participate in two virtual community workshops, virtual presentations and question/answer sessions on affordable housing policy and potential strategies to encourage the construction of more affordable housing, as well as two Public Hearings.

At various times through the COVID-19 crisis nationwide, HUD has issued specific waivers to grantees of regulatory requirements related to minimum citizen participation and public review and comment periods requirements. The latest waiver was issued on May 14, 2021, by the HUD Office of Community Planning and Development (CPD), as a result of an earlier discovery of an error in the formula calculations for the CDBG program. Accordingly, HUD provided the waiver to address the error by allowing grantees to change their public comment periods from the normal minimum 30 days to no less than three days for the preparation of the 2021 Annual Action Plan. In reducing the comment period to a minimum of three days, HUD is balancing the need to quickly assist communities while continuing to provide reasonable notice and opportunity for citizens to comment on the proposed uses of CDBG funds. The City of Merced chose to move forward with a 15-day comment period from June 8, 2021, to June 22, 2021.

Meetings, Public Outreach, Consultation, and Comment Periods

Information was disseminated, outreach and consultation was accomplished, and meetings and comment periods were held as noted below:

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- Virtual Town Hall Meetings: February 11 and February 18, 2021
- Public Hearing for Substantial Amendment to 2019 Annual Action Plan: February 16, 2021
- Affordable Housing Policy Stakeholder Meeting: March 24, 2021
- Community Needs Survey: March 10, 2021 - April 30, 2021
- KYOS Broadcast Radio Spot: "Community Conversation" interviews with City Staff; air dates March 27 and April 10, 2021
- Virtual Resident and Public Service Community Outreach Meetings: March 30 and March 31, 2021, 5:30 p.m.
- Inclusionary Zoning Community Presentation: April 8, 2021
- Notice of Funding Availability (NOFA) for Non-Profit Program Funding Requests: April 15, 2021, 5:30 p.m.
- 2021 Public, Governmental, Business, Health, and Service Agency Virtual Consultation survey: May 26 - June 4, 2021
- Public Review and Comment Period: June 8 - June 22, 2021
- Public Hearings: June 21 and July 6, 2021; 6:00 p.m.

5. Summary of public comments

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

As required by HUD, in the preparation of the 2021 Annual Action Plan, citizens were engaged through virtual community meetings, community needs surveys, public hearings, and individual meetings. Citizens who participated in the process received extensive information about the 2024-2024 ConPlan and the 2021 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 the opportunity to provide City staff with their input on the prioritization of community needs.

During the preparation of the Annual Action Plan, an electronic Housing and Community Needs Survey (available for survey takers to read and answer in multiple languages, including English, Spanish, Hmong, French, German, Chinese, and many others) was administered. Direct 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. Links were also placed on the City's Instagram and Facebook social media accounts and reposted several times throughout the survey period. During virtual outreach meetings that were livestreamed on social media and on cable television government access channels, the links and QR codes were shown on the screen, and staff encouraged residents watching from their devices and televisions to take the survey from the convenience of their home. Staff also encouraged listeners to go to the Housing Division website for the survey links during two radio interview spots by

the KYOS radio station. Additionally, paper flyers advertising the survey were distributed at customer service areas in City Hall. A total of 101 respondents participated in the survey. All responses were submitted in English, even though over 5% of respondents stated they spoke primarily Spanish, and 3% spoke primarily Hmong. 26% of respondents stated they were of Hispanic or Latino origin. 10% of respondents were Asian, 5% were Black/African American, and 70% were White/Caucasian. 35.7% of respondents answered that their income levels were in the very low- to moderate-income ranges. 22% of respondent stated that, in the last two years, they were unable to afford needed repairs or improvements to their homes, 19% stated that they have had difficulty paying their utility bills, and nearly 11% had experienced homelessness. 42% answered that they spend more than 30% of their household income on housing costs.

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The City held two virtual community workshops, where attending residents and community members had the opportunity to have focused discussion on issues and different topics within the community. Each workshop focused on different topics such as resident concerns, housing, economic development, and social services, but attendees were welcome to raise any issues affecting the Plan at all meetings. Additionally, these televised and live-streamed meetings informed the public that CDBG funds would be made available to eligible projects and provided application process information, application dates, and contact information for questions.

Additionally, 2 separate virtual meetings specifically focused on the topic of affordable housing and solutions to encouraging more affordable housing were held.

A total of two public hearings were held. During these public meetings, residents and council members were asked to identify any other community needs and priorities before the draft Annual Action Plan was finalized and approved.

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

- Programs and services to respond to high levels of poverty especially in south Merced
- High burden of utility costs for lower income households
- Limited job opportunities is a concern
- Homelessness is a concern. Veterans, youth, and the chronic homeless were specific sub-populations discussed
- Supportive housing for homeless
- More affordable housing and better public transportation for seniors is needed
- Affordable housing policy
- Housing vouchers
- Land use zoning

- Rent control and protections
- Homeowner rehabilitation programs
- Substandard housing
- Housing trust and land funds
- Job training programs

A separate substantial amendment to the 2020 Annual Action Plan was undertaken during the Spring of 2021 to change funding sources for the Childs and B Street Affordable Housing Project after a large payoff of prior CDBG, HOME, and Housing Successor Agency (HSA) LMI Asset funds related to The Grove Apartments was received in January 2021. At the related meetings held for this matter, including the Public Hearing held on May 3, 2021, the public was informed that additional funds received from this payoff would be directed towards 2021 programs through the 2021 Annual Plan process. All public comments from these meetings and public hearings were accepted and answered.

ATTACH 2021 PUBLIC COMMENT SUMMARIES:

- Town Hall Meeting #1 & #2
- Virtual Community Input Meeting #1 & #2 Notes
- Affordable Housing Policy Stakeholder Focus Meeting Notes
- Affordable Housing/Inclusionary Zoning Community Discussion meeting notes
- Public Hearing Meeting Notes - Childs & B Street Affordable Housing Project – Substantial Amendment to 2020 Action Plan to Amend Funding Sources
- Public Review and Comment Period Notes
- Public Hearing #1 Comments
- Public Hearing #2 Comments

Community Needs Survey

During the preparation of the Annual Action Plan, an electronic Housing and Community Needs Survey (available for survey takers to read and answer in multiple languages, including English, Spanish, Hmong, French, German, Chinese, and many others) was administered. Direct 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. Links were also placed on the City’s Instagram and Facebook social media accounts and reposted several times throughout the survey period. During virtual outreach meetings that were livestreamed on social media and on cable television government access channels, the links and QR codes were shown on the screen, and staff encouraged residents watching from their devices and televisions to take the survey from the convenience of their home. Staff also encouraged listeners to go to the Housing Division website for the survey links during two radio interview spots by the KYOS radio station. Additionally, paper flyers advertising the survey were distributed at customer service areas in City Hall. A total of 101 respondents participated in the survey. All responses were submitted in English, even though over 5% of respondents stated they spoke primarily Spanish, and 3%

spoke primarily Hmong. 26% of respondents stated they were of Hispanic or Latino origin. 10% of respondents were Asian, 5% were Black/African-American, and 70% were White/Caucasian. 35.7% of respondents answered that their income levels were in the very low- to moderate-income ranges. 22% of respondent stated that, in the last two years, they were unable to afford needed repairs or improvements to their homes, 19% stated that they have had difficulty paying their utility bills, and nearly 11% had experienced homelessness. 42% answered that they spend more than 30% of their household income on housing costs.

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

See attached for a summary of comments received during community outreach. All public comments were accepted.

ATTACH SUMMARY

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 2021 Annual Action Plan, which carries out the second year of the ConPlan, closely resemble those listed above.

As a result of the published Notice of Funding Availability (NOFA), letters notifying over 115 organizations of the availability of funding, a Non-Profit Organization information meeting on April 15, 2021, and an application period held from April 1 – April 2, 2021, the following funding applications were received:

LIST APPLICATIONS

Local public agencies and non-profits were assisted and also given the opportunity to spend time discussing community goals and needs. Some goals include providing permanent supportive housing, job training, and funding services for homeless. In some instances, groups discussed youth, lack of adequate housing, and housing for multiple income and groups (at-risk youth, veterans, seniors, & the area's homeless population).

At the June 21, 2021, Public Hearing, staff asked the City Council to consider and discuss the various applications received that request 2021-22 funding, a process which helps to guide staff in the development of the final Annual Plan budget and its funded activities and goals. Councilmembers were asked to prioritize the funding requests based on the expressed needs and funding preferences of the community as a whole during this process.

As a result of City Council and public comment prioritization guidance, the following organizations will receive funding through CDBG, HOME, or other available funding for the 2021-22 Annual Plan year, in no particular order:

LIST funding

City Council approved the Final Draft of the 2021 Annual Action Plan on _____ and adopted Resolution # _____. Council also approved submission of the 2021 Annual Action Plan to HUD prior to the deadline of July 15, 2021.

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.

Please refer to the following pages for more detailed notes of the community input comments.

ATTACH 2021 PUBLIC NOTICES SUMMARY

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
HOME Administrator	MERCED	Housing Division

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 Director of Development Services and the Housing Program Supervisor oversees the day-to-day administration of these programs.

For National Environmental Protection Act (NEPA) reviews of projects that consider the use of the City's allocations of federal funds as a funding source, the City of Merced is the Lead Agency.

Consolidated Plan Public Contact Information

Scott McBride, Development Services Director; and,

Kimberly Nutt, Housing Program Supervisor

Housing Division, City of Merced

678 W. 18th Street

Merced, CA 95340

(209) 385-6863

Email: housing@cityofmerced.org

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

1. Introduction

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

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

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 as well.

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.

The goal of the consultation process was to provide detail of the priority needs identified in the Consolidated Plan, how local agencies could best focus their programs and activities to help address those priority needs, and to explore opportunities for coordination to improve availability and access to services.

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

The principal provider of community development and economic development programs, housing projects, and financial support will be the City of Merced. The Merced 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 works closely with the Merced Housing Authority to qualify Merced residents for Section 8 Housing Choice Vouchers. The City provides information on the availability of Section 8 programs to qualified residents.

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; and Merced County Rescue Mission. Each is consulted during the City's ConPlan and Annual Action plan process.

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.

The City is an active member of the Merced City and County Continuum of Care and has helped develop the Merced City and County Continuum of Care Regional Plan to Prevent and End Homelessness. This Regional Plan is used as a template to develop the new Continuum of Care 10 year plan which will provide a series of recommendations and plans to address the needs of homeless persons and other vulnerable populations. Recommendations include:

- Continuing to follow a Housing First approach that focuses on providing housing as quickly as possible and then providing services as needed. Once a household obtains housing, a variety of services are offered following housing placement in order to help households maintain their housing. Such services are time-limited or long-term depending upon the household's need. Housing is not contingent on compliance with services. However, participants must comply with a standard lease agreement. Assistance also includes locating rental housing, relationship development with private market landlords, and lease negotiation and home-based case management which can also be time-limited or long-term depending upon the willingness and needs of the household;
- Continuing to support and identify funding sources for rapid re-housing which involves a variety of assistance that includes: short-term or medium-term rental assistance and housing relocation and stabilization services which may include mediation, credit counseling, security or utility deposits, utility payments, moving cost assistance, and case management. Case management includes 1) on-site and off-site supportive services such as employment counseling, health care, mental health care, and access to various mainstream resources; 2) activities that help with

circumstances that may impede access to housing such as poor credit history, legal issues, and inability to negotiate manageable and appropriate lease agreements with landlords; and 3) availability to resolve housing-related crises should they occur through home visits and communication with landlord;

- Continuing to utilize a Coordinated Entry System (CES) which will cover the entire CoC and will use 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 will be imbedded into HMIS and will help triage clients and ensure connection to the best intervention. Access to a CES assessment will occur through street outreach and engagement as well as shelters;
- Continuing to utilize Homeless Management Information System (HMIS) for all statistical data, on-going case management records, financial assistance provided and final outcomes of assistance or housing placement.
- Continuing support of a community outreach and education campaign that will raise awareness about households at-risk of becoming homeless and provides information about resources available through homeless prevention programs.
- Continuing to develop and define partnerships between local government and nonprofit and for-profit affordable housing developers to develop additional units of permanent affordable housing for extremely low-, very low-, and low-income homeless families and individuals;
- Develop additional units of permanent affordable housing for extremely low and very low-income families and individuals over the five (5) year implementation of the Consolidated Plan;
- Develop units of permanent affordable housing for homeless veterans over the five (5) year implementation of the Consolidated Plan.

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 which includes 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) identify 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

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Table 2 – Agencies, groups, organizations who participated

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

	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
	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.
3	Agency/Group/Organization	Housing Authority of the County of Merced
	Agency/Group/Organization Type	PHA
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This 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.
4	Agency/Group/Organization	SIERRA SAVING GRACE
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization provides various services to homeless individuals and individuals/families at risk of becoming homeless within the community. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
5	Agency/Group/Organization	MERCED RESCUE MISSION
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization works with multiple service providers and provides homeless services within the community. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
6	Agency/Group/Organization	Greater Merced Chamber of Commerce
	Agency/Group/Organization Type	Business Leaders Business Support and Advocacy
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Market Analysis Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.

7	Agency/Group/Organization	MERCED LAO FAMILY
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons Services-homeless Services-Health Services-Education Service-Fair Housing Business Leaders Services - Translation/Cultural/Social
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization provides invaluable Hmong and other Southeast Asian language translation services to the resident, service, and business community. The City of Merced uses this organization to translate all published notices and advertisements, at all public hearings, and at all community outreach meetings held in preparation of this plan. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.

8	Agency/Group/Organization	ALLIANCE FOR COMMUNITY TRANSFORMATIONS
	Agency/Group/Organization Type	Services - Housing Services-Children Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services - Victims
	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 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 services to victims of domestic violence, sexual assault, and human trafficking. 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.
9	Agency/Group/Organization	Project Sentinel, Inc.
	Agency/Group/Organization Type	Services - Housing Services-Education Service-Fair Housing

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Public Housing Needs 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?	The organization provides fair housing services within the community. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
10	Agency/Group/Organization	The Leadership Counsel for Justice and Accountability
	Agency/Group/Organization Type	Housing Services-Education Service-Fair Housing Planning organization Fair/Housing Policy Advocacy
	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

	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. This organization also actively participated in community outreach workshops and focused meetings with City officials regarding potential housing policy strategies to encourage the construction of more affordable housing in the community.
11	Agency/Group/Organization	CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING
	Agency/Group/Organization Type	Housing Services - Housing Community Housing Development Organization (CHDO)
	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 Market Analysis Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization is an established Community Housing Development Organization and an Affordable Housing Developer. 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.
12	Agency/Group/Organization	Habitat for Humanity - Merced County
	Agency/Group/Organization Type	Housing Services - Housing

	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homelessness Strategy Anti-poverty Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization provides housing services within the community. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.
13	Agency/Group/Organization	HEALTHY HOUSE WITHIN A MATCH COALITION
	Agency/Group/Organization Type	Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-homeless Services-Education Services - Translation/Cultural/Social
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeless Needs - Chronically homeless Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy

<p>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</p>	<p>The organization provides assistance services to homeless and at-risk elderly, elderly disabled, and elderly veterans, and provides translation services to the City and community in several languages. The City utilizes this organization for speaking translation at all public hearings and public outreach meetings. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.</p>
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Identify any Agency Types not consulted and provide rationale for not consulting

N/A

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	The County of Merced is a Continuum of Care applicant and conducts homeless counts, surveys of the homeless population, and strategic planning to end homelessness. 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 residents with an emphasis on the homeless.
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.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
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.

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 the community's market and affordable 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 available for public review and comment for a reduced 15-day comment period, as allowed per a May 14, 2021, HUD-issued regulatory waiver for public participation and comment that allowed HUD grantees to reduce their comment periods to no less than three days when preparing their 2021 Annual Action Plans. 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, the citizens had the opportunity to informally address City Council with their community concerns and requests for City budget funds through live social media posts as the meeting progressed. This gave the Housing Division and the City's executive staff the opportunity to engage with citizens during the meetings over social media. When possible, a follow-up call was made to find out if there was any additional information that the Housing Division could provide after the meeting.

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 initiation letters were mailed directly to organizations, providing meeting dates and locations of when application assistance and information could be provided to public agencies and non-profit organizations. Local public agencies and non-profits were assisted and also given the opportunity to spend time to discuss their community goals and needs in a social-distanced roundtable setting in the City Council Chambers. Collaboration between community groups was encouraged.

As noted earlier, two public hearings were held with the City Council, where Housing staff presented the 2021 HUD Annual Action Plan and 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 15-day review period was held from June 8 to June 22, 2021. During the 15-day public review period, the City received written comments from _____ and citizens who wrote in support of programs that will receive grant funding. These comments are summarized in the attached public comment summary.

Community Surveys were also administered at various public locations, including on-line on the City's website and through several social media postings. Survey participants were asked about the levels of priority for separate items that were categorized under the following community needs: Housing; Infrastructure; Neighborhood Services; Community Services; Business and Jobs; Community Facilities; and, Special Needs Services. The City received 101 survey response, 2 by non-City residents, which assisted the City in its goal setting.

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Citizen Participation Outreach

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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)
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1	Internet Outreach	<p>Minorities</p> <p>Non-English Speaking - Specify other language: Spanish and Hmong</p> <p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>The City published an internet-based Community Needs Survey to collect feedback from the public on community needs, priorities, and fair housing issues.</p> <p>The survey was open online in multiple languages, including Spanish, Hmong, German, French, and Chinese, from March 10, 2021, through April 30, 2021. The English survey received 101 responses, with no other responses in any of the other language options.</p> <p>26% of survey respondents identified as Hispanic, with 5.1% of respondents answering that their primary spoken language is Spanish.</p>	<p>Feedback revealed significant concerns with a lack of affordable housing, the need for more jobs, increasing homelessness, and needed infrastructure repair such as street lighting and sidewalks.</p>	<p>No responses were rejected. 2 of the 101 respondents stated that they were not residents living within the City of Merced city limits. Their responses were accepted due to the proximity of Merced to other smaller communities such as Atwater, El Nido, Livingston, and Planada, where many of Merced's workforce commute in from, and there are a few "County pockets" located within the City. Many County residents use City facilities such as parks and shop in downtown areas, so therefore are given a voice to where funding is needed.</p>	
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Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (if applicable)
			<p>3% of respondents answered that their primary spoken language is Hmong. Persons of Asian descent accounted for 10.1% of respondents, and persons identifying as Black/African-Americans made up 5% of respondents.</p>			

2	Internet Outreach	<p>Minorities</p> <p>Non-English Speaking - Specify other language: English, Spanish, and Hmong</p> <p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>Due to the continuing COVID-19 pandemic combined with the need to find other ways to reach residents in an increasingly digitally-connected society, the City used social media heavily this year to reach residents. Flyers with links to the Community Needs Survey were posted in English and Spanish on the City's Facebook and Instagram pages. All town halls, public input meetings, and public hearings were live-streamed to Facebook Live, including the focused discussions regarding affordable housing policy. In-person public hearings and</p>	<p>Housing staff monitored all comments posted to these meetings to gather any that could be included into needs assessment and other community conversation efforts.</p>	<p>No comments were rejected that were relevant to the meeting topics.</p>	
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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)
			all community input and affordable housing stakeholder meetings were available for translation in Spanish and Hmong.			

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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)
3	Public Comment Period	Non-targeted/broad community	The draft 2021 Annual Action Plan was published for comment to solicit feedback from community residents. The comment period was open from June 8, 2021, through June 22, 2021, on a 15-day comment period, as allowed per a May 14, 2021, HUD-issued waiver of the regulatory 30-day comment period to no less than three days. Public comment notices were published in English, Spanish, and Hmong.	See summary of public comments received in the plan attachments.	No comments were rejected.	

4	Public Hearing	<p>Non-English Speaking - Specify other language: Spanish and Hmong</p> <p>Non-targeted/broad community</p>	<p>The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend community meetings and hearings by making them available in Spanish and Hmong. In accordance with the Citizen Participation Plan, the City provided access and assistance to all residents. This includes: interpreters for non-English-speaking citizens; information provided through workshops, churches, the school district, and local community centers; and utilize sites for the public meetings</p>	<p>See summary of public comments received in attachment.</p>	<p>All comments made at the public hearings were accepted.</p>	
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Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>that are accessible for persons with disabilities (locations were limited due to COVID-19). All public hearings and meetings were held at convenient and accessible locations that accommodate persons with disabilities, including online to accommodate the needs for social distancing. A total of 2 public hearings were held.</p>			

5	Public Meeting	<p>Non-English Speaking - Specify other language: Spanish and Hmong</p> <p>Non-targeted/broad community</p>	<p>The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend community meetings and hearings. In accordance with the Citizen Participation Plan, the City provided access and assistance to all residents. This includes: interpreters for non-English-speaking citizens; information provided through workshops, churches, the school district, and local community centers; and utilize easily-accessible virtual meeting platforms for the virtual public input meetings that</p>	<p>See summary of public comments received in attachment.</p>	<p>All comments made at the public meetings were accepted.</p>	
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Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
			<p>are accessible for persons with disabilities, including closed-captioning. All public meetings were held at convenient times of the day and accommodated persons with disabilities, including online to accommodate the needs for social distancing. A total of 2 community input group meetings and 2 community workshops for discussions regarding affordable housing policies and strategies were held.</p>			

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

HUD has allocated to the City of Merced a total of \$1,681,408 in new CDBG and HOME funds for program year 2021. Allocation of funds and assignment of priorities for funding are based upon the national goals and objectives set forth by HUD regulations, and local goals for housing and community development. Local goals, consistent with HUD regulations, focus on building up and improving the City's residents and neighborhoods. The City intends on pursuing additional funding through other local, state, and federal resources whenever possible.

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

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	1,132,674	96,000	2,180,595	3,409,269	3,660,168	The City will receive an \$8,790 increase in CDBG grant funding over last fiscal year. Program income in the amount of \$96,000 is anticipated in years 3 through 5 of this plan.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	548,734	60,000	3,249,357	3,858,091	1,808,328	The City will receive a \$6,094 increase in HOME grant funding over last fiscal year. Program income in the amount of \$60,000 is anticipated in years 3 through 5 of this plan
Other	public - local	Multifamily rental new construction	700,507	0	0	700,507	0	The City of Merced's Housing Successor Agency (HSA) LMI Asset Funds will repay \$307,913.40 of CDBG and \$392,593.55 of HOME funds that were previously expended on the Gateway Terrace II Apartments, for a total of \$700,506.95. Another \$801,244.21 of HSA LMI Asset Funds will replace the remaining HOME and CDBG funding previously committed to the project in prior years.

Table 5 - Expected Resources – Priority Table

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

The City will attempt to use HOME Funds, Grants, and other funding when appropriate to meet the objective of the Annual Action Plan. The City does add local funds (including unexpended CDBG funds from prior years if available) to further support the organizations and individuals receiving CDBG funding.

The City emphasizes the need to leverage Federal, State and local resources to local organizations when requesting funding for programs. These efforts have been fruitful, and projects funded under CDBG and HOME have substantially exceeded accomplishments that could be achieved from federal funds alone. Although there is no official match requirement in the CDBG program, in most cases, other funds, such as private funds received through donors or fundraising activities, commercial loans, Gas Tax funds, and non-federal funds, are used to supplement and defray project costs. HOME funds require a 25% match, and ESG funds require a dollar-for-dollar match.

Federal match requirements apply to the City's HOME funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25 percent match with non-Federal dollars. In the past, redevelopment Low and Moderate Income Housing funds were the City's primary source for leveraging or providing matching funds for the City's Housing programs. With the dissolution of redevelopment agencies in California, the City no longer receives this funding. However, the City has remaining LMI Asset funds remaining, after sale of former Redevelopment Agency-owned properties over the last few years (described further below). The City still maintains an excess in match requirement from previous fiscal years, currently in the amount of \$_____, which will fulfill the City's HOME match requirements for many years. Even though the City has fulfilled the HUD match requirement, the Housing Division continues to develop HUD Match Eligible projects.

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

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

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

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

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

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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 Successor Housing Agency (HSA) overseeing approximately nine (9) vacant properties and over \$1.4 million of money that may be used to support additional affordable housing projects over the next five to ten years. These properties and funds must be used to further the goal of the City in the development of additional affordable housing units.

Pending Disposition of Properties

For the past two years, City staff had considered a concept of using these properties to place multiple cottage homes on the properties, in an effort to increase housing units in Merced. The concept received positive feedback, and staff is now looking to contribute the land through long-term, low-cost land leases to qualified non-profit or for-profit developers to build affordable housing with income limits up to 80% of Area Median Income (AMI) on the sites. Since the properties belong to the HSA, they are exempt from the Surplus Properties Land Act requirements, pursuant to Government Code 54221(f)(1)(A).

A Request for Proposals for these affordable housing development opportunities was released on April 1, 2021, with a deadline of May 20, 2021. The City received 9 proposals from various organizations, and is currently evaluating them. The City plans to move forward with this project during the 2021 program year.

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 2021-22 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 2021-22 include:

- LMI Housing Assets (Local)
- Water Enterprise Funds
- Sewer Enterprise Funds

These are local funding sources budgeted as part of the overall 2021-22 Housing Division budget. Except for activity regarding the Gateway Terrace II project discussed further in this section, these other funding sources were not included as part of the anticipated resources in the HUD Annual Plan since they are a non-federal funding sources. The non-federal funding sources were 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 with non-federal funding sources include:

- Gateway Terrace II: Approximately \$450k of Water and Sewer Enterprise Funds
- First Time Home Buyer Program: Approximately \$265K for CalHome Programs
- Acquisition of Blighted Property: Approximately \$200k from LMI Housing Assets
- Homeowner Rehabilitation: Approximately \$265k from HOME (HCD) 92/93/94

CHECK AMOUNTS ABOVE

HSA LMI Asset Fund Activities - Gateway Terrace II

The City anticipates the use of local non-Federal funding from the City's Housing Successor Agency (HSA) during the 2021-22 Annual Plan period. 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), which are required to be used towards housing projects for low- to moderate-income residents. During the 2021 year, these funds will be used to repay previously expended CDBG and HOME funds the 50-unit affordable/permanent supportive Gateway Terrace II project, which has been stalled since January of 2020. Following HUD approval of this plan, those repaid funds will in turn become available resources under both the CDBG and HOME programs for eligible projects and expenses. The additional funding is provided in the 2021-22 Annual Plan as an Expected

Resource.

In support of the Gateway Terrace II project, additional funding from the HSA LMI Asset Fund will need to be pledged for the remaining project costs. Those will require separate action by the City Council. This additional funding was previously contemplated using CDBG and HOME funds. However, the receipt of LMI Asset Funds in January allows the project to be entirely switched to local funding, freeing up HUD funding for other eligible activities and projects.

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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: \$1,743,030	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 4000 Persons Assisted
2	2B Increase Affordable Housing Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	HOME: \$3,289,232 HSA LMI Asset Fund: \$700,507	Rental units constructed: 150 Household Housing Unit
3	2C Provide Assistance for Supportive Housing	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$900,000	Housing for Homeless added: 3 Household Housing Unit
4	3A Provide Vital Services for LMI Families	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	CDBG: \$196,202	

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	4A Provide Homeless Prevention & Support Services	2020	2024	Homeless	City Wide	Homelessness Housing and Support Services	CDBG: \$38,000	
6	5 Enhance Fair Housing Knowledge and Resources	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	HOME: \$30,000	Public service activities other than Low/Moderate Income Housing Benefit: 85 Persons Assisted

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	1A Improve Public Infrastructure & Facilities
	Goal Description	The City will improve access to public infrastructure through development activities for LMI persons and households. Public infrastructure activities include improvements to infrastructure in the jurisdiction such as roadway resurfacing and improvements to curbs and ramps on sidewalks for ADA compliance. The City will also expand and improve access to public facilities through development activities for LMI persons and households and for special needs population (elderly, persons with a disability, victims of domestic abuse, etc.). Public facilities may include neighborhood facilities, community centers, and parks and recreation facilities.
2	Goal Name	2B Increase Affordable Housing Opportunities
	Goal Description	The City will work to increase homeownership and rental opportunities for LMI households through new construction of homeowner and rental housing.

3	Goal Name	2C Provide Assistance for Supportive Housing
	Goal Description	The City will provide assistance for supportive housing for eligible residents in the City.
4	Goal Name	3A Provide Vital Services for LMI Families
	Goal Description	Provide supportive services for low- to moderate-income households in the jurisdiction. Public services will 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, the elderly, and the youth. Note that fair housing counseling services under this goal will be funded with HOME Administrative funds.
5	Goal Name	4A Provide Homeless Prevention & Support Services
	Goal Description	The City will provide for homeless prevention and support services for the homeless population in the jurisdiction.
6	Goal Name	5 Enhance Fair Housing Knowledge and Resources
	Goal Description	The City will provide funding for fair housing education and resources for residents of the City of Merced.

Projects

AP-35 Projects – 91.220(d)

Introduction

The projects budgeted for the 2021 program year are summarized below.

The Administrative and Public Service activities identified are expected to be completed no later than June 1, 2022. The infrastructure activities identified are expected to be completed no later than the late Summer of 2022, but could potentially experience delays. The acquisition of property activities identified are anticipated in the Spring of 2022.

The City of Merced will provide activities that support one or more of the following projects during Program Year 2021.

Projects

#	Project Name
1	CDBG & HOME Direct Administration and Fair Housing (FY 21/22)
2	CDBG & HOME: Housing and Development Activities (Non-CHDO)
3	CDBG: Public Facilities and Infrastructure
4	CDBG: Public Services
5	CDBG: Indirect Administration (FY 21/22)
6	HOME: CHDO Reserves

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 2021 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 April 5, 2021, 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 April 15, 2021, 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.

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.

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.

A second obstacle to meeting underserved needs is the location of many available services in the community. Housing staff works closely with the Engineering Department and regional agencies to improve access.

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 and applying for grants.

AP-38 Project Summary
Project Summary Information

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1	Project Name	CDBG & HOME Direct Administration and Fair Housing (FY 21/22)
	Target Area	City Wide
	Goals Supported	1A Improve Public Infrastructure & Facilities 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: \$122,867 HOME: \$54,264
	Description	The project allows housing staff the ability to provide CDBG & HOME administrative services to ensure the implementation of Housing Projects. The City will use \$30,000 of its HOME administration funds to fund a fair housing education, counseling, and antidiscrimination legal services program to benefit approximately 85 persons that address the City's public services goal.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	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>Admin, planning, and neighborhood training: Direct CDBG Administrative Costs: \$59,867; <i>IDIS Matrix Code: 21A/General Program Administration; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</i></p> <p>Direct HOME Administrative Costs: \$24,873; <i>IDIS Matrix Code: 21H/CDBG Funding of HOME Administrative Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(i)(2).</i></p> <p>CDBG: Consultant Fees reserved: \$25,000; <i>IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</i></p> <p>CDBG: Administrative Support to City and County Continuum of Care: \$38,000 (meets ConPlan Goal 4A – Provide Homeless Prevention Services); <i>IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</i></p> <p>HOME: Fair Housing Services: Project Sentinel, Inc. will be provided \$30,000 of HOME administrative funds to carry out a Fair Housing education, counseling, and legal services program available to all Merced residents regardless of income level; <i>IDIS Matrix Code: 21D-Fair Housing Services (subject to Admin cap); National Objective Met: N/A; Eligibility: 24 CFR 570.206(c).</i></p>
2	Project Name	CDBG & HOME: Housing and Development Activities (Non-CHDO)
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	CDBG: \$990,000 HOME: \$3,083,926 HSA LMI Asset Fund: \$700,507
	Description	Housing and development activities under this project will include CDBG and/or HOME-funded non-CHDO activities, including but not limited to: owner-occupied housing rehabilitation, construction and reconstruction, increased homeownership opportunities, rental housing development, and assistance to create and support supportive housing (including acquisition with rehabilitation). These activities will benefit LMI households.
	Target Date	6/30/2022

	Estimate the number and type of families that will benefit from the proposed activities	Approximately _____ low- to moderate-income homeowner-occupied homes will be rehabilitated; 2 units will be added for formerly homeless individuals and/or families; and, 1 single-family unit will be constructed for a low-income homeowner.
	Location Description	Housing activities will be conducted City-wide and will benefit LMI households.
	Planned Activities	<p>\$550,000 of CDBG funding will be expended for Sierra Saving Grace to acquire at least 2 (two) residential units for rehabilitation/repair and conversion to affordable/supportive rental housing for formerly homeless individuals or families. Amount includes 10% CDBG activity delivery costs, and the cost of rehab is included in the purchase price; <i>IDIS Matrix Code:</i> 14G/Rehabilitation: Acquisition; <i>National Objective Met:</i> LMH/Low-Mod Housing Benefit – 24 CFR 570.208(a)(3); <i>Eligibility:</i> 24 CFR 570.202(b)(1).</p> <p>\$440,000 of CDBG funding will be expended for Merced Rescue Mission to acquire at least 1 (one) residential unit for rehabilitation/repair and conversion to affordable/supportive rental housing for formerly homeless individuals or families; amount includes 10% activity delivery costs, and the cost of rehab is included in the purchase price; <i>IDIS Matrix Code:</i> 14G/Rehabilitation: Acquisition; <i>National Objective Met:</i> LMH/Low-Mod Housing Benefit - 24 CFR 570.208(a)(3); <i>Eligibility:</i> 24 CFR 570.202(b)(1).</p> <p>\$3,083,926 of HOME funds will be expended on multi-unit affordable rental housing projects within the City of Merced. This amount includes 10% activity delivery costs. The City is currently in discussions with developers of two projects.</p>
3	Project Name	CDBG: Public Facilities and Infrastructure
	Target Area	
	Goals Supported	1A Improve Public Infrastructure & Facilities
	Needs Addressed	Expand/Improve Public Infrastructure & Facilities
	Funding	CDBG: \$1,917,332

	Description	Assistance for improving public infrastructure and facilities. The City will use CDBG funds to install new ADA returns, new/replacement storm drain, new sidewalk, and curb and gutter improvements in several areas of the City, including preparation of a commercial site at the southeast corner of Childs Avenue and South Canal Street, the Loughborough area, Shadowbrook Drive and Bear Creek, East 11th Street/ East 13th Street/D Street, and M/West 20th Street.Improvements will be within LMI Census Tracts 10.03, 10.04, 13.01, 13.02, 14.01, 15.02, 15.03, 16.01, and 17.00, and will be primarily focused in the South, Southeast, Central, East Central, and low-income areas of North Merced, that especially inhibit the mobility and accessibility of disabled and elderly persons.
	Target Date	6/30/2022
	Estimate the number and type of families that will benefit from the proposed activities	Improvements and neighborhood/public facilities will benefit approximately 4,000 households or more.
	Location Description	City-wide, concentrating on Low-Income Eligible Census Tracts throughout the city.
	Planned Activities	\$1,917,332 of CDBG funding will be made available for installation/reconstruction/replacement of storm drain, ADA curb returns, sidewalk and adjacent curb/gutter sections, and may include engineering plan design costs; amount includes 10% activity delivery costs; <i>IDIS Matrix Code: 03L/Sidewalks; National Objective Met: LMA/Low-Mod Area Benefit – 24 CFR 570.208(a)(1)(i); Eligibility: 24 CFR 570.201(c).</i>
4	Project Name	CDBG: Public Services
	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: \$256,202

Description	The City will provide supportive and vital services for low income and special needs populations in the jurisdiction. Public services will target LMI citizens and may include services to address homelessness, persons with physical and mental health disabilities, the elderly, and the youth. Services may also include recreational programs for special needs populations, and education and health programs for special needs households. Public services for LMI will include: fair housing awareness, crime prevention programs, case management for emergency assistance, employment programs, and health programs.
Target Date	6/30/2022
Estimate the number and type of families that will benefit from the proposed activities	<p>The following outcomes are expected:</p> <p>Public Service Activities other than Low/Moderate Income Housing Benefit: _____ Persons Assisted</p> <p>Public Service Activities for Low/Moderate Income Housing Benefit: _____ Household Housing Units</p> <p>Homeless Prevention: _____ Persons Assisted</p> <p><i>Note:</i> Fair Housing Education and Counseling will be a public services activity under HOME Administration in PY 2021. Approximately 85 individuals are expected to benefit from these activities.</p>
Location Description	City-wide

	Planned Activities	<p>The following organizations will receive funding for public services:</p> <p>Harvest Time will receive \$_____ for _____ for homeless individual/LMI household food distribution; <i>IDIS Matrix Code:</i> 05W/Food Banks; <i>National Objective Met:</i> LMC/Limited Clientele - 24 CFR 570.208(a)(2)(D); <i>Eligibility:</i> 24 CFR 570.201(e).</p> <p>Sierra Saving Grace will receive \$20,000 for its short-term emergency rent/mortgage/utility assistance program; <i>IDIS Matrix Code:</i> 05Q/Subsistence Payments; <i>National Objective Met:</i> LMC/Limited Clientele Activities – 24 CFR 570.208(a)(2)(B); <i>Eligibility:</i> 24 CFR 570.207(b)(4).</p> <p>Alliance for Community Transformations will receive \$_____ for its _____ program for homeless/victims of domestic violence who are existing or potential residents of Valley Crisis Center to reduce homelessness and increase their financial stability; <i>IDIS Matrix Code:</i> _____; <i>National Objective Met:</i> LMC/Limited Clientele – 24 CFR 570.208(a)(2)(A); <i>Eligibility:</i> 24 CFR 570.201(e).</p> <p>Symple Equazion will receive \$_____ for its _____ program for homeless and incarcerated young women. This program provides assistance towards _____. <i>IDIS Matrix Code:</i> _____; <i>National Objective Met:</i> LMC/Limited Clientele – 24 CFR 570.208(a)(2)(C); <i>Eligibility:</i> 24 CFR 570.201(e).</p>
5	Project Name	CDBG: Indirect Administration (FY 21/22)
	Target Area	City Wide
	Goals Supported	1A Improve Public Infrastructure & Facilities 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: \$122,867
	Description	To provide Indirect Administrative Services necessary to Housing Activities.
	Target Date	6/30/2022

	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	City-wide
	Planned Activities	Indirect Administrative Costs: \$_____ ; <i>IDIS Matrix Code: 21B/Indirect Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(e).</i>
6	Project Name	HOME: CHDO Reserves
	Target Area	City Wide
	Goals Supported	2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing
	Needs Addressed	Preserve & Develop Affordable Housing
	Funding	HOME: \$719,292
	Description	Each year, the City sets aside at least 15% of its HOME funds for Community Housing Development Organization (CHDO) affordable housing development activities, including new construction and rehabilitation of rental housing units.
	Target Date	6/30/2023
	Estimate the number and type of families that will benefit from the proposed activities	These activities will benefit _____ households.
	Location Description	City-wide

<p>Planned Activities</p>	<p>HOME CHDO affordable housing development activities include Rehabilitation of rental units and construction of new rental units in all areas of Merced City where existing units and vacant land is available and financing can be obtained.</p> <p>New rental rehabilitation projects will be funded with \$_____ of CHDO HOME funds.</p> <p>New Rental Housing Opportunities will be funded with \$_____ of CHDO HOME funds.</p>
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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.

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 are community-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 2021 is no exception. We expect that more than 85% of our CDBG and HOME activities will be focused to benefit residents in Eligible Census Tracts and to programs that benefit LMI individuals and families.

Geographic Distribution

Target Area	Percentage of Funds
City Wide	30

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 residential areas within CDBG Income-Eligible Census Tracts 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 one of these income-eligible areas.

These tract numbers and general location descriptions are:

- Census Tract 10.03 (Loughborough Drive/Meadows Ave/Devonwood Drive – North of Bear Creek, South of Black Rascal Creek, East of Highway 99, West of R Street)
- 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)
- Census Tract 13.01 (West Central Merced – North of Highway 99, South/East of Bear Creek, West of M Street)
- Census Tract 13.02 (Central Merced – North of Highway 99, South of Bear Creek, East of M Street, West of G Street)
- Census Tract 14.01 (East Central Merced – North of Highway 99/Hwy 140, South of Santa Fe Railroad, East of G Street)
- Census Tract 15.02 (Upper South Merced – North of W. 9th Street, South of Highway 99/Highway 140, East of X Street/West Avenue, West of M Street)
- Census Tract 15.03 (Lower South Merced – North of West Childs Avenue, South of W. 9th Street, East of West Avenue, West of M Street)
- Census Tract 16.01 (Central South Merced – North of West/East Childs, South/West of Highway 99, East of M Street)
- Census Tract 17.00 (East South Merced – North/West of Highway 99, South of Highway 140, East of Coffee Road)

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

The City of Merced has established the following goals for its 2021 Annual Action Plan.

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 grants to homeowners, and secondary financing loans to qualified First Time Homebuyers when funding is available.

One Year Goals for the Number of Households to be Supported	
Homeless	13
Non-Homeless	0
Special-Needs	0
Total	13

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	150
Rehab of Existing Units	0
Acquisition of Existing Units	3
Total	173

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

Discussion

The figures noted above comprise of the following Program Year 2021 projects:

Homeless Households Supported:

- Gateway Terrace II - 10 units of new Permanent Supportive Housing for homeless veterans
- Sierra Saving Grace Homeless Project - 2 existing units acquired/rehabilitated and converted to Permanent Supportive Housing
- Merced Rescue Mission - 1 existing unit acquired/rehabilitated and converted to Permanent

Supportive Housing

Households Supported Through Project Types:

- Rental Assistance – Sierra Saving Grace Homeless Project: ____ households; Alliance for Community Transformations: ____ households
- Production of New Units – (AFFORDABLE HOUSING PROJECT TBD): TBD households;
- Rehab of Existing Units – TBD
- Acquisition of Existing Units – Sierra Saving Grace Homeless Project: 2 households; Merced Rescue Mission: 1 household

For 2021, the aforementioned number of households assisted relies primarily on the ability of the City to provide financial assistance to multiple non-profit organizations. These organizations are tasked with assisting individuals and households within the City of Merced. Many of these programs are designed to assist a variety of individuals through either rehabilitation of existing units or by acquiring, improving, and expanding their housing stock portfolio.

Many of these programs are funded with non-Federal resources, but will achieve the overall goal of improving and increasing the number of affordable units within our community. To help achieve this goal, the Housing Division was able to budget other funding sources as part of the overall Housing Division Fiscal Year 2021-22 budget.

AP-60 Public Housing – 91.220(h)

Introduction

There is no local City PHA, however, the City will rely on guidance from the County Housing Authority.

The Housing Authority of the County of Merced (HACM) is the public housing agency serving the City of Merced. HACM is independent of the City of Merced, and the City retains no control over their funding or implementation of programs. The Housing Authority received _____ additional Veteran's Affairs Supportive Housing (VASH) Vouchers this past year, for a total of _____ VASH Vouchers being offered within the County of Merced. The City Housing Division and a local non-profit developer continue to partner with the Housing Authority of Merced County to develop future multi-family projects within the community.

Additionally, the Merced County Housing Authority continues to partner with the community's Community Housing Development Organization (CHDO) to offering additional vouchers by guaranteeing ten (10) VASH vouchers for the Gateway Terrace II Development. After the project breaks ground, applications will be accepted from eligible households with vouchers from the Housing Authority.

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

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

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

The City has continues 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 following is HACM's statement of housing needs and their strategy for addressing the housing needs

of the County.

HACM Statement of Housing Needs and Strategy for Addressing Housing Needs

INSERT CURRENT STATEMENT

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

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

HACM encourages public housing residents to participate in policy, procedure, and program implementation and development. Public housing residents participate in the development of the HACM's five-year and annual plans. The HACM distributes a survey to prioritize resident needs and schedule short-term and long-term improvements.

The Housing Authority also offers a Homeownership Program. The following is a brief description and the success of their program.

HACM Homeownership Programs

The Authority created a Homeownership Program (HOP) for tenants residing in public housing. The Homeownership Program was established to provide an opportunity for low income families who ordinarily could not afford to buy their own homes, to do so. Families are required to meet normal eligibility requirements for public housing and must, in addition, demonstrate the potential to achieve homeownership status. Such potential involves an income which is stable and sufficient to pay 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. _____ families have benefited from the program and achieved

homeownership. Currently there are _____ available homes for prospective families.

UPDATE THIS SECTION

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

ENTER CURRENT DATA ON HAMC MISSION AND GOALS OF THE “PHA 5-Year and Annual Plan.”

A wealth of information on HACM and their 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

This section provides an overview of existing housing needs in Merced. 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 shall encourage the development of housing units for households earning 30 percent or less of the Median Family Income for Merced County. Specific emphasis shall 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, providing in-kind technical assistance for housing developers, financing and funding assistance, 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 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.

Currently, there are many homeless services available within the City of Merced. These services are managed by a variety of organizations based in the County of Merced. Many of these programs work in collaboration with the Merced County Continuum of Care, which is the County's Collaborative Applicant that oversees Emergency Shelter Grant (ESG) Funds received on a yearly basis from the California Department of Housing and Community Development (HCD). The City will continue to work closely with the Continuum of Care and other organizations to determine how the needs of the homeless population can be met. In recent years, the City has assisted Central Valley Coalition for Affordable Housing, Merced Rescue Mission, and Sierra Saving Grace with grants to either preserve existing affordable housing or add additional affordable housing units to the community.

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

The City will continue to support programs and strategies which addresses the Priority Needs of

Homeless Persons and Families. The City will financially support programs and services for the homeless through its CDBG Public Service Funding.

2021 Program funding to serve sheltered and unsheltered homeless:

1. *Harvest Time* – Food Distribution Program for Homeless and Very-Low-Income Families : this project will provide this existing homeless and LMI food distribution program with \$_____ of CDBG funds, _____..

The City will also continue to direct part of its Administrative funding to assisting the Continuum of Care’s costs of administering the CoC meetings and programs. Additionally, the City’s strategy is to 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 youth. In addition, the City intends to support and complement the efforts of the County of Merced to end chronic and episodic homelessness, which include the 22 recommendations outlined in the 10-Year Plan to End Chronic Homelessness, as well as the supporting the following additional recommendations:

- RECOMMENDATION 23: Design and implement a local Coordinated Assessment System
- RECOMMENDATION 24: Design and implement a winter warming center
- RECOMMENDATION 25: Develop and implement a “balanced” plan that will effectively approach the issue of homeless encampments and other related matters
- RECOMMENDATION 26: Develop partnerships between local government and nonprofit and for-profit affordable housing developers
- RECOMMENDATION 27: Develop additional units of permanent affordable housing

A City representative regularly attends Continuum of Care homeless committee meetings, which bring together the region’s homeless service providers and advocates to develop and consider 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.

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. Last year, with the adoption of Ordinance Nos. 1633 and 1634, the Zoning Map was amended to designate an Emergency Shelter Overlay Zone District for emergency shelters at specific sites. 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).

2021 Program Funding to address emergency shelter and transitional housing needs:

1.

2. Emergency Shelter/Employment Training assistance:

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

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

The City will continue to work with a multitude of service agencies to assist homeless persons make the transition to permanent housing and independent living. There are _UPDATE_____ emergency shelter beds available, all in the City of Merced. This number of beds provides shelter to _____percent of the known homeless population. Merced County Community Action Agency – now known as Merced County Community Action Board (MCCAB) is the largest provider of emergency shelter services to Merced County’s homeless, with _____ of the total _____86 beds throughout Merced County.

The Agency also operated Pacheco Place, an eight-unit/ 10-bed permanent supportive housing facility in Los Banos, opened in 2012 Pacheco Place is an apartment complex purchased in January 2012 in partnership with the Merced County Department of Mental Health. A grant award of \$1,072,900 Mental Health Services Act Housing Program funds includes \$400,000 for future operating costs of Pacheco Place.

In November 2010, the Merced County Department of Mental Health also applied for \$287,576 in

Continuum of Care funds from HUD with which to offer permanent supportive housing in Los Banos. Known as “Project Hope Westside”, a location had not yet been found by December 2011 when the Continuum of Care technical submission was due. The two projects were combined, and the \$287,576 Continuum of Care award will contribute to the sustainability of Pacheco Place.

The County’s Continuum of Care has begun implementing a Housing First approach and a Rapid Re-housing approach. This program, combined with the county’s emergency shelter and transitional shelter bed inventory, have largely contributed to the decrease in the number of homeless persons during the past couple of years as evidenced by the results of the 2013 homeless count.

Housing First is recognized as an evidence-based best practice model by national researchers and policymakers based on years of research and implementation. The implementation of a Housing First Approach has helped jurisdictions across the country significantly reduce their homeless population.

Implementation involves moving homeless persons - including chronically homeless individuals - from the streets and directly into housing and providing wrap-around services to ensure housing stability. This approach links chronically homeless persons to permanent supportive housing which provides subsidized housing and appropriate supportive services. This approach is in contrast to a “housing readiness model” which emphasizes that a homeless individual or family must address other issues such as substance abuse and mental illness through case management in a shelter or transitional housing program prior to entering affordable permanent housing.

Permanent Supportive Housing: the January 2021 Homeless Point in Time count indicated that there were at least _____ unsheltered persons in the City of Merced, with _____ in temporary shelters, and _____ 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 Housing First and Rapid Re-housing approaches that were described on previously. The 20__ homeless count and survey data revealed that ____% of the unsheltered homeless population is chronically homeless and in need of longer-term assistance such as rental assistance and wrap-around social services such as health care, employment services, mental health care, and life skills training. Thus, a Housing First approach is

needed. Conversely, the data showed that ___% of the unsheltered homeless population is not chronically homeless and will likely need shorter-term assistance, such as a few months of rental assistance, and are not as reliant on social services. Thus, a Rapid Re-housing approach is needed.

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

2021 Program Funding to Address Homeless Prevention:

1. Since Program Year 2018, Sierra Saving Grace Homeless Project has successfully run a short-term (up to three months) rental assistance program for low- to moderate-income City of Merced residents who need help paying their rent. Too many of Merced's residents are living paycheck-to-paycheck and working multiple jobs just to make ends meet each month, and occasionally, these residents need help in making their rent payment so that their limited income can go towards other basic necessities such as food or clothing for their children. 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 mortgages and gas/electric utilities, which will continue with \$20,000 in CDBG funding for Program Year 2021.

Discussion

Continued from "Helping Homeless Persons" above:

2021 Program Year funding to continue to address deficiencies in supportive housing needs includes the following projects:

- Sierra Saving Grace Homeless Project: with CDBG and HOME program funds, this project will acquire a single-family or duplex residence from the open housing market at fair market rates, rehabilitate and repair it to safe and lead-free housing standards, then will rent to formerly homeless individuals and families and provide case management by the organization and its community service partners. Through the provision of funding for this purpose from year-to-year by the City of Merced, market rate housing is successfully being converted to permanent

supportive housing stock.

Merced Rescue Mission: with CDBG program funding, this project will acquire a single-family residence from the open housing market at fair-market rates, rehabilitate and repair it to safe and lead-free housing standards, then will rent to formerly homeless families with children and provide case management by the organization and its community service partners. Through the provision of funding for this purpose from year-to-year by the City of Merced, market rate housing is successfully being converted to permanent supportive housing stock.

Other:

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.

Programs the Housing Division is funding within the 2021 HUD Annual Action Plan that are designed to reduce the barriers to Affordable Housing include:

- Fair Housing Services provided by a neutral party (Project Sentinel).
- Rental Deposit Assistance for homeless and at-risk households (Sierra Saving Grace).
- Continuance of prior year program funding for forgivable loans to homeowners needing health and safety repairs to their property (Habitat for Humanity of Stanislaus County).
- Public service programs designed to assist homeless individuals.
- Acquisition of property for permanent supportive housing (programs propose acquiring a minimum of one property in FY 2021).

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

return on residential investment

Efforts to Remove Constraints for First Time Home Buyers

It can be difficult for Very Low, Low, and Moderate income first-time homebuyers to acquire sufficient savings and income to pay for a down-payment, closing costs, monthly mortgage, and tax and insurance payments. To address this problem, the City's Housing Program administers the First Time Homebuyer Program (FTHB), a special low-interest, deferred-payment loan program designed to provide "silent" second mortgages of up to \$35,000, funded by the Home Investment Partnerships Program (HOME). Applicants must demonstrate financial need and pre-approval for a first mortgage; the second mortgage will be financed as a three-percent-interest, 5-year deferred loan payment.

The Housing Program also administers a down-payment assistance program funded by Cal Home funds. The conditions of this loan are similar to the FTHB program described above with the exception that the home purchased must be a home that has been foreclosed upon within the City of Merced.

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

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

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

Efforts to Provide Fair Housing

This is an on-going series of activities undertaken by the City of Merced's Housing Program to ensure that low and moderate-income households receive maximum benefit from the funds received by their local government. This area of activity includes constant attention to good communication between various service providing agencies in the community, knowledge of market conditions and forces that drive good policy decisions regarding the use of resources, and constant evaluation of program efforts. It also refers to the monitoring of the City's *Analysis of Impediments to Fair Housing Choice*.

Discussion:

2021 Program Funding to Provide Fair Housing Activities:

1. A total of \$30,000 in HOME administrative funds will be spent in FY 2020 on Fair Housing activities, including a contract with Project Sentinel to provide fair housing services for the residents of Merced. This is an annual program and provides tenant and landlord counseling, complaint-based investigations, legal services, and community-wide fair housing education and information. Project Sentinel will emphasize education of general housing rights to low-income tenants and housing providers, including property owner, managers, and property management companies.

Actions and 2021 Program Funding to help remove constraints for First-Time Home Buyers:

1. Though the City has been unable to obtain new funding for the above programs in recent years, the City does receive a trickle of these funds back each year as program income, as existing loans are paid off or refinanced by previous FTHB program clients. Since the City now has enough of this program income to process approximately 5-10 new loans, the Housing Division intends to open up funding for a limited number of loans in the first part of Program Year 2021. The Division has kept a waiting list of potential income-qualified clients since the last funding was fully exhausted approximately three years ago.

2. Oftentimes, residents looking to buy their first home lack the knowledge of what steps they need to take in buying a home, what types of loans may be available to them, or obstacles such as language barriers may be a factor in where and how they can obtain that knowledge. The entire buying process can be intimidating if the knowledge is inaccessible to them, and they may then believe that renting is their only housing option. First Time Home Buyer (FTHB) education to low- and moderate-income households is very important in helping these residents and in helping to free up rental units for others that need them. For the 2021 Program Year, the City will continue to pursue use of previously allocated 2020 funding towards FTHB education classes. This program was not able to be implemented in Program Years 2019 and 2020.

2021 Program Funding for Low- to Moderate-Income Homeowners to Maintain Safe Housing:

1. TBD

Many of the City's efforts to foster and maintain affordable housing relate to the Housing Element. The City updated the Housing Element in 2015, which was subsequently certified by the State in 2016. Community input from public meetings substantiated much of what the Housing Authority and Housing Element had reported - that housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work

toward addressing these specific populations.

Additionally, the City has 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; and
- 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 plans to address over the next five 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 and services to seniors;
- 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 economic development;
- 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 6 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

2021 Program Funding to Replace Existing Public Infrastructure:

1. UPDATE WITH INFRASTRUCTURE PROJECTS TO ELIMINATE ARCHITECTURAL BARRIERS

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 2021-2022 Action Plan Year. These projects include:

- UPDATE WITH FUNDING SWAP FOR GATEWAY TERRACE II PROJECT
- Pursuit of disposition and subsequent development of former Redevelopment Agency properties for affordable housing; partnering with CHDO or local organizations to construct new affordable housing units;
- Continuation of acquisition programs that convert market rate residential units to affordable and permanent supportive housing through aforementioned partnerships with Sierra Saving Grace Homeless Project and the Merced Rescue Mission;
- Monitoring of past projects to ensure they remain assets for safe, affordable housing.

Although the current economy offers significant challenges to many households, adequate housing has become less affordable as a result of increasing prices and a historically low inventory of houses available for purchase. Due to the limited supply, low income households struggle to find adequate and affordable housing because of high demand, rising costs, and competition from other buyers.

Many of the City's efforts to foster and maintain affordable housing relate to the Housing Element. The City updated its General Plan Housing Element in 2015 (certified in 2016). Community input from public

meetings substantiated much of what the Housing Authority and Housing Element had reported - that housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work towards addressing these specific populations.

Actions planned to reduce lead-based paint hazards

In the City of Merced, it is estimated that about 7,000 housing units occupied by low-income or very low-income households contain lead-based hazards. Although accurate statistics are not available, it is likely that many of these homes are concentrated in the South Merced area where there is a concentration of families in poverty and substandard housing, two 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. All housing acquisition and rehabilitation projects are assessed for lead based paint, and lead based paint abatements are performed by licensed contractors.

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

1992 (Title X) and subsequent changes made in September 1999.

The procedures regarding lead based paint in both rehabilitation programs will include:

- Notification of potential lead based paint hazards
- Identification
- Treatment (if necessary)

UPDATE WITH LEAD SAFE HOUSING RULE CHANGES

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. The City will also continue partnering with organizations to provide a continuum of services addressing the full range of needs of low- and moderate-income families.

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

The City's anti-poverty strategy is based on funding and supporting a range of housing, employment, and family service opportunities aimed at enabling those in poverty to move into the workforce. 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 shall 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 providing in-kind technical assistance, funding support,

land write-downs, expedited processing, fee deferrals, and incentives and concessions that meet or exceed State density bonus law as appropriate.

The City shall also encourage the development of housing units for households earning 30 percent or less of the Median Family Income for Merced County. Specific emphasis shall 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, providing in-kind technical assistance for housing developers, financing and funding assistance and expedited processing as appropriate.

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

The City has designated staff positions to administer the programs and activities funded with CDBG 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 CDBG staff also provides technical assistance to non-profits (subrecipients) on properly administering CDBG funds and developing CDBG eligible activities.

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

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

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

meetings to ensure homeless issues are being addressed.

Discussion:

Other Actions: Monitoring Plan Update

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

The City ensures compliance by:

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

As part of an overall update to its Housing Division Policies and Procedures planned during the 2021-2022 program year, the City will 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

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.

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	96,000
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	96,000

Other CDBG Requirements

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

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(I)(2)

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

as follows:

Not Applicable - No other forms of investment are anticipated during Fiscal Year 2021-22.

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:

UPDATE IF NECESSARY

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.

SEE ALSO THE 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 plan to update the Housing Division Policies and Procedures to incorporate and clarify the HOME resale and recapture information.

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

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

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

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that

will be used under 24 CFR 92.206(b), are as follows:

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

CDBG 70% Overall Low-Mod Benefit Period

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

