

# ATTACHMENT 2

## CITY OF MERCED

Merced Civic Center  
678 W. 18th Street  
Merced, CA 95340



### ADMINISTRATIVE REPORT

File #: 23-038

Meeting Date: 3/20/2023

*Report Prepared by: Leah Brown, Management Analyst, Development Services*

**SUBJECT:** Public Hearing - Home Investment Partnership Program - American Rescue Plan Act (HOME-ARP) Draft Allocation Plan and Adopt a Resolution Approving a Substantial Amendment to the 2021-2022 Annual Action Plan to Allocate Additional Home Investment Partnerships Program Funds Appropriated Through the American Rescue Plan of 2021

#### REPORT IN BRIEF

Hold a Public Hearing to take comments on the HOME-ARP Draft Allocation Plan and to Adopt a Resolution Approving a Substantial Amendment to the 2021-2022 Annual Action Plan, to allocate additional Home Investment Partnerships Program funds made available through the American Rescue Plan of 2021 and Approve the HOME-ARP Draft Plan for submission to the U.S. Department of Housing and Urban Development by March 30, 2023.

#### RECOMMENDATION

**City Council** - Adopt a motion:

- A. Holding a Public Hearing and Approve the HOME-ARP Draft Allocation Plan; and,
- B. Adopting **Resolution 2023-21**, a Resolution of the City Council of the City of Merced, California, approving Substantial Amendment # 1 to the Program Year 2021-2022 Annual Action Plan and the HOME-ARP allocation plan for the additional Home Investment Partnership Program (HOME) funds made available through the American Rescue Plan Act of 2021; Accepting and Appropriating the HOME-ARP funds awarded to the City by the U.S. Department of Housing and Urban Development ; Authorizing the City Manager or Deputy City Manager to execute any all related documents, certifications, and/or agreements resulting from this allocation; and authorizing staff to submit all approved documents to the U.S. Department of Housing and Urban Development; by the March 30, 2023 deadline; and,
- C. Authorizing the Finance Officer to make any necessary budget adjustments.

#### ALTERNATIVES

1. Approve the Draft HOME-ARP Plan; or,
2. Approve the Draft HOME-ARP Plan with the inclusion of Public and Council comments; or,
3. Deny.

#### AUTHORITY

City of Merced Charter, Section 200; et. seq.; and, Title 24 of the Code of Federal Regulations (CFR) 91.105, requiring that Participating Jurisdictions involve citizens in the development of the HOME-

ARP Allocation Plan in accordance with the City's Adopted Citizen Participation Plan.

## CITY COUNCIL PRIORITIES

As provided for in the 2022-23 Adopted Budget, under the Council Priorities for Housing and Homelessness, and the City Council's Prohousing Policies.

## DISCUSSION

The City of Merced has been awarded \$1,988,778 of HOME-ARP funding from the U.S. Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the City must develop a HOME-ARP Allocation Plan as a Substantial Amendment to the Program Year (PY) 2021 Annual Action Plan.

The HOME-ARP funds are required to be utilized to benefit individuals or families that meet the requirements for one or more "Qualifying Populations" (QPs). CPD Notice 21-10, "Requirements for the Use of Funds in the HOME-American Rescue Plan Program" defines the following QPs as:

1. Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act; and,
2. At Risk of Homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act; and,
3. Fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]; and,
4. Part of other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would:
  - a. Prevent a family's homelessness.
  - b. Serve those with the greatest risk of housing instability.

The eligible activities for HOME-ARP funds, as defined in CPD Notice 21-10, may be used to benefit qualifying populations through: Tenant-based Rental Assistance (TBRA), the development and support of affordable housing, the provision of supportive services, and the acquisition and development of non-congregate shelters.

As part of the HUD guidance for completing the plan, before developing its HOME-ARP allocation plan, the City needed to consult with:

- CoC(s) serving the jurisdiction's geographic area,
- Homeless Service Providers,
- Domestic Violence Service Providers,
- Veterans' groups,
- Public Housing Agencies (PHAs),
- Public agencies that address the needs of the qualifying populations, and
- Public or private organizations that address fair housing, civil rights, and the needs of persons

with disabilities.

The City received feedback and consultation from these Service Providers in a variety of ways. All of the Service Providers were invited to a series of community outreach and input meetings related to the 2023 Annual Action Plan that included discussion on HOME-ARP funding. The City also sent them a Service Provider Consultation Survey, fliers, and various email communications to garner their input. Any that were not able to reply in writing were called on the phone. In addition, more direct input was needed from certain Service Providers, so consultation discussions were held via MS Teams meetings and/or in person meetings. The details of the outreach and various responses can be found within the attached Draft HOME-ARP Allocation Plan.

The Needs Assessment and Gap Analysis that was performed in preparation for this plan utilized a variety of data resources, Continuum of Care collaboration, service provider data, census data, and it identified the following needs and gaps that may be addressed using HOME-ARP funds:

- Increased affordable rental housing with supportive services for all QPs

HUD's issued Memorandum entitled "Waivers and Alternative Requirements for Implementation of the HOME American Rescue Plan (HOME-ARP) Program", allows a minimum 15-day public comment period and requires only one public hearing. The public comment period began on March 3<sup>rd</sup> and concludes on March 20<sup>th</sup>. A public hearing is scheduled for March 20, 2023. Notices of the public hearing and public review/opportunity to comment were published in the local papers on March 2, 2023; March 8, 2023; and March 9, 2023. Notices were published in English, Spanish, and Hmong, outlined instructions on how to review the draft plan and submit public comment, and directed the public on how to request translation services if needed, as well as for the public hearing.

In addition to the minimal required outreach, in December 2022, the City held three Public Input Meetings for the concurrent Annual Action Plan process that included HOME-ARP discussions. Those meetings were advertised on the City Website, on Flyers, in newspaper ads, and via the City's social media platforms (Facebook and Instagram). Each meeting was broadcast live via Microsoft Teams to allow the public to participate remotely and with social distancing. The meetings were also recorded and posted afterwards on the City's Facebook page. Spanish and Hmong translators attended each meeting to be available to our significant Spanish and Hmong speaking population. Several Service Providers also attended and robust discussion was held.

Staff created a HOME-ARP Resident Survey that was provided in three languages (English, Spanish, and Hmong), posted on the City's Housing webpage with QR Codes and weblinks that pointed to the survey. The HOME-ARP QR codes and links were also included in the December 2022 and January 2023 utility bill newsletters to reach as many residents as possible. Survey flyers were distributed at the Merced County Library, Boys and Girls Club, local DMV, and emailed to student services offices for Merced College and UC Merced. The survey included questions directly related to determining which of the eligible activities HOME-ARP funds should be used for and prioritizing the Qualifying Populations.

The City looks forward to incorporating the comments and needs expressed by the public into the plan prior to submission. To receive the allocated funding of \$1,988,778.00 the City must submit its

adopted plan and Resolution to HUD by March 30, 2023.

The City places an overall priority on the housing needs of our community and seeks to leverage the HOME-ARP funds along with other affordable housing grants to encourage and support the development of as many units as possible of affordable housing with supportive services. Each of the four qualifying populations seemed equally in need of affordable housing opportunities and therefore no preference was noted in the plan.

### **IMPACT ON CITY RESOURCES**

No appropriation of funds is needed at this time. Appropriations to a specific project will be necessary at a later time when a suitable housing project has been determined and related agreements approved by Council.

### **ATTACHMENTS**

1. HOME-ARP Allocation Plan
2. HOME-ARP Resolution 2023-21
3. Presentation



CITY OF MERCED

MERCED

# Home Investment Partnership Program American Rescue Plan Act of 2021 (HOME-ARP)

## HOME-ARP ALLOCATION PLAN

MARCH 2, 2023

City of Merced, Housing Division  
Development Services Department

**Preliminary Draft  
For Public Review and Comment Period  
March 3, 2023 – March 20, 2023**

**Notes for Viewers:**

- This first draft will be continually updated as City staff progresses work to finalize the plan.
- We encourage you to email us if you have suggestions to add to finished or even unfinished sections. Email: <mailto:housing@cityofmerced.org>. We rely heavily on citizen input – this is yet another opportunity.
- Housing staff will post a dated entry to its website ([www.cityofmerced.org/housing](http://www.cityofmerced.org/housing)) each time an updated version is uploaded and will note which sections have been updated.

## **HOME-ARP Allocation Plan**

**Participating Jurisdiction:** City of Merced

**Date:** 3/2/2023

### **Executive Summary**

The City of Merced has been awarded \$1,988,778 of Home Investment Partnerships Program American Rescue Plan (HOME-ARP) funding from the U.S. Department of Housing and Urban Development (HUD). To receive the HOME-ARP allocation, the City must develop a HOME-ARP Allocation Plan as a Substantial Amendment to the Program Year (PY) 2021 Annual Action Plan.

The HOME-ARP funds are required to be utilized to benefit individuals or families that meet the requirements for one or more “Qualifying Populations” (QPs). CPD Notice 21-10 defines the following QPs as:

1. Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act;
2. At risk of homelessness, as defined in section 401 of the McKinney-Vento Homeless Assistance Act;
3. Fleeing, or attempting to flee domestic violence, dating violence, sexual assault, or stalking (as defined by HUD in 24 CFR 5.2003) or human trafficking (as outlined in the Trafficking Victims Protection Act of 2000 as amended [22 USC 7102]; and
4. Part of other populations, where providing supportive services or assistance under section 212(a) of the National Affordable Housing Act 42 USC 12472(a) would:
  - a. Prevent a family’s homelessness.
  - b. Serve those with the greatest risk of housing instability.

The eligible activities for HOME-ARP funds, as defined in CPD Notice 21-10, may be used to benefit qualifying populations through: Tenant-based Rental Assistance (TBRA), the development and support of affordable housing, the provision of supportive services, and the acquisition and development of non-congregate shelters

The City of Merced is in the heart of the Central Valley with a population of approximately 90,000 individuals, 555 of which are homeless. The City has experienced substantial growth over the past few years, due in part to the expanding and ever-growing 10<sup>th</sup> U.C. campus adding students, faculty, and many other employees to this small town. During COVID, the population was hit with high unemployment. As we pull out of the pandemic, we are experiencing increased inflation, which has impacted the housing market greatly. The typical housing vacancy rate in Merced is 1% to 0% vacancy. As soon as houses become vacant, they get multiple offers and are re-sold or rented. Increasing affordable housing has become a regular need coming before City Council.

The Needs Assessment and Gap Analysis that was performed in preparation for this plan identified the following needs and gaps that may be addressed using HOME-ARP funds:

- Increased affordable rental housing with supportive services for all QPs

## Guidance

- To receive its HOME-ARP allocation, a Participating Jurisdiction (PJ) must:
  - Engage in consultation with at least the required organizations.
  - Provide for public participation including a 15-day public comment period and one public hearing, at a minimum.
  - Develop a plan that meets the requirements in the HOME-ARP Notice.
- To submit: a PJ must upload a Microsoft Word or PDF version of the plan in IDIS as an attachment next to the “HOME-ARP allocation plan” option on either the AD-26 screen (for PJs whose FY 2021 annual action plan is a Year 2-5 annual action plan) or the AD-25 screen (for PJs whose FY 2021 annual action plan is a Year 1 annual action plan that is part of the 2021 consolidated plan).
- PJs must also submit an SF-424, SF-424B, and SF-424D, and the following certifications as an attachment on either the AD-26 or AD-25 screen, as applicable:
  - Affirmatively Further Fair Housing;
  - Uniform Relocation Assistance and Real Property Acquisition Policies Act and Anti-displacement and Relocation Assistance Plan;
  - Anti-Lobbying;
  - Authority of Jurisdiction;
  - Section 3; and,
  - HOME-ARP specific certification.

## Consultation

In accordance with Section V.A of the Notice (page 13), before developing its HOME-ARP allocation plan, at a minimum, a PJ must consult with:

- CoC(s) serving the jurisdiction’s geographic area,
- Homeless Service Providers,
- Domestic Violence Service Providers,
- Veterans’ groups,
- Public Housing Agencies (PHAs),
- Public agencies that address the needs of the qualifying populations, and
- Public or private organizations that address fair housing, civil rights, and the needs of persons with disabilities.

### *Summary of the consultation process:*

In order to best analyze the communities’ needs related to housing and assist in determining the priorities for HOME-ARP funds, thorough consultation with community partners was done in a three-pronged approach. For the first part, the City of Merced, hereafter referred to as Merced, hosted a series of community outreach and input meetings, directly related to our 2023 Annual Action Plan process, that included a discussion of HOME-ARP funding. The public and our agency partners were invited to attend these open forum public meetings. The second part was distributing survey flyers, following up with emails, and gathering results for our housing needs surveys that was sent to every housing, homeless, domestic violence service provider and PHA contact, in order to provide input for the Qualifying Populations needs from service providers standpoint. Any organizations that were not able to respond in writing received a phone call interview. Finally, for those that did not respond or whose direct input was essential in meeting our consultation requirements, we set up appointments and met with them in person.

### *Describe the consultation process including methods used and dates of consultation:*

At the 2023 Annual Action Plan Public Input Meetings in December, a portion of the consulting agencies were in attendance. HOME-ARP eligible activities and funding was discussed.

Merced also conducted an agency survey that was available from December 28, 2022 to January 31, 2023. The HOME-ARP Agency and Service Provider Consultation Survey asked various organizations and local agencies to rank the four eligible uses of HOME-ARP funding by priority. The four eligible activities include:

- Acquisition, rehabilitation, or construction of Rental Housing
- Acquisition and development of Non-Congregate Shelter Units (NCS)
- Tenant Based Rental Assistance to Qualifying Population Households (HOME-ARP TBRA)
- Supportive Services

The survey also asked the agencies to rank the Qualifying Populations from most to least need, as well as provide us with a narrative of the unmet needs or services among those populations.

Emails inviting local agencies and organizations to take the consultant survey were sent on:

- ❖ December 28, 2022
- ❖ January 5, 2023
- ❖ January 17, 2023
- ❖ January 25, 2023

Additionally, consultation meetings were scheduled in 2023 with the following community partners on these dates:

January 24	Chris Alley	Central Valley Coalition for Affordable Housing
January 27	Anita Hellam and staff	Habitat for Humanity
January 31	Maribel Baron	Continuum of Care
February 1	Unable to Attend	Housing Authority

***List the organizations consulted:***

<b>Agency/Org Consulted</b>	<b>Type of Agency/Org</b>	<b>Method of Consultation</b>	<b>Feedback</b>
<b>Merced County Behavioral Health and Recovery Services</b>	Homeless & at risk of homelessness service provider, assist individuals with disabilities	Online Survey	Too many barriers with multiple entities involved in housing. Multiple agencies have to do vetting for the same client, electronic applications, procedure put in place are not client friendly. Homeless individuals and families are priority.
<b>Dignity Health Mercy Medical Center</b>	Hospital and Rural Health Clinics, assist individuals with disabilities	Online Survey	Need for increase in mental/outpatient health services.
<b>Catholic Charities of Merced</b>	Homeless & at risk of homelessness service provider	Online Survey	Individuals or families at risk of being homeless are priority.
<b>Alliance for Community Transformations – Valley Crisis Center</b>	Domestic violence service provider	Online Survey	Rental assistance, affordable housing is needed for DV/SA/HT victims. ACT states the lack of affordable housing stock within the City is the most significant

			barrier to preventing homelessness for their clients.
<b>Habitat for Humanity Merced/Stanislaus Counties</b>	Organization addressing fair housing / affordable housing/rehab for low -very low-income homeowners	Online Survey / In person meeting	Rental housing is a priority, along with providing additional services for rental or mortgage assistance for individuals and families at risk of homelessness.
<b>Central California Alliance for Health</b>	Medi-Cal Managed Care Provider for Merced Co. Medi-Cal beneficiaries	Online Survey	Community based capacity needs to be increased to provide supportive services to these qualifying populations in which there is a gap.
<b>Merced Police Department</b>	Homeless/at risk of homeless/ domestic violence/ veterans service provider	Online Survey	Merced PD coordinates with many local agencies that assist the QPs. They note that the larger gaps they notice are within supportive services for people struggling with additions and assistance with job/income loss.
<b>Restore Merced</b>	Homeless & at risk of homelessness service provider	Online Survey	QP Priority: At risk of homelessness. Need for employment assistance and job training
<b>Merced County Office of Education</b>	Homeless & at risk of homelessness service provider	Online Survey	Mainly provide/ coordinate services for school aged populations. Need for life skills training and affordable childcare
<b>Central Valley Coalition for Affordable Housing</b>	City of Merced CHDO, affordable housing services	Online Survey/ In person meeting	Need an increase in supportive services for homeless individuals transitioning into housing (ie. Housing Counseling) Providing housing to populations at 30% or below AMI has proven to be harder than expected. Residents tends to make over 30% AMI, which increases the difficulty in finding qualifying tenants for units of that income category. Multiple funding outlets on one project can make waitlists chaotic and lead to confusion in trying to fill units. Need a one stop,

			cohesive approach to helping the qualifying tenants.
<b>The Dr. Jennifer M. Jones Foundation</b>	Homeless & at risk of homelessness service provider	Online Survey	Need for increase in supportive services, specifically education services, life skills training, and childcare
<b>Sierra Saving Grace Homeless Project</b>	Homeless & at risk of homelessness service provider	Online Survey	QP priority: at risk of homelessness. Need for more rental assistance and affordable housing. They struggle with finding housing for someone living off their social security income.
<b>Merced County CoC</b>	Continuum of Care	In person meeting	To be updated
<b>Housing Authority of Merced County</b>	Public Housing Agency; Year-Round Farm Labor; Seasonal Migrant Centers	Online Survey/H.A. was unable to attend the scheduled in person meeting	There is a lack of supportive housing counseling that follows an individual or family from start to finish in obtaining or receiving their services. Agencies do not complete the process with their clients.
<b>Project Sentinel</b>	Service provider for fair housing, tenants' rights, civil rights, needs of persons with disabilities	In person meeting, email correspondence	There is a need for legal counsel for Merced Residents regarding unlawful detainers due to a lack of financial resources. Also, tenant-landlord mediation services, relocation assistance, rent stabilization and broader access to housing in general are all concerns and needs for Merced residents
<b>Merced County Food Bank</b>	Food Bank; serving low-income food insecure residents within Merced and Mariposa County	Online Survey	Gaps in supportive services for the QPs, specifically housing-related financial assistance.
<b>Lifeline CDC</b>	Organization addressing the needs of people experiencing homelessness, at risk of homelessness and	Online Survey	There is a gap in services and lack of housing for seniors. Feels that building a tiny home community for seniors would open up more apartments for families. Lifeline is willing to partner to assist with

	people with a high risk of housing instability		resources, supportive services, and trainings.
<b>Merced Rescue Mission</b>	Homeless & at risk of homelessness service provider	Online Survey	The MRM already is a leader in being a homeless service provider, and states some of the bigger gaps within the community is in supportive services, specifically housing search and housing counseling services.
<b>The Salvation Army</b>	Organization addressing the needs of people experiencing homelessness, at risk of homelessness and people with a high risk of housing instability; providing food assistance for those in need	Online Survey	An increase in supportive services is needed for the QPs, specifically mental and outpatient health services.

***Summarize feedback received and results of upfront consultation with these entities:***

Survey and consultation responses identified that the development of affordable housing with supportive services is the predominant need.

Merced has had a lack of available rental housing for quite some time. Rental housing has about a 1% vacancy rate, most of which is market rate. Market rate has risen drastically over the past year. In consultation and regular conversation with service providers, lack of affordable housing is a constant concern. Furthermore, the lack of overall housing in general is a concern for all Merced residents. The population of people in need of apartments and affordable rental units has increase along with the population of U.C. Merced. Additionally, as the economy has changed, long term Merced residents are looking for more affordable housing. Some of these long-term residents are being notified of rental rate increases beyond their financial means and seek out more affordable living arrangement; often with none to be found.

Another key point of concern identified by Merced's service providers and residents is the lack of supportive services available to the qualifying populations (QP). QP's need housing counseling, mental health services, life skills training, childcare, and job search training to continue after they are placed-in-housing. The typical additional service they receive in a lot of cases may end in the first year. These services are also optional to resident at their discretion

which makes it difficult for them once then are housed and don't continue services as they then eventually end back out on the streets.

A coordinated one-stop approach to services is needed. Duplication of efforts from various agencies were found to sometimes create a chaotic environment for tenant application review, leading to increased wait times for housing.

## Public Participation

PJs must provide for and encourage citizen participation in the development of the HOME-ARP allocation plan. Before submission of the plan, PJs must provide residents with reasonable notice and an opportunity to comment on the proposed HOME-ARP allocation plan of **no less than 15 calendar days**. The PJ must follow its adopted requirements for "reasonable notice and an opportunity to comment" for plan amendments in its current citizen participation plan. In addition, PJs must hold **at least one public hearing** during the development of the HOME-ARP allocation plan and prior to submission.

PJs are required to make the following information available to the public:

- The amount of HOME-ARP the PJ will receive, and
- The range of activities the PJ may undertake.

Throughout the HOME-ARP allocation plan public participation process, the PJ must follow its applicable fair housing and civil rights requirements and procedures for effective communication, accessibility, and reasonable accommodation for persons with disabilities and providing meaningful access to participation by limited English proficient (LEP) residents that are in its current citizen participation plan as required by 24 CFR 91.105 and 91.115.

- **Date of Public Notice:** 3/2/2023
- **Public Comment Period:** Start date – 3/3/2023 End date – 3/20/2023
- **Date of Public Hearing:** 3/20/2023

### *Describe the public participation process:*

2023 Annual Action Plan Public Input Meetings, including HOME-ARP discussion, were held on:

- ❖ Monday, December 12, 2022, from 6:00 to 8:00 PM in our Sam Pipes Conference room.
- ❖ Tuesday, December 13, 2022, from 6:00 to 8:00 PM in our Sam Pipes Conference room.
- ❖ Friday, December 16, 2022, from 2:00 to 4:00 PM in our Sam Pipes Conference Room.

The meetings were advertised in advance on our City Web site, and via Merced's Social Media platforms (Facebook and Instagram). Each meeting was broadcast live via Microsoft Teams to allow the public to participate remotely and with social distance. The meetings were also recorded and posted afterwards on the City's Facebook page. Spanish and Hmong translators attended each meeting to be available to our significant Spanish and Hmong speaking

population. Housing Program Supervisor, Kim Nutt, gave the presentation for our 2023 Annual Action Plan, and included a discussion on HOME-ARP funding requirements. The meetings were moderated by Kim with housing staff available to answer questions and engage in dialogue with participants. Staff included Scott McBride, Development Services Director; Leah Brown, Management Analyst; Dawn Mendonca, Housing Specialist; and Laura Ivancich, Housing Program Specialist. Merced County Continuum of Care representatives were well engaged attending every meeting as well. Several other service providers and members of the public attended and participated in robust conversation on housing needs and opportunities.

Staff created a HOME-ARP Resident Survey that was provided in three languages (English, Spanish, Hmong), posted on the City's Housing webpage with QR Codes that pointed to the survey. The QR codes were included in the December 2022 and January 2023 utility bill newsletters to reach as many residents as possible. Survey flyers were distributed at the Merced County Library, Boys and Girls Club, local DMV, and emailed to student services offices for Merced College and UC Merced. The survey included questions directly related to prioritizing the eligible activities for HOME-ARP and prioritizing the Qualifying Populations.

***Describe efforts to broaden public participation:***

Merced took several steps to broaden public participation in the development of the HOME-ARP Allocation Plan. Merced conducted a Resident Survey that was available to the public on the City's website and multiple social media outlets (Facebook, Instagram) to allow citizens to submit their comments on the use of HOME-ARP funds. The City translated the survey into Spanish and Hmong to encourage citizen participation for all Merced residents. Survey flyers were also translated in Spanish and Hmong and distributed throughout the community.

The Public Hearing Notice was published in two local newspapers, The Merced Sunstar and The Merced County Times, on Thursday March 2<sup>nd</sup>, 2023. The notices were published in English, Spanish, and Hmong and provided the information and directions on how to participate in the 15-day comment period, as well as opportunities to comment during the City Council Public Hearing. In an effort to broaden participation, the notice encouraged comments via email, mail or delivered directly to the Merced Housing office.

For City Council meetings and Public Hearings, Merced residents are encouraged to contact the City Clerk's office at least 48 hours prior to when services are needed to assure that reasonable arrangements can be made to provide accessibility or service.

***Summarize the comments and recommendations received through the public participation process either in writing, or orally at a public hearing:***

Merced received 116 resident responses on our HOME-ARP resident survey. The residents prioritized QP3 first, Fleeing or those Attempting to Flee Domestic Violence, with QP1, Homeless population, as a close second. At Risk of Homelessness and the Other Populations were tied in final prioritization. Residents have voiced their concern about the lack of affordable

housing numerous times during City Council meetings and Town Hall Meetings. This concern was confirmed through the Resident Survey, as the number one activity residents want to see the funding used for is affordable rental housing.

**This section to be updated following the Public Hearing on 3/20/2023**

*Summarize any comments or recommendations not accepted and state the reasons why:*

All public comments are accepted.

### Needs Assessment and Gaps Analysis

Merced utilized numerous resources in order to compile the data necessary to complete the Needs Assessment and Gap Analysis. Sources included the 2022 Point in Time Count (PIT), the 2022 Housing Inventory Count (HIC), the American Community Survey (ACS) 2021 5-year estimates, the Comprehensive Housing Affordability Strategy (CHAS) data set from 2015-2019, and in addition consulted with our Community Housing Development Organization (CHDO), and other vital community partners.

**Homeless Needs Inventory and Gap Analysis Table**

Homeless													
	Current Inventory					Homeless Population				Gap Analysis			
	Family		Adults Only		Vets	Family HH (at least 1 child)	Adult HH (w/o child)	Vets	Victims of DV	Family		Adults Only	
	# of Beds	# of Units	# of Beds	# of Units	# of Beds					# of Beds	# of Units	# of Beds	# of Units
Emergency Shelter	169	0	169	0	0								
Transitional Housing	109	0	109	0	0								
Permanent Supportive Housing	0	14	0	40	30								
Sheltered Homeless						0	331	0	12				
Unsheltered Homeless						2	222	10	19				
<b>Current Gap</b>										0	0	223	223

**Data Sources:** 1. 2022 Point in Time Count (PIT); 2. Continuum of Care 2022 Housing Inventory Count (HIC); 3. Consultations

### Housing Needs Inventory and Gap Analysis Table

<b>Non-Homeless</b>			
	<b>Current Inventory</b>	<b>Level of Need</b>	<b>Gap Analysis</b>
	# of Units	# of Households	# of Households
Total Rental Units	18,657		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	136		
Rental Units Affordable to HH at 50% AMI (Other Populations)	149		
Rental Units Affordable to HH at 60% AMI	321		
0%-30% AMI Renter HH w/ 1 or more severe housing problems (At-Risk of Homelessness)		3965	
30%-50% AMI Renter HH w/ 1 or more severe housing problems (Other Populations)		2530	
<b>Current Gaps</b>			6210

**Data Sources:** 1. American Community Survey (ACS); 2. 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) 3. Consultations

*Describe the size and demographic composition of qualifying populations within the PJ's boundaries:*

#### **Homeless Populations**

One of the primary methods of assessing the homeless population is the annual Point in Time Count (PIT). The most recent PIT was conducted on Thursday night, January 27, 2022, for those unsheltered. The sheltered count was conducted overnight on January 26, 2022. The PIT for 2023 is delayed due to the State of Emergency in the City of Merced due to flooding. The PIT report will not be completed in time for the City to add that data into this report; therefore, 2022 data is reported here. There was a 2% increase in the Merced County homeless population from 2021 to 2022.

The data collected from the 2022 PIT count recorded that over 60% of Merced County's homeless population resides within the city limits of Merced. Forty 40% of the City of Merced's homeless population remains unsheltered, while the other 60% is categorized as sheltered. While the unsheltered population did not see an increase, the City's sheltered population saw an increase of 28% from the 2021 PIT count to the 2022 PIT count.

The 2022 PIT City of Merced demographics are as follows: ages 18-24 are 3.6% of the population, ages 25-61 is 92.8% of the population, and ages 62 and above are 3.6% of the population. Out of the unsheltered count, two households contained children under 5, and one household had youth age 18-24. The majority of the unsheltered population identifies as male at 73.1%, while 26.4% identifies as female, and 0.5% identifies as transgender. The race demographics are reflected as: White is 69.6% of the population, multi-racial is 17% of the population, African American is 9.4% of the population, American Indian or Alaska Native is 2.2% of the population, Asian is 0.9% of the population, and Native Hawaiian or Pacific Islander is 0.9% of the population.

According to the 2022 PIT, the reasons for being homeless were reported as unemployment, chronic health conditions for 29% of the population, mental health problems for 34.8% of the population, physical disability for 37.8% of the population, and substance abuse problems for 60% of the population. 21% of the unsheltered population experiences chronic homelessness, while 24.2% just became homeless for the first time during the last 12 months of when the PIT count was conducted.

### **At Risk of Homelessness**

In 24 CFR 91.5, HUD defines those “At Risk of Homelessness” as individuals or families who have an annual income at or below 30% of the area median income level, do not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or into homelessness, and meets one of the following conditions:

- (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
- (B) Is living in the home of another because of economic hardship;
- (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
- (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, State, or local government programs for low-income individuals;
- (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
- (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
- (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of

Also defined under this Qualifying Population is, a child or youth who does not qualify as “homeless” under this section, but qualifies as “homeless” under section 387(3) of the Runaway and Homeless Youth Act (42 U.S.C. 5732a(3)), section 637(11) of the Head Start Act (42 U.S.C. 9832(11)), section 41403(6) of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2(6)), section 330(h)(5)(A) of the Public Health Service Act (42 U.S.C. 254b(h)(5)(A)), section 3(l) of the Food and Nutrition Act of 2008 (7 U.S.C. 2012(l)), or section 17(b)(15) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(15)); or a child or youth who does not qualify as “homeless” under this section but qualifies as “homeless” under section 725(2) of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a(2)), and the parent(s) or guardian(s) of that child or youth if living with her or him.

According to HUD's 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) data, families that are at or below 30% of the HUD Area Median Family Income (HAMFI) make up 21% of the City of Merced owner and renter population. Out of the overall housing distribution, 18% of that 30% HAMFI population have 1 out of the 4 Housing Problems. The four Housing Problems are, incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and a cost burden greater than 30%. 31% of the total renter population for Merced are at or below 30% AMI. 83% of those households are also experiencing 1 out the 4 housing problems as well.

<b>Income Distribution Overview (HAMFI)</b>	<b>Owner</b>	<b>Renter</b>	<b>Total</b>	<b>Percentages</b>
Household Income less-than or= 30%	790	4,685	5,475	21%
Household Income >30% to less-than or= 50%	835	3,050	3,885	15%
Household Income >50% to less-than or= 80%	1,850	2,635	4,485	18%
Household Income >80% to less-than or=100%	1,185	1,310	2,495	10%
Household Income >100%	5,870	3,280	9,150	36%
<b>Total</b>	<b>10,530</b>	<b>14,960</b>	<b>25,490</b>	<b>100%</b>

*Data Source: 2015-2019 CHAS*

<b>Income by Housing Problems (Owners and Renters)</b>	<b>Household with at least 1 of 4 Housing Problems</b>	<b>Household has None of the 4 Housing Problems</b>	<b>Percentage of Households with at least 1 of 4 Housing Problems</b>	<b>Percentage of Housing Problems Overall Households</b>
Household Income less-than or= 30%	4,525	950	39%	18%
Household Income >30% to less-than or= 50%	3,085	800	27%	12%
Household Income >50% to less-than or= 80%	2,500	1,985	22%	10%
Household Income >80% to less-than or=100%	825	1,670	7%	3%
Household Income >100%	690	8,460	6%	3%
<b>Total</b>	<b>11,625</b>	<b>13,865</b>		

*Data Source: 2015-2019 CHAS*

**Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD in the Notice**

The HOME-ARP definition for this population includes any individual or family who is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or human trafficking. This population includes cases where an individual or family reasonably believes that there is a threat of imminent harm from further violence due to dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return or remain within the same dwelling unit. In the case of sexual assault, this also includes cases where an individual reasonably believes there is a threat of imminent harm from further violence if the individual remains within the same dwelling unit that the individual is currently occupying, or the sexual assault occurred on the premises during the 90-day period preceding the date of the request for transfer.

According to our Point in Time Count for 2022, 19 of the 224 (8%) unsheltered homeless were categorized as experiencing homelessness because of fleeing domestic violence, dating violence, sexual assault, or stalking. City Police Records reported in 2022 Merced had 497 domestic violence cases, 16 stalking cases, 2 human trafficking cases, and 254 cases of sexual assault.

Merced's domestic violence service provider (Alliance for Community Transformations) reported that in 2022, 542 individuals were assisted due to domestic violence, 250 individuals assisted due to sexual assault, and 13 for human trafficking. The race demographics for those reported clients are as follows: 20% identified as White, 8% identified as African American, 51% identified as Hispanic/Latino, 6% identified as Asian, 9% identified as Unknown, 4% identified as Multi-Racial, 1% identified as Native Hawaiian/Pacific Islander, and 1% identified as American Indian/Native Alaskan.

The age demographics are as follows: Ages 0-12 are 4% of the population, ages 13-17 are 9% of the population, ages 18-24 are 20% of the population, ages 25-59 are 63% of the population, ages 60 and above are 2% of the population, and 2% were an unknown age.

**Other Populations at Greatest Risk of Housing Instability**

HUD defines these populations as individuals and households who do not qualify under any of the populations above but meet one of the following criteria:

**1) Other Families Requiring Services or Housing Assistance to Prevent Homelessness** is defined as households (i.e., individuals and families) who have previously been qualified as "homeless" as defined in [24 CFR 91.5](#), are currently housed due to temporary or emergency assistance, including financial assistance, services, temporary rental assistance or some type of other assistance to allow the household to be housed, and who need additional housing assistance or supportive services to avoid a return to homelessness.

**2) At Greatest Risk of Housing Instability** is defined as household who meets either paragraph (i) or (ii) below:

- (i) has annual income that is less than or equal to 30% of the area median income, as determined by HUD and is experiencing severe cost burden (i.e., is paying more than 50% of monthly household income toward housing costs);
- (ii) has annual income that is less than or equal to 50% of the area median income, as determined by HUD, **AND** meets one of the following conditions from paragraph (iii) of the “At risk of homelessness” definition established at [24 CFR 91.5](#):
  - (A) Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
  - (B) Is living in the home of another because of economic hardship;
  - (C) Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
  - (D) Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by Federal, State, or local government programs for low-income individuals;
  - (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than 1.5 persons reside per room, as defined by the U.S. Census Bureau;
  - (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
  - (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the recipient's approved consolidated plan

Per the 2015-2019 CHAS, Merced has 7,770 households that are at or below 30% AMI and experiencing severe cost burden. 4,210 households in Merced have income between 30% - 50% AMI. The total households at 50% or below are 11,980. Most of the City of Merced is in a Census Tract that is considered a Disadvantaged Community. Merced’s population that is At Greatest Risk of Housing Instability are those that have been receiving temporary rental assistance and upon expiration of benefits, those populations will be severely cost burdened and unable to afford housing. Service providers that provide temporary rental assistant to the Qualifying Population, indicated this population is need of permanent supportive affordable rental housing.

<b>Income by Cost Burden (Owners and Renters)</b>	<b>Cost Burden &gt;30%</b>	<b>Cost Burden &gt;50%</b>
Household Income less-than or= 30%	4,350	3,420
Household Income >30% to less-than or= 50%	2,865	1,345
Household Income >50% to less-than or= 80%	2,230	405
Household Income >80% to less-than or=100%	615	95
Household Income >100%	385	30
<b>Total</b>	<b>10,445</b>	<b>5,295</b>

*Data Source: 2015-2019 Comprehensive Housing Affordability Strategy (CHAS)*

***Describe the unmet housing and service needs of qualifying populations:***

**Sheltered and Unsheltered Homeless Populations**

Merced's shelters are at capacity on a daily basis, and some even over capacity. Due to this, Merced's homeless population does not have a place to go, leading to them having to stay on the streets. The 2022 Point in Time count reported that 331 people out of the total 487 reported for shelter residents were located in the City of Merced. The total number of sheltered persons increased from 258 in 2021 to 331 in 2022, representing an increase of 73 persons or 28%. With Merced sheltered utilizing 67% of the available shelter space, it is clear there is a need for additional housing and shelters. The PIT Count and Housing Inventory Count (HIC) provided us with the inventory breakdown for shelters and permanent supportive housing beds. Along with agency consultations, it was determined that the gap for emergency shelters or transitional housing is about 223 units or beds.

**At Risk of Homelessness**

HUD's definition for those at risk of homelessness are households whose annual income is at or below 30% Area Median Income (AMI), do not have enough sufficient resources to keep them from becoming unhoused, and have economic hardships or housing instabilities that would lead them to losing their housing. According to the 2015-2019 Comprehensive Housing Affordability Strategy (CHAS) report for Merced, 4,525 households are at an income at or below 30% AMI and are experiencing at least 1 housing problem. As mentioned, due to the severe gap in affordable housing inventory, most of these households struggle to find a place to live. The gap for affordable rental units is over 6,000, due to the immense need for more unit production, as well as the unfortunate economic downturn that was seen by Merced residents due to the pandemic.

**Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking**

Housing and services needs for those fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking, are the same of those at greatest risk of housing instability and homelessness. Part of Merced's CDBG Public Service funding does go toward a domestic violence service provider to assist those under this qualifying population, however as mentioned below, these funds are minimal.

Victims of abuse are at an increased risk of homelessness. Many of the families that Valley Crisis Center assists are homeless simply because they spoke out or reported the abuse. In many situations, a victim of domestic violence finally reports the abuse and gets a restraining order that includes a kick-out order. The person who caused harm is ordered to leave the home and now the survivor needs to make ends meet without the additional income that their partner was bringing into the household. Many times, the clients are seen are severely behind on their rent, a lot of the times due to the financial abuse they have experienced. Many of them have small children with no childcare, minimal child support, making it extremely difficult to find more income and/or employment in order to keep their home. Domestic violence service providers have found that it is near impossible to get clients into new housing. There is a severe lack of affordable housing inventory in Merced. This creates a situation where many of our clients must make the difficult choice of continuing to live in a household with ongoing abuse or move on to an extremely at-risk temporary housing situation.

### **Other Populations at Greatest Risk of Housing Instability**

The programs that Merced funds with CDBG Public Service funds provide an immense amount of help to residents that are at greatest risk of housing instability, however due to the cap on Public Service dollars, and the amount of need, those funds tend to run out quickly. Our most recent 2022-23 Annual Plan funding year, provided one of our homeless service providers with funding for emergency rental assistance. About 6 months into the service year, they had already expended all their funding. These households fall under the same needs as QP2 (At Risk of Homelessness) and see the same difficulties with affordable housing and the lack of available units.

### ***Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing:***

- **Supportive Services:** There are multiple non-profit organizations and local agencies that offer supportive services for all the Qualifying Populations. Merced currently funds a handful of Programs that assist the Qualifying Populations with the use of CDBG Public Service funds.
  - Supportive services programs for those at risk of homelessness and greatest risk of housing instability by providing emergency subsistence payments of up to 3 consecutive months of rental arrears, electric and gas utility arrears, or deposit assistance
  - Supportive service programs for individuals fleeing/attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking by providing case management services, housing navigation assistance, transportation assistance, economic stability and job cost assistance, life skills training, and security/utility deposits

- **Permanent Supportive Housing:** Merced currently partners with two local non-profit organizations with a CDBG funded program to acquire and rehabilitate local housing in order to rent these properties to low-income qualifying individuals or families. Our Community Housing Development Organization (CHDO) currently operates different multi family housing projects within Merced, that ranges from Permanent Supportive Housing to affordable housing in general.
- **Non-Congregate/Congregate Shelters:** Merced's local shelters are regularly at capacity and are available to all Qualifying Populations. Merced Rescue Mission operates a Navigation Center for homeless households, which is located in Merced County, but is surrounded by the City.

When this data was recorded, our local domestic violence shelter was at a 67% utilization rate. This data can fluctuate as the organization that runs the shelter also provides Housing Navigation as available to provide more permanent housing solutions. (See table below for most recent bed inventory data)

### 2022 Housing Inventory Count (HIC) – Local Shelter Count

Proj. Type	Organization Name	Project Name	Veteran Beds HH w/ Children	Youth Beds HH w/ Children	CH Beds HH w/o Children	Year-Round Beds	PIT Count	Total Beds	Utilization Rate
ES	Community Action Agency	D Street Shelter				50	28	50	56%
PSH	Housing Authority of the County of Merced	Shelter Plus Care	0	0	8	8	8	8	100%
PSH	Housing Authority of the County of Merced	VASH	42	0	0	85	85	85	100%
PSH	Merced County Human Services Agency	Housing Support Program	0	4		33	33	33	100%
ES	Merced County Human Services Agency	Motel Vouchers	8	0		216	216	216	100%
PSH	Merced County Mental Health	Project Home Start			0	4	4	4	100%
ES	Merced County Rescue Mission	B Street Navigation Center				67	44	67	66%
TH	Merced County Rescue Mission	Bridge Housing - Merced				21	22	21	105%
TH	Merced County Rescue Mission	Bridge To Hope - Merced	0	0		11		11	
TH	Merced County Rescue Mission	Hope for Men	0	0		25	25	25	100%
TH	Merced County Rescue Mission	Hope for Women				11	11	11	100%
ES	Merced County Rescue Mission	Hope Respite Care				20	12	20	60%
TH	Merced County Rescue Mission	Transition to Hope	0	0		31	32	31	103%
ES	Merced County Rescue Mission	Warming Center	0	0		0		15	
RRH	Sierra Saving Grace Homeless Project, Inc.	H2H Navigation - RRH	0	0		46	46	46	100%
PSH	Sierra Saving Grace Homeless Project, Inc.	Sierra Saving Grace Project I	0	0	0	6	6	6	100%
PSH	Sierra Saving Grace Homeless Project, Inc.	II			0	8	8	8	100%
TH	Symple Equazion	Aim High				10	5	10	50%
ES	Valley Crisis Center	Domestic Violence Shelter	0	0		12	10	15	67%
ES	Valley Crisis Center	DV Transitional				2	2	2	100%
			Sum : 50	Sum : 4	Sum : 8	Sum : 764	684		

ES: Emergency Shelter PSH: Permanent Supportive Housing TH: Transitional Housing RRH: Rapid Rehousing

- **Tenant Based Rental Assistance (TBRA):** Merced currently does not fund any TBRA programs, however programs like these would currently be underutilized due to the severe lack of affordable housing units available

***Identify any gaps within the current shelter and housing inventory as well as the service delivery system:***

A lack of affordable units and overall single-family housing in general has created an impacted environment for housing. UC Merced has also increased our population greatly, which has in turn affected the lack of housing inventory greatly. Merced has multiple affordable housing and permanent supportive housing projects that are currently in various stages of development, which once finalized will add approximately 500 units to the housing inventory. The Covid pandemic has added to the shortage of affordable housing due to rent increasing, making less units available for the Qualifying Populations.

While the need for housing and services is great, and there is a large collaborative effort amongst developers and service organizations, a coordinated one-stop approach to services is needed. Duplication of efforts from various agencies were found to sometimes create a chaotic environment for tenant application review, leading to increased wait times for housing.

***Under Section IV.4.2.ii.G of the HOME-ARP Notice, a PJ may provide additional characteristics associated with instability and increased risk of homelessness in their HOME-ARP allocation plan. These characteristics will further refine the definition of “other populations” that are “At Greatest Risk of Housing Instability,” as established in the HOME-ARP Notice.***

Other populations with characteristics that are commonly linked with housing instability and an increased risk of homelessness include prior periods of homelessness; living in hazardous housing; difficulty paying utilities; bad credit history; criminal history; mental illness; and/or extremely low-income households.

***Identify priority needs for qualifying populations:***

The priority needs for the Qualifying Populations overlap for all 4 QPs. Through the consultation process, analysis of data, and survey results, affordable housing with supportive services is the greatest need for the Qualifying Populations.

***Explain how the PJ determined the level of need and gaps in the PJ’s shelter and housing inventory and service delivery systems based on the data presented in the plan:***

The determination of the level of needs and gaps within our shelter and housing inventory, and service delivery systems, was based on the data collected throughout a collaborative consultation process, resident survey results, census data collection, public hearing input, and detailed conversations with service providers. The need for affordable housing with supportive services was determined as the priority need from evaluation of the above referenced sources.

## HOME-ARP Activities

*Describe the method(s) that will be used for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors:*

Merced has a proven method of selecting housing partners, whether it be developers, consultants or contractors. Merced goes out to bid by advertising its needs as a Request for Qualifications (RFQ) or Request for Proposals (RFP). Merced uses a format to comprehensively explain the details of the project, the scope of work, the desired results, the services that need to be provided or the development that needs to occur, along with the qualities of the candidate applying for the work. For example, in 2021 the City put out a RFP for Affordable Housing Development Opportunities to attract affordable housing developers using our Housing Successor Agency owned properties. The RFP clearly stated:

“The City seeks to engage a prospective community partner and assess their development qualifications based on selected criteria, including, but not limited to:

- Expertise and experience of the development entity and team in designing and constructing high quality affordable housing projects;
- Vision and design for a market-feasible affordable housing project that implements the City’s vision for the community and promotes the community character of Merced;
- Economic viability and financial strength of the proposed project, including marketability and feasibility; and
- Financial and organizational capacity of the team to successfully complete the project in a timely manner, including the ability to secure financing and leverage other funding sources to build the highest quality housing project.”

Merced concluded this process by engaging four separate affordable housing developers to purchase and develop the parcels for affordable housing. Currently one of the sites has closed escrow and is about to break ground on a 21-unit container home project for veterans. This is a partnership that includes the use of Veterans Vouchers and permanent supportive services for the homeless veterans. It is slated to be completed by Summer 2023. Five of the parcels are in pre-development for an affordable housing apartment complex of 54 units. Four of them have an approved Disposition and Development Agreement and are in escrow with a Non-Profit developer that will build four to five single family homes for extremely low-income families.

For services, Merced uses a similar process, using a Notice of Funding Availability (NOFA) similar to a grant application, explaining the funds available, the services desired, the qualifications of the applicant, and the terms of the agreement. The NOFAs are publicly posted on the City’s website and in the local newspapers. It is possible that Merced’s Community Housing Development Organization (CHDO), the Central Valley Coalition for Affordable Housing (CVCAH), may be able to assist with development and/or supportive services.

Merced just selected a consultant for a Downtown Housing Feasibility Study, in which this project is slated to be awarded in April 2023 and completed within four months. The Study aims

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to provide an analysis of the housing needs in the downtown area specifically related to the development of the High-Speed Rail (HSR) Station with Transit-Oriented Development (TOD). The study will compare and contrast two City owned parking areas and provide a recommendation on best developable area. The result will be a concept site plan with building elevations, various sized floor plans, and drawings to include mixed use with the focus on housing while not sacrificing current parking spaces. This concept plan will include financial pro-forma that involves various funding source options and opportunities to affordable housing financing. Merced then envisions taking the next steps to find an affordable housing developer, possibly one that can include supportive services since that is a priority need within the community as identified in the Needs and Gaps Analysis of this plan.

***Describe whether the PJ will administer eligible activities directly:***

If the activity is purely construction and development of affordable housing, the City will administer the eligible activities directly. For supportive services, the City will most likely utilize our core group of service providers. Ideally the project funded by HOME-ARP will be a combination of affordable housing that includes supportive services; the amount of the funding will most likely be used in development.

***If any portion of the PJ's HOME-ARP administrative funds are provided to a subrecipient or contractor prior to HUD's acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ's entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ's HOME-ARP program:***

Merced does not plan to provide administrative funds to a subrecipient or contractor for the administration of the entire HOME-ARP grant.

**Use of HOME-ARP Funding**

	<b>Funding Amount</b>	<b>Percent of the Grant</b>	<b>Statutory Limit</b>
Supportive Services	\$ #		
Acquisition and Development of Non-Congregate Shelters	\$ #		
Tenant Based Rental Assistance (TBRA)	\$ #		
Development of Affordable Rental Housing	\$ 1,690,461.30		
Non-Profit Operating	\$ #	0 %	5%
Non-Profit Capacity Building	\$ #	0 %	5%
Administration and Planning	\$ 298,316.70	15 %	15%
<b>Total HOME ARP Allocation</b>	<b>\$ 1,988,778</b>		

***Describe how the PJ will distribute HOME-ARP funds in accordance with its priority needs identified in its needs assessment and gap analysis:***

Merced places an overall priority on housing needs of our community and seeks to leverage the HOME-ARP funds along with other affordable housing grants to encourage and support the development of as many units as possible of affordable housing with supportive services.

***Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:***

The consultation process and needs assessment identified the need for affordable rental housing as the top priority for the qualifying population. Supportive services were also attributed to a high need. As a result, Merced has selected to utilize HOME-ARP funds for the development of affordable rental housing with supportive services for all Qualifying Populations. Merced will support organizations that will develop affordable rental housing, in conjunction with providing supportive services to help eligible qualifying population participants maintain long-term housing-stability.

## **HOME-ARP Production Housing Goals**

***Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:***

Costs of construction have dramatically risen over the past few years, and the cost of producing affordable housing can range from \$300,000 to \$350,000 per unit. Based on current financial proformas of affordable housing developers in Merced, we believe the HOME-ARP funding could be used to subsidize approximately 5 units of a larger development of 20 units or less.

***Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how the production goal will address the PJ's priority needs:***

The HOME-ARP Needs Assessment and Gap Analysis data confirms that the priority need is the development of additional affordable rental housing or permanent supportive housing for the QPs. Merced intends to use the HOME-ARP funding to help achieve our Regional Housing Needs Allocation (RHNA) for the 2023- 2032 Cycle 6 Housing Element. Merced has a total RHNA production value of 10,517 units, of that total 2,543 should be for very low-income households and 1,742 are for low-income households, that is 40.7% of our RHNA. Merced has enacted ProHousing Policies to help achieve these RHNA goals. For example, on projects meeting a specific criterion, 12.5% of the development should be for affordable housing. Merced is currently evaluating these numbers via a Housing Feasibility Study expected to be complete by September 2023. Merced places an overall priority on housing needs of our community and seeks to leverage the HOME ARP funds along with other affordable housing grants to encourage

and support the development of as many units as possible of affordable housing with supportive services.

## Preferences

***Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:***

Merced will support all qualifying populations chronologically through the Merced County Continuum of Care Coordinated Entry system (CE) as one referral method, with no preference, using CE only to refer clients for placement on HOME-ARP project waiting lists. Other referral agencies will also be utilized, and the eligible qualifying population households will be picked in chronological order off the project or activity wait list.

The funded project will, to the greatest extent possible, choose eligible households from the applications and waitlist in chronological order, with no preferences being utilized.

***If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ's needs assessment and gap analysis:***

Merced does not intend to give a preference to 1 or more of the qualifying populations. Upon implementation of the HOME-ARP project, the housing development will support all four of the qualifying populations.

## Referral Methods

***Identify the referral methods that the PJ intends to use for its HOME-ARP projects and activities. PJ's may use multiple referral methods in its HOME-ARP program.***

Merced intends to utilize the Merced County Continuum of Care Coordinated Entry System (CoC CE) as well as other agencies referrals to the intended HOME-ARP project. Such project will have a waitlist that select eligible qualifying populations in chronologic order.

***If the PJ intends to use both a CE process established by the CoC and another referral method for a project or activity, describe any method of prioritization between the two referral methods, if any.***

Merced will not prioritize any Qualifying Population over another for the HOME-ARP project. The eligible Qualifying Population applicant will be chosen in chronological order once placed on the project waitlist.

## **HOME-ARP Refinancing Guidelines**

Merced does not intend to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing or insured by any federal program, including CDBG.

**RESOLUTION NO. 2023-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING SUBSTANTIAL AMENDMENT #1 TO THE PROGRAM YEAR 2021-2022 ANNUAL ACTION PLAN AND THE HOME-ARP ALLOCATION PLAN FOR THE ADDITIONAL HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS MADE AVAILABLE THROUGH THE AMERICAN RESCUE PLAN ACT OF 2021; ACCEPTING AND APPROPRIATING THE HOME-ARP FUNDS AWARDED TO THE CITY BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; AUTHORIZING THE CITY MANAGER OR DEPUTY CITY MANAGER TO EXECUTE ANY RELATED DOCUMENTS, CERTIFICATIONS, AND/OR AGREEMENTS RESULTING FROM THIS ALLOCATION; AND AUTHORIZING STAFF TO SUBMIT ALL APPROVED DOCUMENTS TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

WHEREAS, the American Rescue Plan (ARP) Act of 2021 appropriated \$5 billion to provide housing and services to people experiencing homelessness as well as other vulnerable populations, to be allocated to jurisdictions that qualified for HOME Investment Partnerships (HOME) Program funding for Fiscal Year 2021-22, and on April 28, 2021, the City of Merced was notified that it would receive an allocation of this funding; and,

WHEREAS, on September 13, 2021, the U.S. Department of Housing and Urban Development (HUD) published its Implementing Notice, Notice CPD-21-10, entitled “Requirements for the Use of Funds in the HOME-American Rescue Plan (HOME-ARP) Program” which established requirements for the HOME-ARP funding appropriated through the ARP; and,

WHEREAS, on September 20, 2021, the U.S. Department of Housing and Urban Development (HUD) awarded the City of Merced HOME-ARP funds in the

amount of One Million Nine Hundred Eighty-Eight Thousand Seven Hundred Seventy-Eight Dollars (\$1,988,778); and,

WHEREAS, in order to use HOME-ARP funding, Notice CPD-21-10 requires the City of Merced to engage in consultation and public participation processes and develop a HOME-ARP Allocation Plan (Plan), to be submitted to HUD for review and approval as a Substantial Amendment to the 2021-2022 Annual Action Plan; and,

WHEREAS, on September 8, 2021, for purposes of the Plan, HUD issued a Memorandum waiving the public participation requirements of the City's adopted Citizen Participation Plan regarding plan amendments and replaces them with Alternative Public Participation Requirements, which include that the City: 1) provide residents with reasonable notice and an opportunity to comment of no less than 15 calendar days; 2) follow its adopted requirements for providing reasonable notice and opportunity to comment on plan amendments; and, 3) hold at least one public hearing prior to submitting the Plan to HUD; and,

WHEREAS, in compliance with Notice CPD-21-10 and the HOME-ARP waivers Memorandum, the City held three resident input meetings during the month of December 2022 to explain the amount and eligible uses of HOME-ARP funding and to gather citizen input; published information in local newspapers, the December 2022 and January 2023 monthly utility newsletters, and on the City's official social media platforms; conducted an online HOME-ARP Resident Survey from November 18, 2022, to January 31, 2022; consulted with the required agencies and service providers; published Public Hearing and Opportunity to Comment Notices in multiple languages in local newspapers, on the City's website, at City Hall, and on social media; provided an 18-day public review and comment period from March 3, 2023, to March 20, 2023; and held a Public Hearing at the City Council meeting of March 20, 2023.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:**

**SECTION 1.** The City Council of the City of Merced hereby approves Substantial Amendment #1 to the City of Merced 2021-22 HUD Annual Action Plan and the HOME-ARP Allocation Plan to be included as the amendment and directs the City Manager and Deputy City Manager to review and consider all public comment provided. The City Manager is hereby authorized to execute all

documents related thereto, and staff is authorized to submit all documents to the United States Department of Housing and Urban Development.

SECTION 2. The City Council hereby accepts HOME-ARP grant funds in the amount of One Million Nine Hundred Eighty-Eight Thousand Seven Hundred Seventy-Eight Dollars (\$1,988,778) awarded by HUD to the City of Merced; and

SECTION 3. The City Council hereby resolves that not more than fifteen percent (15%) or Two Hundred Ninety-Eight Thousand Three Hundred Sixteen Dollars and Seventy Cents (\$298,316.70) of the HOME-ARP funds shall be used to cover administration and planning costs attributable to the HOME-ARP funding, including preparation of the Plan and planned activities, as authorized under HUD Notice CPD-21-10; and

SECTION 4. The City Council hereby directs the Finance Officer to appropriate all HOME-ARP funds as necessary and to projects as to be determined; and

SECTION 5. The City Council hereby authorizes the City Manager and the Deputy City Manager to award and execute agreement(s) to any third-party contractors and subrecipients to be determined, for eligible projects and activities as set forth in the HOME-ARP Allocation Plan and included in the First Substantial Amendment to the 2021-22 Annual Action Plan, subject to compliance with applicable HOME-ARP and City requirements; and

SECTION 6. The City Council hereby directs that prior to execution, all agreements shall be reviewed and approved as to form and legality by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2023, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:  
STEPHANIE R. DIETZ, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:  
Laurie  
Avedisian-  
Favini  
City Attorney

Digitally signed by: Laurie  
Avedisian-Favini  
DN: CN = Laurie Avedisian-Favini  
email = lfavini@lozanosmith.com  
C = US, O = Lozano Smith  
Date: 2023.02.28 15:45:33 -08'00'  
2/28/23

\_\_\_\_\_  
Date

# HOME-American Rescue Plan ALLOCATION PLAN

Public Hearing – March 20,  
2023





## HOME-ARP Overview

- Home Investment Partnership Program – American Rescue Plan (HOME-ARP)
- ALLOCATION: \$1,988,778
  - Special allocation due to the long-term impact from the Coronavirus Pandemic
- Qualifying Populations – “QP’s”
  1. Homeless
  2. At Risk of Homelessness
  3. Fleeing/Attempting to flee Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking
  4. Other Populations at greatest risk of housing instability
  5. Veterans and families with veterans of Qualifying Populations described above

## HOME-ARP Eligible Activities

\* Eligible Activities

1. Affordable Rental Housing
2. Tenant Based Rental Assistance
3. Supportive Services
4. Acquisition or Construction of Non-congregate Shelters
5. Nonprofit Operating and Capacity Building Assistance

\* Analysis & Consultation Needed



# HOME-ARP Timeline

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# Community Outreach

- Community Survey – 116 responses
- Service Provider Survey – 18 responses
  - Multiple in person/virtual meetings with agencies were held
- Consultations with Service Providers
- Public Input Meetings – December 2022
- Posted Draft Plan to Website
- Public Comment Period – open 18 days



## Conclusions

- Needs Assessment & Gaps Analysis
  - Not enough affordable rental housing in Merced
  - Supportive Services needed with affordable housing
  - Need for Affordable Housing with Supportive Services
- Each of the QP's need Equal Access to Affordable Housing
  - No preferred QP, as all have a similar housing need

PERSPECTIVE

## Actions Needed

- Hold the Public Hearing
- Take Comments & Discuss
- Approve the Plan for Submission

