

## Executive Summary

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

#### 1. Introduction

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

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

This City of Merced 2024 Annual Action Plan covers the fifth-year goals described in the 2020-2024 Consolidated Plan and covers the period spanning July 1, 2024, through June 30, 2025, a timeframe also referred to within as "the 2024 Program Year." The Annual Action Plan identifies various activities proposed to be funded with Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and other fiscal resources to be received from HUD, as well as non-federal sources, such as Program Income received from existing State-funded first-time homebuyer loans with the City, and the City of Merced's own resources, such as Enterprise, Housing Successor Agency (HSA), and General Funds. The City expects to receive \$1,056,567.00 in CDBG funds and \$450,563.61 in HOME funds, totaling \$1,507,130.61 from HUD as entitlement formula grants during the 2024-25 fiscal year. Including anticipated and received program income, projected carryover, and CDBG and HOME entitlement formula allocations, the City has a combined total Annual Plan budget for the 2024 program year of approximately \$2,890,170.61.

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

## **Methods of Evaluation**

In preparing the Five-Year ConPlan in 2020, the City utilized several methods to analyze the housing and community development needs of Merced. Methods included hosting resident and stakeholder focus groups on affordable housing needs and potential housing-related policies, surveying community residents and stakeholders, surveying multi-family unit property owners, and utilizing information in several City and county planning documents. The City hosted community meetings and hearings and met with organizations as an effort to outreach to and encourage the participation of all residents, particularly low- and moderate-income residents, elderly persons, and persons with disabilities. The purpose of the meetings was to inform the community about the ConPlan process and to identify opportunities to improve collaborative efforts and eliminate service delivery gaps in order to develop and sustain decent and affordable housing, suitable living environments, and expanded community and economic opportunities. Likewise, in preparing this 2024 Annual Action Plan, which updates the ConPlan with "year five" projects and resources, the city used many of these same methods of evaluation to update the prior-year efforts.

## **Action Plan Format**

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

## **COVID-19**

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

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in response to the crisis, and it was signed into law on March 27, 2020. The CARES Act is an over \$2 trillion economic relief package that provided direct economic assistance for American workers, families, and small businesses, and preserves jobs for industries. As part of the CARES Act, additional assistance was provided for HUD grantees, and the City received CARES Act allocations of CDBG funds (CDBG-CV funds) in Rounds 1 and 3.

The City amended its 2019 Annual Action Plan after each round of allocations to include each distribution and implement programs specific to the assessed needs that arose. The City received a total of \$1,193,573 of CDBG-CV funds, and repurposed \$125,239 of regular CDBG funds to be used towards combating the local effects of the pandemic. These funds are still being distributed throughout the community.

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

In 2020 however, some residents felt outreach through surveys and pre-pandemic meeting alone had been insufficient, and that more outreach with residents needed to be accomplished. As a result, two virtual outreach meetings were held, and the City held a second round of public review and comment period and public hearings. In November 2020, the City Council approved the final draft of the ConPlan, 2020 Annual Action Plan, and Analysis of Impediments to Fair Housing. However, due to multiple overlapping HUD processes and deadline constraints, including the Consolidated Annual Performance and Evaluation Report (CAPER) and another CARES Act Substantial Amendment process, more delays accumulated, and the City did not receive HUD approval and access to 2020 program funds until March 2021, nearly nine months into the program year.

The accumulated delays resulted in gaps in assistance to vulnerable residents via the public service programs that received late funding, which placed some programs in jeopardy of closing completely, and 2020 projects were not able to start until the 2021 program year. As we approach the end of the 2023 Program Year in preparing this 2024 plan, four years after COVID-19 arrived, we are fully recovered from the snowball effect of these delays.

### **COVID-19 (continued)**

At the start of the Pandemic, the immediate need categories of residents did not vary significantly from yearly trends; however, they intensified – for example, rental assistance to prevent homelessness became an intense need, as was the need to assist LMI families experiencing food insecurity, support LMI businesses, and retain LMI jobs.

### **The American Rescue Plan of 2021 - HOME-ARP funding**

In an ongoing effort to provide additional relief to address the continued impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses, on March 10, 2021,

Congress passed the \$1.9 trillion American Rescue Plan of 2021 (ARP). It was signed into law by President Biden on March 11, 2021, and became Public Law 117-2. The ARP built upon previously enacted COVID-19 aid measures in 2020 and early 2021, including the CARES Act, a year-end spending and aid package, and the Families First Coronavirus Response Act (FFCRA).

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

Specifically, an aspect of the ARP that the City manages through the Annual Action Plan process involved Congress's instruction that a total of \$5 billion in nationwide funding, awarded using the 2021 HOME allocation formula (HOME-ARP funds), be directed to various activities benefiting those who have been impacted by the effects of COVID-19 the most – those who are homeless, at risk of homelessness, fleeing domestic violence, and others where assistance or services would prevent homelessness or serve those with the greatest risk of housing instability.

In April 2021, HUD notified the City that it would receive a one-time HOME-ARP allocation of \$1,988,778. HUD issued CPD Notice 21-10: "Requirements for the Use of Funds in the HOME-American Rescue Plan Program," and in October 2021, the City signed a HOME-ARP Grant Agreement with HUD. The CPD Notice included the requirement to prepare a formal plan for the use of the HOME-ARP funds (HOME-ARP Allocation Plan).

Between November 2022 and March 2023, the City prepared and adopted its HOME-ARP Allocation Plan, and in April 2023, the Allocation Plan was accepted and approved by HUD. Development of the Allocation Plan required separate consultation, public input, and needs assessment processes and a Substantial Amendment to the 2021 Annual Action Plan. The City intends to use the HOME-ARP funds towards the production of affordable rental housing to benefit individuals and families in all of the four qualifying populations (QP's). In February 2024, HOME-ARP funds were conditionally reserved for the future 57-unit Mercy Village Apartments affordable housing project.

### **January 2023 Storms and Resulting Floods**

The 2022-23 winter season was one of the wettest ever on record for Merced City and the surrounding area. Soils and storm water systems were repeatedly saturated and tested beyond maximum capacity.

On January 4, 2023, Governor Newsom declared a state of emergency as a preemptive response to several powerful storms expected to hit California that week, and Merced County activated the Merced County Emergency Operations Center as a precautionary measure. A heavy storm hit Merced on January 7, 2023. The City Manager/Director of Emergency Services issued two proclamations declaring the existence of a local emergency, which allowed for activation of the City's Emergency Operation Center (EOC), in preparation for likely flooding. EOC Staff held daily planning and operational meetings with all

City departments and local cooperators, such as Merced County, Merced Irrigation District, and Merced School Districts, and an evacuation center was set up at the Merced County Fairgrounds, which also later became temporary headquarters for FEMA to assist flood victims.

As predicted, this storm caused Bear Creek to rise past flood stage and, as storm drains empty to the Bear Creek, also overwhelmed the City's stormwater drainage system, flooding city streets. Within the city limits, the West North Bear Creek Drive area was severely affected, and ground-level units of several apartment complexes were flooded. Outside the city limits, as a result of broken levees, the Planada and McSwain-area communities experienced devastating flooding conditions and heavy property damage to homes and businesses.

The displacement of tenants and homeowners countywide strained this area of already low vacancy rates and exposed a priority need for tenant protections for affected renters and tenant/landlord counseling. The City responded by expanding its partnership with Project Sentinel Inc. to provide this activity for the 2023 Program Year, and these services are proposed to continue through the 2024 program year as a public service activity.

In April 2023, the City Council adopted Ordinance No. 2548, which added Chapter 9.75 "Displaced Tenant Protections" to the Municipal Code. The new ordinance applies to all rental units that were damaged by the January 2023 flooding and offers protections to their tenants, including right of first refusal following completion of repairs made necessary by flood damage and a restriction on rent increases.

### **Broadband Internet Services**

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

#### **Broadband Coverage and Providers**

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

Once broadband access has been obtained, it is important to ensure there is competition among service providers. Any resource that has a de facto monopoly on an area may not be incentivized to provide standard and consistent services. Merced has a total of eight (8) Internet providers offering residential service, including to LMI areas. AT&T (DSL) and Earthlink (DSL) are the strongest providers in Merced so

far as coverage. The average Merced household has at least four (4) options for broadband-quality Internet service; however, an estimated five percent (5%) of locals still don't have access to more than one provider and may have to rely on low-grade wireless.

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

#### Expanding LMI Residential Broadband Access

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

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

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

In December 2021, the City Council approved \$2.6 million of ARPA funding to be allocated to Broadband Regional Capital Improvement. The City entered into a MOU with the County of Merced to fund a Countywide Broadband Feasibility study, and the County selected a vendor for the feasibility study through an RFP process. In September 2022, the County was awarded a \$500,000 LATA (Local Area Technical Assistance ) Grant from the CPUC for conceptual design of a countywide broadband network. The County plans to work with through the Golden State Connect Authority and RCRC for design and build of the future broadband network once the CPUC Open Access Middle Mile Priority 1A network maps are released in June 2023.

#### **Expanding LMI Residential Broadband Access (continued)**

In 2023, the City worked in cooperation with the County of Merced on their Federal Funding Account broadband grant application to the CPUC. As of July 1, 2024, the CPUC has not announced the award of the County of Merced regions grant allocations. The City continues to work with the County of Merced on the future BEAD (Broadband Equity, access, and Deployment) grant throughout 2024. The City is also

working with a new broadband service provided within the City limits, that is defined as a CLEC (competitive local exchange carrier) by the CPUC. The provider is working through the process for encroachment permits to start construction in late 2024.

## **2. Summarize the objectives and outcomes identified in the Plan**

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

The City's priority need objectives and outcomes are based on the availability of CDBG and HOME funding allocation each year. In preparing the Annual Action Plan and contemplating what types of projects will be funded, the projects and funding amounts are based on assumptions that CDBG funding, entitlement funding distribution formulas, and/or the number of HUD communities eligible to receive entitlement grants will remain constant. If any of these conditions change, projected activities and accomplishments are also subject to change.

The needs assessment that was accomplished in the 2020-2024 ConPlan has continued to help guide us over this five-year span and 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 2024 Annual Action Plan process closely mirrors that of the ConPlan and First, Second, Third, and Fourth Annual Plans, in identifying the following target populations, ranked in approximate order of placing from surveys:

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

### **Barriers to Housing**

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

1. Utility costs too high
2. Not enough good paying jobs to afford the cost of living and cost of housing too much for income
3. Affordable housing options available only in certain locations or are in areas that feel unsafe
4. Infrastructure deficiencies – i.e. no bike transportation facilities, sidewalks, paved streets, or municipal water/sewer services
5. Lack of diversity in housing stock – for example, too many single-family homes and not enough apartments; or not enough studio apartments
6. Overall lack of available units and distance to employment, schools, shopping, or services is too far from affordable housing
7. Condition of housing units and lack of units available to people with pets or support animals
8. Not enough housing assistance for mentally disabled
9. Access to public transportation is not convenient or accessible
10. Unit size (not enough bedrooms for house members)
11. Accessibility of housing units or neighborhood for people with disabilities or disabling conditions
12. Other barriers not listed (write-in answers included: rent is too high; too many government regulations and fees; increase in property tax; cost of trying to move to other/better housing is too high, including landlords who require income to be triple the amount of rent, costs of security deposits; accumulated cost of multiple application and credit check fees when applying for rental housing; lengthy application processes; poor quality of newly built homes; out of town investors charging too much for rent; inefficiency and inaccessibility of electric utility services and offices)
13. Housing restricted based on age

### **Essential Project Types**

Several types of projects were also identified as essential to the community for the 2024 program year:

- Programs that provide, promote, or enable decent, safe, affordable housing
- Public improvements that build or improve neighborhood infrastructure and streetscapes
- Economic development programs that help create new jobs and build job skills
- Public services programs through partnerships with area nonprofit agencies to address the needs of LMI residents

### **Ranked Needs and Activities by Category**

Through a combination of needs assessment surveys, public agency and stakeholder consultations, town hall meetings, resident and stakeholder meeting discussions, and feedback during housing-related Council meetings, the following needs and activities were ranked highest and most important by respondents and attendees:



- Housing– 1) Building new rental apartments for households with low or moderate incomes; 2) providing housing opportunities for people with special needs (frail elderly, persons fleeing domestic violence, disabled individuals, or those battling alcohol or drug addiction); and 3) providing more housing opportunities for people who are homeless or chronically homeless, such as the creation of emergency shelters and/or permanent housing navigation services.
- Neighborhood Improvements/Infrastructure – 1) building or improving public infrastructure and streetscapes in residential neighborhoods, including water and sewer lines, streets, tree planting, sidewalks/crosswalks, and storm drainage; 2) eliminating environmental hazards, such as litter/trash/dumped items, vacant or dilapidated buildings, and overgrown lots; and 3) providing resources for neighborhood organizing and leadership development.
- Economic Development – 1) providing assistance for job training programs; 2) financing projects and public service programs that create new jobs; and 3) business development assistance to low- to moderate-income microenterprise business owners or small businesses.
- Public Services – 1) providing services for people with special needs, like the elderly, victims of domestic violence/abuse, persons with disabilities, and those battling alcohol or drug addiction or HIV/AIDS, such as transportation services for these groups; 2) providing services for people that are homeless or food insecure; and 3) providing afterschool programs and childcare for children and youth.
- Fair Housing Education – 35.3% of survey respondents answered that they are unaware of their rights under Fair Housing and Anti-Discrimination laws (an increase of 3% over last year’s survey). The responses still indicate that a deeper effort should be made by the City and its fair housing partner organization to reach and distribute education materials directly to renters and landlords to promote better understanding of their protections and rights. Approximately 37.8% of respondents reported that they are aware of suspected housing discrimination incidents over the last year and believe that the incidents were potentially based on income levels, source of income, or race/ethnicity.

### **Overall Most Needed Project Types**

Additionally, from the 2024 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 homeownership opportunities
2. Employment training, workforce development, and financial literacy programs
3. Affordable quality childcare and/or youth centers and services
4. Homeless services, homelessness prevention programs, and housing solutions for the homeless
5. New affordable rental housing units
6. Services and programs for domestic violence victims or mental health and substance abuse patients
7. Services and programs for elderly and/or disabled persons
8. Sidewalks, lighting, crosswalks, and other public infrastructure improvements

9. Security deposit and/or short term rental assistance
10. Rehabilitating/repairing rental housing units

### **Weighing Needs vs. Available Funding**

While the Housing Division would like to fund all of these needed programs and projects, the reality is that the necessary funding and administrative staffing resources needed to run the programs will need to be secured from a variety of resources and partnerships.

Given the City's relatively small CDBG and HOME allocations in comparison to the infinite amount of needed services, infrastructure, and LMI housing opportunities, funds to build enough affordable housing, complete large capital improvement projects, provide first time homebuyer assistance, or even create more programs to help prevent homelessness will need to come from other sources, such as other Federal or State grants or creative local funding strategies, as they become available and are awarded.

Identifying, addressing, making progress on, and ultimately striving to solve or achieve these issues, projects, and goals will take time, and some will take longer than others.

### **One Year and Continuing Goals**

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

1. Make Housing More Affordable for Merced Residents: the greatest housing issue the City continues to face is the insufficient supply of affordable rental and homeownership housing units. Topics that involve the creation and enforcement of policies that encourage the development of affordable housing is always a major focus of discussion during any given year. The City remains proactive in looking for ways to increase the number of affordable units, whether by fine-tuning current policies that are now in place and unique to Merced, seeking funding opportunities and creative subsidy layering strategies, creating pro-housing policies, meeting with rental housing developers about including affordable units in their developments, or a combination of all.

In 2023, the State awarded funding to two large affordable housing projects: 1) 108 units of 30-60% AMI affordable units with farmworker housing - Bella Vista Apartments by Visionary Home Builders; and 2) 156 affordable rental units, including two manager units – Devonwood Apartments by The Richman Group and Central Valley Coalition for Affordable Housing. On May 2, 2024, the Richman/CVCAH development team and all investors were successful in closing their financial investors' escrow, which included CDBG, HOME, City Sewer/Water Enterprise Funds, and City Housing Successor Agency (HSA) funds, and the project broke ground in late May 2024. Visionary Homes' Bella Vista development plans

to apply for California State Tax credit awards in Spring 2025, and the City has pledged \$3.5 million of its American Rescue Plan Act (ARPA) funds towards the project.

In Spring of 2022, the City began formal negotiations and the preparation of necessary documents for disposition of all ten of its HSA properties to three different affordable housing development partners, Linc Housing, Fuller Center for Housing of Merced County, and CC915 Merced, Inc., for various affordable housing projects – duplexes, single family homes, and “container” apartment units for homeless veterans. CC915 Merced, Inc.’s 20-unit “container” CA State Homekey-funded project with supportive services is nearing completion at the property located at 73 South R Street, with progress being slowed by an exceptionally rainy 2023/24 winter and manufacturing delays of the container units themselves. When completed early this fall, this project will house most, if not all, of the homeless veteran population in Merced. While the Fuller Center is not pursuing development of the properties at this time, Linc Housing is currently in a one-year escrow to acquire theirs while they complete their subsidy layering package.

More projects are in the works. Thanks to an unexpected change of ownership in January 2021 of The Grove Apartments that resulted in a large payoff of HSA LMI Asset funds, these funds became available to re-use towards eligible housing activities.

The Gateway Terrace II project’s 50 affordable units, which will include 10 units for veterans, will use HSA LMI Asset and ARPA funds to rejuvenate the project. City staff is making progress on transferring of previous funding commitment documents to this new funding source and expects funds to be transferred to the project by December 2024.

### **One Year and Continuing Goals - Continued (1)**

Moreover, as aforementioned, after approval of the HOME-ARP Allocation Plan by HUD on April 11, 2023, the City has access to \$1,988,778 of HOME-ARP funds (less administrative funds) to be used towards production of affordable rental housing for all qualifying populations (QP’s) targeted for this funding by HUD. In early Spring 2024, the City Council authorized the conditional reservation of the available HOME-ARP funding to Upholdings, Inc. for the planned 57-unit (formerly 65 units) Mercy Village affordable housing project to be located on a vacant lot on Park Avenue in North Merced. The project is centrally located between health clinics, schools, and essential retail resources such as grocery stores and will be an excellent use of HOME-ARP funds. As such, the project will assist all four QP groups that this special funding intended to reach in addressing the long-term effects of the COVID-19 Pandemic on these most vulnerable populations.

### **Past Actions**

2021 was an extremely active year at the City of Merced for furthering affordable housing. After a successful Request for Qualifications (RFQ) process was carried out in May 2021 to find potential affordable housing partners. Accordingly, in December 2021, the City Council pledged \$6.5 million of its

U.S. Treasury American Rescue Plan Act (ARPA) fund allocation toward multiple affordable housing projects.

In November 2021, the City applied for 2021 State CalHome Program funding, in partnership with Self-Help Enterprises, to provide First Time Homebuyer (FTHB) Mortgage and Owner-Occupied Rehabilitation (OOR) Assistance to Merced residents totaling \$2,500,000. This application was successful, and the City was awarded \$1,125,000 for FTHB and \$1,375,000 for OOR program assistance. To help administer these State-funded programs, the City used \$36,000 of its HSA LMI Asset funds to contract with Self-Help Enterprises. The programs are now active, and the City is currently working with Self-Help on qualifying FTHB applicants for the purchase of their first home.

In 2021, Council authorized application to and adoption of an allocation plan for State of California Permanent Local Housing Allocation (PLHA) Plan funds that the City of Merced is eligible for each year as a part of SB2 and the State PLHA Program. The PLHA Program is funded in large part from recording and other fees collected and deposited into the Building Homes and Jobs Trust Fund. Each year, entitlement and non-entitlement local governments can apply for and receive funds from this permanent, ongoing source of funding for housing-related projects and programs that assist in addressing the unmet housing needs in their communities.

In late December 2021, the City Council adopted Resolution 2021-109, authorizing a joint application and participation in Round 2 of the California Department of Housing and Community Development's (HCDs) Homekey Program to jointly apply with Upholdings California LLC and RH Community Builders LP for Homekey funding towards a motel acquisition and rehabilitation/conversion project at 1213 V Street in Merced for chronically homeless ("at-risk") households and permanent supportive housing. The motel had served as a Project Roomkey location during the COVID-19 pandemic. In March 2022, HCD awarded \$24,024,054 of Homekey funding to the project. This project is now complete, and all 95 units are occupied.

On June 6, 2022, the Council approved acceptance and appropriation of \$1,324,969 of 2019 and 2020 PLHA funds to Upholdings, Inc. for their 57-unit "Mercy Village" affordable housing project. In November 2022, the Council issued a funding commitment letter to Linc Housing, pledging the 2021-2023 PLHA funds to their project, a 54-unit affordable apartment complex.

### **One Year and Continuing Goals - Continued (2)**

#### Regional Housing Needs Allocation Unit Production Plan and Ongoing Housing Studies

In recent years, the City of Merced has taken decisive policy-related actions to further affordable housing in an inclusive and balanced manner. The City listened to the urgings expressed by its residents to find balanced policy solutions and workable avenues that aim to increase affordable housing in the community. The City recognizes that the adjacent University of California Merced campus's student and staff population has grown along with the City as a whole, and although there is some housing on

campus, there has been an increased strain on existing units, and thus, a need for more housing within the City limits.

In September 2021, the City Council directed staff to work with the County and Cities to explore options for a regional approach to affordable housing with Merced County Association of Governments (MCAG) and made available \$5 million to support this regional effort.

Additionally, the City has modified some of the zoning ordinances to simplify and streamline affordable housing production of all types. For example, the City has updated its ordinances on accessory dwelling units, parking requirements, infill development, and developed programs to make it easier and less expensive to construct ADU's, duplexes, and triplexes, by working with an architectural firm to design and develop pre-approved construction plans that property owners can then purchase with a simple permit and an approved site plan.

Additionally, in April of 2022, the Council adopted a Regional Housing Needs Allocation (RHNA) Unit Production Plan, which was subsequently amended on November 20, 2023. The Plan's intent is centered on developing a mechanism and bridge policy for requiring the production of affordable housing units as part of new market rate development until specific language related to affordable housing production is codified and incorporated into the Zoning Ordinance, General Plan (Housing Element), and other policy documents, all this with the overall goal of helping to meet the City's housing goals under the State's RHNA requirements. These requirements are outlined in the City's Housing Element, which is updated regularly, and are not tied to unit production but are more specifically tied to demonstrating the availability of adequate land and land use zoning of sites that can accommodate units. The Plan is similar to inclusionary zoning practices but is tailored to the City of Merced's desire to maintain a balance between the number of units needed and the business and profit margin needs of the builders themselves. With the RHNA Production Plan as the tool, the City Council seeks to move beyond identifying and zoning land and into encouraging the production of the units themselves.

Council gave further direction to prepare an assessment of this policy, including a nexus study and determination of in-lieu fees that may be assessed as an alternative option to constructing affordable units. In October 2023, Council gave direction to set the fee amount for the in-lieu option and also amended the RHNA Plan to require that a minimum of 5% of the total number of proposed units in new 60+-unit single-family and mixed-use developments be "affordable" and spread across the annually adjusted extremely low-, very low-, low-, and moderate-income levels. Multifamily developments are not subject to the RHNA production plan; however, the in-lieu fees that are collected are held in a special Affordable Housing Fund and can then be used to subsidize low-income/affordable-unit multifamily developments as a means to produce them. The plan also only applies to land use entitlements requiring the execution of a pre-annexation development agreement, a development agreement, or a legislative action agreement per Zoning Code 20.72.040.

### **One Year and Continuing Goals - Continued (3)**

The City has a variety of housing policy projects ongoing and near completion, using a combination of California State grants for Local Early Action Planning (LEAP) and SB2 funds. Each project is designed to affirmatively further fair housing by creating a wider range of opportunities for innovative affordable housing development.

The City is working on updating its Subdivision Ordinance and Zoning Code to include Tiny Homes. The City seeks to establish specific zoning districts (Planned Developments, small lots, etc.) where Tiny Homes will be allowed and to establish design standards for such homes.

In December 2022, the City issued a request for proposals to find a consultant to conduct a Downtown Housing Feasibility Study. The purpose of the study is to explore the Transit Oriented Development (TOD) housing needs in the downtown area specifically related to the future High-Speed, Amtrak, and ACE Rail station. Deliverables will include financial proformas of two potential development locations on existing parking lot parcels, preserving the existing parking while adding more parking for residents, providing a conceptual site plan, elevations, and floor plans for a mixed-use affordable apartment complex. In April 2023, the City Council approved a professional services agreement with Mogavero Architects to carry out this study.

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

Via past and perhaps future projects with Sierra Saving Grace Homeless Project for the purchase and rehabilitation of existing housing units, these projects convert existing market rate one- to four-unit properties to both LMI and permanent supportive rental units. The projects have an additional benefit in improving neighborhood aesthetics, as the purchased units are usually in great need of repair and are boarded-up, which has a blighting effect on neighboring homes and attracts transients, leading to further damage of the home and negative effects on the surrounding neighborhood.

Additional permanent supportive units will be completed by Fall 2024 through a separate \$4.4 million State Homekey awarded to the City and Certified Containers 915 (CC915), who will be enlisting the Merced Rescue Mission to manage once complete. The project will place 20 units (plus one management unit) of permanent supportive housing for homeless veterans using former shipping containers converted to living space. An extremely important project for the regional effort to address homelessness, it will enable all of the unsheltered homeless veterans in the City to be permanently housed. The City's contribution to the project is through a land donation of the property located at 73 South R Street, which is one of the Housing Successor Agency properties the City has been working to dispose to a qualified affordable housing partner and project.

Building on this success, on July 12, 2024, the City announced that the California Housing and Community Development (HCD) has awarded \$11,150,000 in new HCD Homekey Program funding to another joint project with CC915, the Homekey CC915 Merced Phase 2 project, to be located at 125 East

13<sup>th</sup> Street. This new shipping container re-use project will create and install 58 units of permanent supportive housing to serve the homeless and at-risk populations. The unit range will be diverse, supplying 24 studio units, 13 on-bedroom units, 20 two-bedroom units, and one one-bedroom manager unit.

#### **One Year and Continuing Goals - Continued (4)**

If the Gateway Terrace II Apartments project is successful with new funding strategies in continuing forward with construction, another 10 units of permanent supportive housing for homeless veterans will be added through the use of VASH vouchers. Once completed, combined with CC915's first Homekey-funded container housing project on R Street, this will mean that the County's entire population of homeless veterans in the City can be permanently housed.

Also, as mentioned in "1" above, the City and UpHoldings California LLC, with RH Community Builders LP, received a \$24 million State Homekey award to convert an existing 95-unit motel to approximately 80 units of permanent studio apartments, and rehabilitation work is now complete. The last set of residents moved in at the end of May 2024, and the project is now 100% occupied. All tenants receive case management along with additional supportive services located onsite. Additionally, the Mercy Village project - also with UpHoldings - will include more permanent supportive units with the support of City-provided State PLHA funding and the use of HOME-ARP funds.

3. Assisting Low-Income Homeowners with Housing Rehabilitation: Oftentimes, low- to moderate-income individuals and families may be able to afford the initial purchase a home, but not be able to afford the inevitable large or even minor repairs that come with homeownership. Thus, in Program Year 2022, the City restarted its Homeowner Rehabilitation program with Habitat for Humanity of Merced and Stanislaus Counties. A three-year contract was executed with Habitat, which the City amended with additional 2023 CDBG funding. As Habitat is still working through these funds, no additional funding will be provided from 2024 funding as originally planned; however, rehab projects will continue through the end of the three year performance period. With current funding, we expect to assist approximately six low- to moderate-income homeowners with needed minor and/or major repairs, thereby preserving and extending the long-term livability and legacy of the homes and making them safer for homeowners to live in.

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

4. Improving Streets and Parks with ADA Infrastructure projects: With last year's 2023 Annual Action Plan, the City restarted an infrastructure project that was previously approved in 2019 but was not able to move forward due to environmental clearance issues with a separate, but related, affordable housing project (Gateway Terrace II, or GTII). The infrastructure project involves installation of ADA sidewalk

improvements in the immediate area of the GTII site, as well as replacement of water and sewer mains within a City public utilities easement through the vacant parcel and extending through nearby alleyways. The sewer main is partially collapsed and the water main, like many throughout the City, is aging and needs to be replaced. The lines will also be placed further from each other within the existing trench to ensure that the City's water supply is protected. This project is continuing into the 2024 program year.

### **One Year and Continuing Goals - Continued (5)**

In July 2024, Housing staff met with staff members of the Engineering, Public Works, and Parks departments to develop a list of potential parks and right-of-way infrastructure projects to consider for future CDBG funding. Identifying viable projects early in this manner should provide sufficient lead time to properly prepare and obtain NEPA clearances as well as design work over the coming year, as having shovel ready projects ready to go at the start of the next and ensuing program years will assist the City in meeting its responsibilities to expend CDBG funding in an efficient manner and the annual May 2<sup>nd</sup> timeliness test.

5. Fund Vital Public Service Programs that Address High Community Need: the City anticipates the provision of \$184,685 in CDBG funding to assist public service programs that benefit low- to moderate-income individuals and families, especially those who are very low-income, at-risk or currently homeless, experiencing housing or food instability, or LMI youth. Each year, the City works to solicit non-profit organization proposals that address the highest needs of the community, and this year is no exception.

### **3. Evaluation of past performance**

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

Each year, the U.S. Department of Housing and Urban Development (HUD) assesses the City of Merced's management of CDBG program funds, the City's compliance with the ConPlan, and the extent to which the City is preserving and developing decent affordable housing, creating a suitable living environment, and expanding economic opportunities. Overall, especially under the circumstances of the past four and a half years with the Coronavirus crisis and how it has changed the way we do simple things, such as holding meetings or public gatherings, managing CARES Act funding and programs, and finding creative ways to spur the production of affordable and permanent supportive housing to serve both at-risk and those experiencing homelessness, the City has performed satisfactorily in addressing its priority needs and carrying out the programs described in the ConPlan. The City continually evaluates its performance and capacity to accomplish all its planned activities in order to set future goals and strategies.

### **Successes**



Over the previous Consolidated Plan cycle (2015-2019) and over the first four years of the current 2020-2024 cycle, we have been consistently successful with housing acquisition with rehab programs, by both Sierra Saving Grace Homeless Project (SSG) and the Merced Rescue Mission (MRM), which have converted one to four units of market rate housing to permanent supportive rental units for homeless individuals and families almost every year, with the number of units dependent on largely the current housing market and how much “house” the provided funding will buy at the time. These programs have provided not only the benefit to the clients being served with housing and vital case management, but the surrounding neighborhoods also benefit with the aesthetic improvement and the long-term managed upkeep of the homes thereafter. The last of these projects was funded in PY2022-23 with SSG, and four units were acquired and rehabilitated, housing a majority of formerly homeless families, including two single-mom households who both, with their children, had been living in their cars prior to being housed in the new units. These successful placements are why these programs work.

On May 2, 2024, the City and the developer team of The Richman Group (TRG) and Central Valley Coalition for Affordable Housing (CVCAH), along with many other investors, successfully made its financial escrow closing on the 156-unit Devonwood Apartments project, which will be located at 1535 Devonwood Drive in Merced. The project broke ground approximately two weeks after closing and is currently completing site grading and other site preparation work before the start of vertical construction. The project will contain 100% of affordable units and will help ease the strain of the affordable rental housing unit shortage that increases as average rents continue to rise and the nearby UC Merced student enrollment increases.

The Devonwood Apartments TRG/CVCAH developers are the same team that the City successfully partnered with between 2018 and 2022 to plan, fund, and build the 119-unit Childs and B Street affordable housing complex, now renamed “The Retreat Apartments,” which fully occupied all units at the end of December 2022.

The City is still making steady progress towards the Gateway Terrace II 50-unit affordable/permanent supportive housing project. Following the January 2021 “The Grove Apartments” payoff of a large amount of Housing Successor Agency LMI Asset funds (former Redevelopment Agency funds), the City made plans to redirect these LMI Asset funds towards the stalled Gateway Terrace II, which HUD has determined cannot use federal CDBG and HOME funding sources. The City is currently drawing up the necessary draft documents for both the funding switch and a related repayment of HOME funds to HUD.

### **Successes (Continued)**

Successes can also be celebrated with the ongoing progress that continues to be made with multiple affordable and permanent supportive housing projects, most especially with the newest State HCD Homekey funding award of \$11,150,000 to the City that was formally announced on July 12, 2024, to partner with CC915 to develop the 58-unit Homekey CC915 Phase 2 Project at 125 E. 13<sup>th</sup> Street in Merced.

In Spring 2024, the Housing Division's difficulty in consistently maintaining adequate staffing levels was relieved with the hiring of a third staff person. The increased activity delivery administrative revenue that can be charged for direct hours worked on current and progressing affordable housing projects greatly assists in our ability to maintain this current three-person level.

### **Successes and Lessons in CDBG Timelines and Timeliness**

On October 21, 2021, HUD's Office of Community Planning and Development (CPD) issued a Memorandum to all CDBG grantees notifying them of a temporary change in the process for the application of corrective actions with regards to the untimely expenditure of CDBG funds. The regulation at 24 CFR 570.902 requires that a grantee have no more than 1.5 times its most recent CDBG entitlement grant (allocation) at 60 days prior to the end of its program year to be considered "timely" (this is May 1 annually for the City of Merced). Recognizing the unprecedented amounts of funding that grantees, including the City of Merced, have been struggling to spend, HUD's October 21 Memorandum issued temporary policies that revised and softened its corrective actions for grantees who do not meet the 1.5 timeliness standard for the 2022 timeliness test date. As such, in a letter dated June 20, 2022, HUD informed the City that it would have 12 months to reach the 1.5 standard.

This leniency allowed us to overlap and complete lingering projects that were still behind by almost a year as of the preparation of the 2022 Annual Plan. However, on May 1, 2023, the City still did not meet its Timeliness deadline and, subsequently, began working with HUD in Fall of 2023 on approval of a CDBG "Work-Out Plan," which laid out expenditure timelines for each project.

The financial closure of the Devonwood Project and the expenditure of \$2,612,845 of CDBG funds to acquire the vacant property for the project also meant that the City has mostly moved past the accumulated issues of overlapping program years, beginning in PY2020, the ripple effect that multiple sources and tranches of COVID-19 related funding has had on the Housing Division staff's overall workload, and many other contributing factors that led to "Timeliness" issues related to CDBG funding.

Due to a combined number of reasons, including unforeseen issues and bottlenecking of planned infrastructure projects internally, the City was non-compliant until the Devonwood CDBG land acquisition expenditure was transacted in April 2024. As such, the City is starting the 2024 Program year with a clean slate and minimal CDBG carryover balances.

Moving forward, regarding infrastructure and parks projects where internal coordination, current staff's capacity to handle additional design and project management workload, and oversight of important HUD compliance requirements such as Davis-Bacon labor laws are factors of consideration, staff is adjusting how projects are planned, vetted, and funded prior to Annual Plan approval, in order to ensure that, once allocated, the project and funding moves efficiently and with proper recordkeeping and compliance monitoring.

### **Shortcomings**

Due to the concentrated project backlog catchup efforts on public service programs, staffing constraints over the past year, and the lasting effects of the January 2023 countywide flooding diverting the attention of this subrecipient to flood recovery efforts, the restarted Homeowner Occupied Rehabilitation (OOR) program under our partnership with Habitat for Humanity of Merced/Stanislaus Counties (HHMSC) has gotten a slower than expected start. However, two potential homeowners have passed the initial application screening process and are awaiting environmental clearance in order to move forward with needed repairs to their homes.

In 2021 and prior, National Environmental Protection Act (NEPA) recordkeeping deficiencies discovered by HUD during a January 2020 monitoring of Housing Division environmental records kept the prior OOR program at a standstill. The monitoring findings reported that NEPA records of four 2015 assisted projects were not retained in written files as required. As a result, no further projects could be undertaken under the previous contract with HHMSC. Thus, the Housing Division restarted this beneficial partnership with HHMSC with the 2022 program year, which includes re-doing the required environmental impact analysis with the proper records retained. The City Council approved the 2022 HHMSC project as a three-year program to finish out the current ConPlan period through June 2025, with \$150,000 of CDBG funding supplemented in 2022 and 2023. Given the slow start, the program will not receive any additional 2024 funding.

### **What We Learned**

As the dynamic of Merced continues to change and transform from a smaller, rural metropolitan area to the more progressive, socially-active dynamic of a UC college town, as well as a major rail transportation hub in the next decade that will likely change our demographic makeup, we continue to grow, seek new, and expand upon current relationships with advocacy groups and community organizations that will help us to improve services to and more effectively connect with low-income and disadvantaged populations that exist within our community and to plan for our future housing needs. Even as we maintain more appropriate staffing levels in relation to workload, the ability of staff to regularly connect directly with low-income residents, attend neighborhood and Continuum of Care meetings, and attend staff trainings to deepen our staff's technical knowledge continues to be a challenge.

Valuable lessons were learned during the development of the 2020-2024 Consolidated Plan/First-year Annual Action Plan regarding the value of our resident advocacy groups in helping us make connections to interested residents, but it also exposed the need to find new and/or better ways to reach the populations that most need the funding assistance provided through each Annual Plan cycle. Each year, the expectation that internet access is a right not a luxury becomes more matter-of-fact and the norm – therefore, reaching more residents by internet-based methods rather than any other means has become both easier and surprisingly more fruitful in terms of resident participation. Simply put, we have learned that more residents are willing to respond to an internet survey than attend a meeting. However, there are those residents that prefer paper-based methods, so we also make a concentrated effort to make paper-based surveys available to residents to fill out and mail back.

As such, this year, we once again heavily utilized the internet and social media in distributing our Community Needs Survey and advertising and holding meetings, via website postings, and a hybrid of in-person and live streaming input meetings. We also used traditional methods to solicit participation, such as direct mail to ensure that the survey went out in the monthly utility bill newsletter, engaged with residents at in-person Town Hall meetings, and participated in a local news radio station interview to inform listeners how they could participate in the development of this plan.

#### **What Will We Change to be More Effective?**

Recognizing that ways to reach residents in the community are continually changing and that most of the more efficient electronic means learned during the pandemic of reaching the public will likely stay and become part of the norm, the City will continue to look for better and deeper ways to reach a greater number of residents each year. We need to continue to make a robust commitment to a much deeper reach to very low- to moderate-income residents, the general business community, and to our service and agency partners in the City, not just during the development of each Annual Plan update, but throughout the year, while keeping in mind that boots on the ground methods may still be the best, as many residents might not have access to computers, social media, cellular phones, or other means of getting online to answer surveys and communicate their needs. In this way, we will be better equipped, informed, and innately able to anticipate and respond to the needs for the next year of funding by developing programs earlier than we have in the past.

Especially when fully staffed, we continually need to spend time actively connecting so that we can truly provide to the community in the deep ways and areas that it is needed. Equivalently, the Housing Division needs to push and encourage our subrecipients to reach those sectors of citizens who may not know about the assistance that is available to them, as well as be more active in our City and County Continuum of Care at a staff-level so that we are a directly informed part of the important coordinated community conversations that are occurring.

Lastly, our Information Technology staff has finished and made available a master list of mailing addresses for all apartment complexes in the City of Merced. Now that this is an available and valuable tool, Housing staff will need its use in assessing five-year and yearly community needs in the upcoming 2025-2029 Consolidated Plan, to directly reach more than 1,100 apartment units to ask them to respond to community surveys and provide input to the development of plans.

#### **4. Summary of Citizen Participation Process and consultation process**

Summary from citizen participation section of plan.

City staff developed a detailed Citizen Participation Plan in 2013 that was updated in 2017 and again updated and adopted by City Council in 2020, the latter in response to the receipt of funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to include citizen participation procedures

during times of federal, state, and local disaster declarations. The Citizen Participation Plan outlines the way the City communicates with residents regarding the use and expenditure of HUD funds.

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

Citizens were encouraged to participate in two community workshops and respond to a community needs survey, as well as attend two Public Hearings.

#### **Citizen Participation/Consultation - Continued**

##### **Meetings, Public Outreach, Consultation, and Comment Periods**

Information was disseminated, outreach and consultation was accomplished, and meetings and comment periods were held as noted below during the development and preparation of the 2024 Annual Action Plan:

- Resident Community Needs Survey: December 15, 2023 – March 22, 2024
- Community Needs Survey QR codes and links provided in January and February 2024 Utility Bill newsletters
- City Council Town Hall Meetings: January 23, January 29, and February 15, 2024, at Merced Civic Center, Tenaya Middle School, and Chenoweth Elementary School
- KYOS Broadcast Radio Spot: "Community Conversation" interview with City Staff on Friday, January 26, 2024; air date: Saturday, January 27, 2024 (radio spots are also posted on the KYOS website: [www.1480kyos.com](http://www.1480kyos.com)) - community needs survey and the funding objectives.
- Invitation to Apply/NOFO Notification Letters mailed to 125 local organizations: week of February 12, 2024
- Notice of Funding Availability - Information and Application posted on Housing Division website: February 14, 2024
- Funding Request Application Period: February 16, 2024 – March 15, 2024

- Notice of Funding Opportunity (NOFO) for Non-Profit Program Funding Requests Published in Merced Sun-Star and Merced County Times: February 22, 2024
- NOFO Nonprofit Community Funding Information Workshops: Wednesday, February 28, 2024 (6:00 p.m.); Thursday, February 29, 2024 (3:00 p.m.)
- Advertisement to City Residents: Community Input Needs Meeting and Survey QR code and links - published in Merced Sun-Star and Merced County Times on February 29, 2024
- Resident Community Input Meetings: March 6, 2024, and March 20, 2024
- 2024 Public, Governmental, Business, Health, and Service Agency Virtual Consultation survey: May 14, 2024 – May 28, 2024
- Notice of Public Hearing and 30-Day Public Review and Comment Period: Published in Merced Sun-Star and Merced County Times May 30, 2024, and posted on the Housing Division and City Clerk notices webpages
- Public Hearing (First): June 3, 2024
- Public Review and Comment Period: June 14, 2024, to July 15, 2024 (32 days)
- Public Hearing (Final): the scheduled July 15, 2024, hearing was opened and continued to the August 5, 2024, meeting
- Continued Public Hearing (Final): August 5, 2024
- Housing Division website ([www.cityofmerced.org/housing](http://www.cityofmerced.org/housing)) was kept up to date with news, survey links, review and comment period documents, and meeting/public hearing links and dates/locations.

## 5. Summary of public comments

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

As required by HUD, citizens were solicited to participate in the development of this plan through community meetings, community needs surveys, town hall meetings, public hearings, and topic-related City Council meetings. Citizens who participated in the process received extensive information about the 2020-2024 ConPlan and the 2024 Annual Action Plan, the citizen participation process, the HUD requirements for an entitlement City, the projects being considered for funding, the amount of funding that the City anticipates receiving, and how those funds can be used by the City. Residents were given multiple opportunities to provide City staff with their input on the prioritization of community needs.

### Community Needs Survey

During the preparation of the Annual Action Plan, an electronic Housing and Community Needs Survey available for survey takers to read and answer. The survey was created using Microsoft Forms software, which enables the survey to be taken in many different languages due to the multi-language translation capabilities that are embedded in the program. “Tiny url” internet links and QR Reader Codes for the electronic version of the survey was placed on the City’s website, in quarter-page multi-language ads

placed in the newspaper, and were mailed directly to utility bill customers to receive with their utility bills. The outreach encouraged residents who wanted to take the survey on paper to call or email to request a paper version (or pick up in our office), although this year, no residents chose to take the survey this way (9 were recorded in last year's annual plan). Links were also placed on the City's Instagram and Facebook social media accounts.

During a radio interview spot by the KYOS news radio station, Staff also encouraged listeners to navigate to the Housing Division webpage for the survey QR code and direct links.

As a result of these efforts, a total of 201 respondents participated in the survey.

35.8% of respondents stated they were of Hispanic or Latino ethnicity, and approximately 7.5% of respondents were Asian, 6.5% were Black/African American, 1.5% Native Hawaiian/Other Pacific Islander, 3.5% were American Indian/Alaskan Native, and 57.2% were White/Caucasian.

This year's survey asked more specific income level questions in relation to household size, so that we are able to more closely determine what types of households are responding. This does not tell us who we have reached, just who has chosen to respond – an important distinction. Of the 181 households that responded to this question, approximately 25.4% were extremely low-income (0-30% AMI – Area Median Income), 8.2% were low-income (31-50% AMI), 8.8% were moderate-income (51-80% AMI), and 57.4% answered that their household income was 81% or more of AMI. The most responses came from 2-person households, at 25.37% of the total survey respondents, and the least percentage of responses were received from households of 6- and 7-persons, at 4.47% each. Households of 1-, 3-, and 6-persons had the most percentage of extremely low-income households, ranging from 33.3 to 34.7 percent.

The continuing struggles of City residents to simply afford to pay basic elements of living – utilities, rent/mortgage, and food – are evident, as close to half (42.5%) of the respondents said that they have had difficulties paying their utilities (ranked 1st), had to make trade-offs between other essential expenses to make their housing payment (2nd), and/or have also had trouble doing even that (difficulty paying rent/mortgage was ranked 3rd). Also, ranked 4<sup>th</sup>, fifty respondents who are homeowners stated that they are experiencing the inability to afford vital repairs to keep their homes in good repair, such as plumbing, electrical, roofing, or heating/cooling systems. With, 142 of the survey respondents being homeowners, this means that, from this sampling, 35% of those who own their own home cannot afford to maintain it.

### **Resident Input Meetings**

The City held two in-person community input meetings in March 2024, where attending residents had the opportunity to learn how HUD funding can be used to address the needs of LMI residents and the City as a whole. Housing staff used a PowerPoint slide presentation and residents were encouraged and welcomed to ask questions about any topic that could be addressed with funding.

At each of the two meetings, Housing staff helped residents understand the role that the Housing Division and the City plays in helping to distribute HUD funding to the community. Staff explained the funding and programs we administer, eligible uses of CDBG and HOME funds, the Consolidated, Annual Action Plan, and CAPER purpose and annual cycle, the different HUD National Objectives, determination of funding to address community need, and the Citizen Participation Plan and importance of resident participation in the process.

Each meeting was held in an in-person format. Spanish and Hmong language interpreters attended each meeting in-person and were prepared to provide interpretation services, if needed. The meetings were held in the Sam Pipes Room, which is a large ADA-accessible meeting room located on the first floor of City Hall.

### **Service Organization Information Meetings**

The City held two in-person service organization NOFO information workshops in February 2024, where attending community organizations received a wealth of information about the funding application and project selection process and the financial management and reporting responsibilities of running CDBG- and HOME-funded programs. Organizations had the opportunity to have focused discussion on issues and different topics within the community, as well as how their conceptual programs could fit into an eligible activity category and meet a CDBG National Objective.

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

Like the resident meetings, each workshop was held in an in-person format and were held in the Sam Pipes Room at City Hall. Attendees could request language interpretation and special accommodations in advance of the meeting, if needed.

### **Council Meetings/Public Hearings**

Two public hearings were held (June 3, 2024, and July 15, 2024), with the July meeting being continued to August 5, 2024. During these meetings, residents and council members were asked to identify any other community needs and priorities and identify any shifts of funding priorities and amounts before the Draft Annual Action Plan was finalized and approved.



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

- Homelessness – open drug use, sleeping in bikeway tunnels
- Insecure housing – cycle of homeless, transitional, permanent supportive, low paying job, loss of housing and back to homelessness; being homeless sometimes more stable
- Housing – high rent prices; need for more affordable units to ease low vacancy rate; high utility costs; homeowner rehabilitation programs; substandard housing
- Public safety/crime – burglaries; graffiti; bicycle patrols; Measure C for public safety funding; diversity of fire department/female staff; national safety/police training for threats
- Youth – antiviolence/intervention programs
- Vehicle traffic – speeding; installing traffic calming, road diet reductions, speed tables, red light cameras; sound pollution from modified vehicle exhaust; EV charging stations; parking
- Alternative modal traffic – more safer bike lanes; public transit; walkable mixed use development; higher density housing; pedestrian friendly development
- Public infrastructure – new and repair sidewalks, disrepair in alleys; crosswalks; condition of roads; lighting; sewer and water mains in outlying areas; expensive w/s extension and connection fees; storm water drainage/areas prone to ponding; driveway damage from trees
- High Speed Rail/Intermodal Station – relocation of Senior Center; overnight maintenance center and new jobs; associated job training programs
- Healthcare – more after hours urgent cares vs emergency rooms; school based clinics in low-income areas (mental health, dental/medical); nutrition programs; ambulance services
- PBID – Property Based Improvement District; TBID – Tourism Based Improvement District
- Bear Creek improvements/flood prevention funding – Dept of Water Resources
- Public Art projects
- Business/Economic Development – finding businesses; finding appropriate land; relationships with industries; Merced Mall upgrades
- Parks – clean up days; cannabis smoking nuisances in parks; safety; drug paraphernalia/needles; barriers to limit cul-de-sac access; blue light cameras in parks; lighting; Laura Fountain restoration project

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

THIS TABLE WILL BE COMPLETED FOLLOWING ALL CITY COUNCIL PUBLIC HEARINGS

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

THIS TABLE WILL BE COMPLETED FOLLOWING ALL CITY COUNCIL PUBLIC HEARINGS

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

THIS TABLE WILL BE COMPLETED FOLLOWING COMPLETION OF STAFF RESPONSE TO PUBLIC COMMENT  
RECEIVED

**Public Comment Period Summary - June 14 to July 15, 2024**

THIS TABLE BEING UPDATED

**Town Hall Meetings - Public Comment Summary (Page 1)**

Annual Action Plan  
2023

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THIS TABLE BEING UPDATED

**Town Hall Meetings - Public Comment Summary (Page 2)**

THIS TABLE BEING UPDATED

**Community Input Meetings - Summary**

Annual Action Plan  
2023

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

All public comment was accepted.

## **7. Summary**

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

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

The needs and priorities expressed from residents through the preparation of this 2024 Annual Action Plan, which carries out the fifth year of the current ConPlan, closely resemble those listed above, and through funding, all of the needs listed above will be addressed in some way, big or small, with the projects included in this 2024 Annual Plan.

Local public agencies and non-profits were assisted and also given the opportunity to spend time discussing community goals and needs. As a result of the published Notice of Funding Opportunity (NOFO), letters notifying 125 organizations of the availability of funding, NOFO Informational workshop meeting dates that included an in-depth presentation and Q & A section for non-profit organizations, and an application period held from February 16 to March 15, 2024, the Housing Division received 11 applications from non-profit organizations and agencies seeking project funding for the 2024 Program Year.

At the June 3, 2024, Public Hearing, staff presented the preliminary CDBG and HOME budgets and the list and descriptions of the projects that were assembled as a result of the application for funding process. Staff asked the Council to consider and discuss the various projects proposed, a process which helps to guide staff in the development of the final Annual Plan budget and its funding activities and goals aimed at addressing community needs. As the Housing Division received more funding requests in total than the Public Services 15% cap allowed, Councilmembers were provided information about each proposed project and asked to prioritize the funding requests and award amounts based on the expressed needs and funding preferences of the community during this process.



#### TO BE COMPLETED AFTER COUNCIL FINAL FUNDING DECISIONS

The City Council also requested staff look for alternative projects to three of the proposed housing projects. Please see the attached Administrative Reports for details and how this unexpected request affected the preparation of the 2024 Annual Action Plan.

As a result of all discussions, seven public service projects and three housing providers were awarded funding for the 2024 Annual Plan year. Additionally, HOME funding is set aside to contribute to affordable housing development.

City Council approved the Draft 2024 Annual Action Plan on \_\_\_\_\_, 2024, and adopted Resolution #2024-\_\_\_\_\_ (attached). Council also approved submission of the 2024 Annual Action Plan to HUD following any necessary minor changes and revisions.

HUD's final regulatory deadline for submission of the Action Plan each year is August 15th. If HUD does not receive the City's plan submission by this date each year, the City would be ineligible to receive its grant allocation for that year, which would mean the loss of over \$1.5 million in vital federal funding of community service, housing, and infrastructure programs and projects.

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

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

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

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

**Table 1 – Responsible Agencies**

### Narrative (optional)

The Department of Development Services – Housing Division is responsible for overseeing the administration of the City’s Community Development Block Grant and HOME Investment Partnership Program funding, including the preparation of the Annual Action Plan. As the Development Services Director staff position is only filled on an interim basis at this time, currently the Housing Program Supervisor oversees the day-to-day administration of these programs, with the City Manager as an advisor/director.

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

### Consolidated Plan Public Contact Information

Scott McBride, City Manager

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City of Merced homepage: [www.cityofmerced.org](http://www.cityofmerced.org)

Housing Division webpage: [www.cityofmerced.org/housing](http://www.cityofmerced.org/housing)

Social Media:

Facebook: City of Merced - Home

Instagram: [cityofmerced](https://www.instagram.com/cityofmerced)

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

### **1. Introduction**

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

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

As part of the process, the City created a comprehensive internet-based survey specifically directed toward public, governmental, business, health, and service agencies within the City, County, and the general San Joaquin Valley region, asking general service and targeted funding-related questions, as well as requesting them to rank the community's needs and priorities from their organization or agency's point of view on the topics of public facilities, infrastructure, social and public services, economic development, and housing. The survey also asked each responding organization or agency to identify and explain any areas where our agencies can improve coordination, including with use of funds, homeless strategies, providing a deeper reach to homeless and extremely low-income families, efforts to reduce poverty, determining what and where public facilities and infrastructure is most needed, and creating jobs in our community. The survey reached 45 agencies, organizations, and inter-agency departments, including our Police and Fire Departments.

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

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

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

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

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

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

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

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

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

The 10-Year Plan to End Homelessness remains a valuable tool for best practices to follow, with recommendations including:

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

During the development of the 2024 Annual Action Plan, representatives from the CoC attended the NOFO non-profit information meetings and was present to assist with citizen inquiries at the January and February 2024 Town Hall meetings. This collaboration time was invaluable at strengthening the coordination between our two entities and the wider community service network.

**Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS**

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

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

**Table 2 – Agencies, groups, organizations who participated**

1	<b>Agency/Group/Organization</b>	CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Education Community Housing Development Organization (CHDO) and Non-Profit Public Benefit Corporation
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy



	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>This organization is an established non-profit Community Housing Development Organization (CHDO) and an Affordable Housing Developer. CVCAH provides housing (ADA-accessible, large family, rental, permanent supportive) and non-housing supportive services (life skill enhancement classes and after school programs) to homeless and chronically homeless individuals and families with children, persons with disabilities, persons/families at risk of becoming homeless, elderly persons, mental health patients, and veterans. CVCAH also develops affordable housing throughout the State of California and approximately 25% of income generated from those and local housing activities assists in providing housing for homeless individuals and families. The City partners closely with CVCAH in developing affordable housing in the community.</p> <p>CVCAH feels the need for more senior citizen services and affordable housing has increased over the last year and that the need for fire stations and more staffing have also increased and are spread too thin as a result. This organization was invited to participate in community outreach meetings, consultation needs surveys, public input meetings, and to provide comments on the draft plan. Area for improved coordination: none at this time – current collaboration is very well with the City and the community as a whole.</p>
2	<b>Agency/Group/Organization</b>	Habitat for Humanity Merced/Stanslaus Counties
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Service-Fair Housing Regional organization 501(c)(3) Non-Profit Organization

	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Non-Homeless Special Needs Market Analysis Anti-poverty Strategy Lead-based Paint Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	Habitat for Humanity Merced/Stanslaus Counties (HHMSC) serves the Merced and Stanislaus Counties and works in partnership with families to help eliminate poverty housing in the community, advocate for and make accessible fair and affordable housing opportunities, and to preserve and improve existing housing occupied by low-income homeowners. HHMSC continues to be a strong partner with the City of Merced in providing homeowner occupied rehabilitation opportunities, which includes lead paint testing and abatement activities. HHMSC has been instrumental in the continuing countywide response to the January 2023 floods and has been actively working with homeowners in the rural community of Planada to repair flood-damaged homes. This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. HHMSC did not respond to this 2024 Annual Plan consultation survey but assisted the City in January 2023 with its comprehensive HOME-ARP Allocation Plan consultation.
3	<b>Agency/Group/Organization</b>	Dr. Jennifer M. Jones Foundation
	<b>Agency/Group/Organization Type</b>	Services – Housing Services – Homeless Services – Health Services – Education Health Agency

	<b>What section of the Plan was addressed by Consultation?</b>	Homelessness Strategy Anti-poverty Strategy Non-Homeless Special Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The Dr. Jennifer M. Jones Foundation is a nonprofit organization that has been supporting wellness, personal, professional, and community growth for many years. The organization helps individuals address the barriers that prevent them from moving their lives forward. This organization was invited to participate in NOFO workshops, consultation needs surveys, and to provide comments on the draft plan. The Foundation responded to the 2024 Annual Plan consultation survey with helpful input on healthcare in the community and enhanced care management, and stated that more funding to assist the needs of non-homeless LMI residents is needed. Areas to improve coordination: coordinated efforts and funding for prevention, in an effort to be proactive, not reactive, to homelessness.

4	<b>Agency/Group/Organization</b>	Merced City Police Department/Merced City Fire Department
	<b>Agency/Group/Organization Type</b>	Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services-Health Services-Education Services - Victims Agency - Emergency Management Other government - Local Grantee Department
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs Economic Development Anti-poverty Strategy

	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>This year, the request to respond to the Consultation Survey was inadvertently not sent due to a change of command at both the Police and Fire Departments. However, the City of Merced's Police and Fire Departments are a part of almost daily conversations with city staff and are each are in constant contact with homeless, extremely low-income families with children, persons with disabilities, persons HIV/AIDS, mental health patients, drug treatment and recovery patients, businesses, and all other populations every day, and serve to provide health services (paramedic, mental health, drug/alcohol dependence, seniors/elderly, hospital transportation, homeless care) and crime awareness and prevention services within their scope of community services. Past consultations have revealed that the City could better coordinate with its emergency services departments to help disseminate information to the extremely low-income, homeless, at-risk youth, elderly, and veteran populations that federal funds need to reach the most. The Code Enforcement Division/Police Department could better be used to connect the Housing Division to homeowners and rental property owners that are most in need of homeowner or rental property rehabilitation funding. In addition, their eyes on the street could be used as an additional vital source in understanding the unspoken and most dire needs of the community, in combination with other methods of assessing the needs of the community.</p>
5	<b>Agency/Group/Organization</b>	Merced County Food Bank, Inc.

	<b>Agency/Group/Organization Type</b>	Services-homeless Services-Health Services-Education Services - Victims Health Agency Agency - Emergency Management Regional organization Non-Profit Public Charity Organization
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Non-Homeless Special Needs Anti-poverty Strategy Regional Food Insecurity

	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>The Merced County Food Bank's (MCFB) mission is to improve the health and well-being of Merced and Mariposa residents affected by hunger, through the acquisition, storage, and distribution of nutritious food; to provide and advocate for, increased access to, and consumption of, nutritious fruits, vegetables, nuts, and other foods; and, to integrate, facilitate, and advocate for programs and services that address hunger's underlying and related issues. This organization sources and distributes food and other nutrition products to those in need with the help of partnering agencies, such as food pantries, emergency shelters, and meal programs that serve families, children, seniors, and others at risk of hunger, educates the public about the problem of hunger. MCFB also directly serves the public through the Senior Brown Bag Program, USDA Emergency Food Assistance Program (EFAP) distribution sites, and through California's Drought Food Assistance Program (DFAP). MCFB is funded through private donations and public funds through the State of California Department of Social Services (DSS), U.S. Department of Agriculture (USDA), and Federal Emergency Management Agency (FEMA). Their budget supports low-income food insecure residents of the City of Merced. They were invited to participate in NOFO workshops, consultation needs survey, public input meetings, and to provide comments on the draft plan. MCFB did not respond to consultation requests this year – however, they remain an integral community partner that services the needs of food insecure residents.</p>
6	<b>Agency/Group/Organization</b>	Boys and Girls Club of Merced County
	<b>Agency/Group/Organization Type</b>	<p>Services-Children  Services-Persons with Disabilities  Services-Education  Services-Employment  Services - Narrowing the Digital Divide  Services - Youth/Adolescent; 501(c)(3) Non-Profit Organization</p>

	<b>What section of the Plan was addressed by Consultation?</b>	Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The Boys and Girls Club of Merced County (BGCMC) serves non-homeless disadvantaged youth and LMI income families of Merced County with evidenced-based youth development programs after school and during the summer, focusing on character and leadership development, education and career development (including workforce readiness), health and life skills, the Arts, and sports, fitness, and recreation for stress management, environmental appreciation, and social skill development. Referral support is provided for wrap-around services such as mental health. Populations reached include children/youth/adolescents, families with children, persons/families at-risk of becoming homeless, and children with disabilities. This organization was invited to participate in NOFO workshops, consultation needs survey, public input meetings, and to provide comments on the draft plan. BGCMC responded to the consultation survey, providing helpful input to the Annual Action Plan regarding community needs for youth and jobs. Area for improved coordination: coordination of job creation and placements
7	<b>Agency/Group/Organization</b>	Sierra Saving Grace Homeless Project
	<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Services - Victims Non-Profit Public Charity Organization



	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Anti-poverty Strategy Lead-based Paint Strategy
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	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>Sierra Saving Grace Homeless Project (SSG) provides housing (rapid rehousing, emergency rental assistance, permanent supportive, rental housing, acquisition with rehabilitation) and non-housing supportive services to homeless, at-risk, and chronically homeless individuals/families within the community. Populations served by those primary services include: children/youth/adolescents, families with children, persons with disabilities, victims of domestic violence/human trafficking/sexual assault, homeless and/or chronically homeless persons, elderly persons, mental health patients, drug treatment or recovery patients, formerly incarcerated individuals, veterans, and those unemployed or looking for work. SSG receives current and past grant funding from a combination of HUD CDBG, HOME, CDBG-CV, and Emergency Solutions Grant (ESG) funds, California Emergency Solutions and Housing (CESH) funds, and other sources as they become available. SSG currently is contracted with the Central California Alliance for Health (CCAH) to serve their members who are homeless or at risk of homelessness with deposit assistance and housing case management and manage Rapid Rehousing funds from ESG and CESH. Approximately 80% of clients served are City of Merced residents. This organization was invited to participate in NOFO workshops, consultation needs surveys, public input meetings and public hearings, and to provide comments on the draft plan. SSG is a member of the City and County Continuum of Care. SSG works closely with the City's Housing Division on homelessness prevention and the creation and provision of both affordable and permanent supportive housing. This year SSG did not respond to consultation survey; however, they remain a steadfast partner in housing the homeless and the most vulnerable in the city and will be a continuing subrecipient for the 2024 program year.</p>
8	<b>Agency/Group/Organization</b>	Merced County Arts Council/Merced Multicultural Arts Center

	<b>Agency/Group/Organization Type</b>	Services – Education Services-Children Services-Arts, Culture, Arts Advocacy Services-Disabled Services - Narrowing the Digital Divide
	<b>What section of the Plan was addressed by Consultation?</b>	Non-Homeless Special Needs Economic Development Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The Merced County Arts Council provides art education and workshops to children and adults, including children of low-income families and developmentally disabled adults, in the community as a way to stimulate creativity and excite curiosity in the arts as careers or personal enrichment. Areas of improved coordination: The Arts Council can help with tourism, help strategize public art planning, and mental health services through art.
9	<b>Agency/Group/Organization</b>	Housing Authority of the County of Merced
	<b>Agency/Group/Organization Type</b>	Housing PHA Services - Housing

	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Anti-poverty Strategy
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		<p>The Housing Authority provides permanent subsidized rental housing for residents and housing projects countywide and assists clients in connecting with partner agencies for any other needs. The Housing Authority services housing within communities in Merced County, but the program allows for participants to transport their vouchers to any U.S. state and the Authority remains responsible for the rental subsidy of those vouchers. Populations served include children/youth/adolescents, families with children, persons with disabilities, victims of domestic violence/human trafficking/sexual assault, homeless and chronically homeless persons, persons/families at-risk of becoming homeless, elderly, and veterans. HACM provides clients with self-sufficiency classes via the Family Self-Sufficiency (FSS) program, and the program includes escrow funds that clients can use towards self-sufficiency goals. The HACM receives annual Project Based Voucher and Housing Choice Voucher funding from HUD's Office of Public Housing, as well as State funds through the California Housing and Community Development (HCD) Office of Migrant Services for farmworker centers. Funding is to provide rental assistance to families at the extremely low to very low HUD-published income levels. This agency was invited to participate in community outreach meetings, consultation needs survey, public input meetings, and to provide comments on the draft plan. Over the last year, the Authority has seen that the need for housing in general has increased and noted that this increase has led to even more limited opportunities for Authority clients. Merced County seniors can no longer afford housing and bills, leading them to the brink of homelessness. Vacancy rates are decreasing, affordable housing is limited, and the cost of living continues to increase with limited income opportunities. Area for improved coordination: coordination for the use of affordable housing.</p>
10	<b>Agency/Group/Organization</b>	MERCED COUNTY

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

11	<b>Agency/Group/Organization</b>	Merced City and County COC
	<b>Agency/Group/Organization Type</b>	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-homeless Other government - County Regional organization Cultural Advocacy and Language Bank
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Non-Homeless Special Needs HOPWA Strategy Market Analysis Anti-poverty Strategy

	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>The County of Merced Human Services Agency represented the Continuum of Care (CoC) during the consultation process, as it acts as the Collaborative Applicant for the CoC serving citizens countywide, including children/youth, adolescents, victims of domestic violence, persons with disabilities, and chronically homeless individuals and families. The CoC was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. Within the Merced City limits, as of the 2023 PIT count conducted on February 23, 2023, 571 individuals qualify for CoC services. Annually, the CoC manages approximately \$1 million in recurring Emergency Solutions Grant (ESG) and CoC funding from HUD, and additionally, currently manages several one-time grants that include Homeless Housing Assistance and Prevention (HHAP), California Emergency Solutions and Housing (CESH), and Emergency Solutions Grant - Coronavirus (ESG-CV) grants totaling approximately \$2.6 million. Separately, the CoC/Collaborative Applicant administers State Permanent Local Housing Allocation (PLHA) funds on behalf of all jurisdictions in the County. All clients served by its grant programs meet the HUD definition of homeless. Currently, the City and the County Human Services Agency participate as partners through the regional planning committee, as well as through the CoC. Coordination between the City and the CoC could be improved with more streamlined service delivery and more timely communication.</p>
12	<b>Agency/Group/Organization</b>	MERCED RESCUE MISSION



<b>Agency/Group/Organization Type</b>	Housing Services - Housing Services-Persons with Disabilities Services-Victims of Domestic Violence Services-homeless Services-Education Services - Victims Non-Profit Public Charity Organization
<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy Market Analysis Anti-poverty Strategy Lead-based Paint Strategy

	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>This organization primarily provides housing (rapid rehousing, permanent supportive, emergency shelter, acquisition with rehabilitation, respite care, and transitional housing) and non-housing supportive services to homeless and chronically homeless individuals and individuals/families at risk of becoming homeless within the community. Populations served by those primary services include: families with children, elderly persons, drug treatment or recovery patients, formerly incarcerated individuals, veterans, homeless recently released from the hospital, and those unemployed. The Rescue Mission typically receives funding from a combination of HUD CDBG, Homeless Housing Assistance and Prevention (HHAP) Grant, California Emergency Solutions and Housing (CESH) Grant, private donations (individuals, businesses, churches), and other grant funds such as Dignity Health, Central California Alliance for Health, and Emergency Food and Shelter grants. This organization works with multiple service providers and provides approximately \$2.5 million in homeless services within the community. The Rescue Mission works to fill the gaps in services for people experiencing homelessness. This organization was invited to participate in NOFO workshops, consultation needs survey, public input meetings, and to provide comments on the draft plan. MRM did not respond to the Annual Plan consultation survey but assisted the City in its HOME-ARP Allocation Plan consultation in January 2023 by responding to similar needs assessment questions.</p>
13	<b>Agency/Group/Organization</b>	Greater Merced Chamber of Commerce
	<b>Agency/Group/Organization Type</b>	Planning organization Business Leaders Business and Civic Leaders Business Support and Advocacy

	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Market Analysis Economic Development Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	This organization was invited to participate in community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan. The Chamber of Commerce did not respond to the City's 2024 Annual Plan consultation needs assessment survey, but has provided vital feedback in past years.
14	<b>Agency/Group/Organization</b>	MERCED LAO FAMILY
	<b>Agency/Group/Organization Type</b>	Services-Children Services-Elderly Persons Services-homeless Services-Health Services-Education Service-Fair Housing Business and Civic Leaders Services - Translation/Cultural/Social
	<b>What section of the Plan was addressed by Consultation?</b>	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy

	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	This organization provides invaluable and vital Hmong and other Southeast Asian language translation services to the resident, service, and business community. The City of Merced partners with this organization to translate all published notices and advertisements, at all public hearings, and at all community outreach meetings held in preparation of this plan. This organization was invited to participate in NOFO workshops, outreach meetings, consultation needs surveys, public input meetings, public hearings, and to provide comments on the draft plan. The organization did not respond to the City's 2024 Annual Plan consultation needs assessment survey, but is a close partner of the City organization, in ensuring inclusivity and fair housing amongst all citizens.
15	<b>Agency/Group/Organization</b>	Project Sentinel, Inc.
	<b>Agency/Group/Organization Type</b>	Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-Victims of Domestic Violence Services-Education Service-Fair Housing Services - Victims 501(c)(3) Non-Profit Organization

	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Public Housing Needs Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Analysis of Impediments to Fair Housing Choice
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	<p>The organization provides vital and necessary fair housing services within the community, focusing on disseminating housing discrimination-related education materials, information, and resources to Merced City residents, as well as providing assistance to residents with discrimination cases that cannot be resolved through provided landlord/tenant counseling services. This organization was invited to participate in NOFO workshops, outreach meetings, consultation needs surveys, public input meetings, and to provide comments on the draft plan. Coordination with Project Sentinel has been extremely helpful in recent years, as Project Sentinel provided their presence and assistance during the January 2023 floods, which resulted in additional services being requested and provided by Project Sentinel, for tenant/landlord counseling. Fair Housing, veterans, tenant, landlord, and other educational materials developed by Project Sentinel are provided to residents who attended the City's Town Hall meetings each year and are also provided on the City's Fair Housing webpage dedicated to providing fair housing information to residents.</p>

16	<b>Agency/Group/Organization</b>	The Leadership Counsel for Justice and Accountability
	<b>Agency/Group/Organization Type</b>	Services-Education Service-Fair Housing Services - Victims Services - Narrowing the Digital Divide Planning organization Fair Housing/Housing Policy Advocate
	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy Citizen Participation and Outreach

	<p><b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b></p>	<p>Leadership Counsel for Justice and Accountability (LCJA) works alongside residents and communities in the San Joaquin Valley to advocate for sound policy and identify and work to eliminate inequities in order to secure equal access to opportunity regardless of wealth, race, income, and place, as well as an advocate for citizen input to public policy. This organization was invited to participate in NOFO workshops and to provide comments on the draft plan. This year, the request to respond to the Consultation Survey was inadvertently sent to the wrong email address, as there had been an unknown change to the employee assigned to the Merced area around the time of the survey. Though the Leadership Counsel did not participate in the direct consultation process this year, they regularly and actively participate in City Council and other meetings with City officials regarding potential housing policy strategies, affordable housing, and tenant rights advocacy. Areas of improved coordination: the City has reached out to LCJA in the past to request their help in getting more citizens to attend resident input meetings in order to strengthen citizen participation.</p>
17	<p><b>Agency/Group/Organization</b></p>	HEALTHY HOUSE WITHIN A MATCH COALITION
	<p><b>Agency/Group/Organization Type</b></p>	<p>Services - Housing  Services-Elderly Persons  Services-Persons with Disabilities  Services-Persons with HIV/AIDS  Services-Victims of Domestic Violence  Services-homeless  Services-Education  Service-Fair Housing  Services - Victims  Services-Health  Services - Translation/Cultural/Social; 501(c)(3) Non-Profit Organization</p>

	<b>What section of the Plan was addressed by Consultation?</b>	Housing Need Assessment Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Strategy Non-Homeless Special Needs Market Analysis Economic Development Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The organization provides support services to homeless and at-risk elderly, elderly disabled, and elderly veterans, and provides translation services to the City and community in several languages, including Spanish interpretation at City Council meetings. Healthy House performs intensive case management, including support for SSI, Medi-Cal, LEP or non-English speakers, refugees, and immigrants, fresh produce delivery, support groups, partners with researchers from UC Merced, and holds mental health support groups for single mothers of color and southeast Asian elders. The City utilizes this organization for translation services at all public hearings and public outreach meetings, and Healthy House translators were integral during the January 2023 flooding in helping to relay the needs of Spanish-speaking residents. This organization was invited to participate in NOFO workshops, community outreach meetings, consultation needs surveys, public input meetings, and to provide comments on the draft plan. Areas for improved coordination: better coordination of efforts; better communication and less competition for funding.
18	<b>Agency/Group/Organization</b>	Merced County Hispanic Chamber of Commerce
	<b>Agency/Group/Organization Type</b>	Services-Education Business and Civic Leaders 501(c)(6) Corporation



	<b>What section of the Plan was addressed by Consultation?</b>	Market Analysis Economic Development Anti-poverty Strategy
	<b>Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?</b>	The Merced County Hispanic Chamber of Commerce primarily promotes Hispanic-owned small businesses and to further the economic development of all Merced County businesses. The MCHCC receives funding annually from annual memberships, grants, and fundraiser events. Areas where coordination can be improved are in coordination of homeless strategies, coordinated efforts to address poverty and create jobs, especially those that MCHCC can help market. Other areas of improvement can be in coordinating business, financial, tax, investment, capital funding, marketing, and networking education and training opportunities to help small businesses succeed and to disseminate general information to their clients regarding HUD-funded programs available through the City. This organization was invited to participate in NOFO workshops, community outreach meetings, resident and consultation needs surveys, public input meetings, and to provide comments on the draft plan.

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

Not applicable.

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

<b>Name of Plan</b>	<b>Lead Organization</b>	<b>How do the goals of your Strategic Plan overlap with the goals of each plan?</b>
Continuum of Care	County of Merced/Human Services Agency	The County of Merced Human Services Agency is the Merced City and County Continuum of Care's Collaborative Applicant and conducts homeless counts, applies for and implements programs with State and Federal funding sources, surveys of the homeless population, and strategic planning with a goal to end homelessness in Merced County. Consistent with the goals of the CoC, the City of Merced's Strategic Plan provides support to nonprofits that meet the social services needs of the City's homeless and at-risk residents, seeks to find preventative solutions to poverty and homelessness, and responds to the need to build more affordable and permanent supportive housing units.
City of Merced General Plan/Multijurisdictional 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 chief policy document for the development of affordable and market rate housing. The Housing Element is one of the chapters, or "elements" in the City's 2030 General Plan and is required by the State to be updated every six years. Consistent with this policy document, the City will maintain and enhance the quality of existing residential neighborhoods through the BNP; and, promote and encourage fair housing opportunities for all economic segments of the community, regardless of age, sex, ethnic background, physical condition, or family size.
Park and Open Space Master Plan	City of Merced	The City of Merced Park and Open Space Master Plan aims to improve the quality of life in Merced by assessing the community's needs in providing a larger and more comprehensive park and recreation program. The Master Plan inventories and suggests improvements for parks and recreation facilities that can be assisted with CDBG funds, many of which are in predominantly low-income and disadvantaged areas of the city.

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Active Transportation / Safe Routes to School Plan	City of Merced	The Active Transportation and Safe Routes to School Plan (ATP) outlines the goals for active transportation, including goals for increasing connectivity through ADA accessibility and new sidewalk improvements. CDBG funds could be used towards some of those projects, particularly in low-income neighborhoods in the city.
Five-Year and Annual PHA Plans	Housing Authority of the County of Merced	The Housing Authority of the County of Merced's Five-Year and Annual Plans outline the funding and strategies for providing housing assistance to our most vulnerable citizens, including homeownership and rental assistance programs. Other overlapping goals include safety and crime prevention/awareness, the preservation and creation of permanent affordable housing for low-income and homeless individuals and families, and participation in the Merced City and County Continuum of Care.
(Annual) Merced City Council Goals and Priorities	City of Merced	Each year, as part of the overall City of Merced budget development for use of General Fund and other local funding, the City Council performs a separate community needs assessment process, which includes the Town Hall meetings that the Housing Division uses in gathering information about the needs of the community. After this needs assessment, the City Council and city executive staff hold strategic planning sessions to determine and help guide Council decisions for the coming year in the areas of Governance, Quality of Life, Economic Development, Public Safety, Community Investment, and Capital Improvement project (by District). This process is much like the Consolidated and Annual Action Plan process and there are many overlapping priorities that can also be addressed with HUD funds, with the major difference being that Council goals and priorities are generally not targeted to or tracked to specific income populations or ethnicity groups in the same way that HUD funds are.

**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.

In 2024, the City of Merced joined with the cities of Atwater, Dos Palos, Gustine, Livingston, and Los Banos in developing a multi-jurisdictional housing element (MJHE) for the sixth cycle housing element update.

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

## AP-12 Participation – 91.105, 91.200(c)

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

TO BE COMPLETED FOLLOWING THE FINAL PUBLIC HEARING

### Citizen Participation Outreach

Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
1	Community Needs Assessment Survey	Minorities Non-English Speaking - Specify other language: Spanish and Hmong	The City published an internet-based Community Needs Survey to collect feedback from the public on community needs, priorities, and	This section will be completed following the final public hearing.	This section will be completed following the final public hearing.	

		<p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>fair housing experiences. A print version of the survey was made available to all residents, and nine such responses were received and entered manually into the electronic form for data collection purposes (residents could fill out in person or by mail). The survey was open online in multiple languages, including English, Spanish, and Hmong, from December 2023 through February 2024. The survey received 201 responses.</p>			
2	Internet Outreach	<p>Minorities</p> <p>Non-English Speaking - Specify other language: Spanish and</p>	<p>The City relied on social media platforms and the internet, and used the utility bill newsletter to</p>	<p>Housing staff monitored all comments posted to these meetings to gather any that could be included</p>	<p>No comments left on social media posts were rejected.</p>	

		<p>Hmong</p> <p>Persons with disabilities</p> <p>Non-targeted/broad community</p> <p>Residents of Public and Assisted Housing</p>	<p>encourage survey response and to reach more residents. Flyers with links to the Community Needs Survey and listing the dates/times/locations of the Community Input Meetings were posted on the City's Facebook and Instagram pages. All town halls and public hearings were held in-person and live-streamed to Facebook Live. In-person public hearings and all community input meetings were available for translation in Spanish and Hmong.</p>	<p>into needs assessment and other community conversation efforts. It also was an additional opportunity for direct outreach to residents in answering their questions on current projects and other topics.</p>	<p>This section will be completed following the final public hearing.</p>	
3	Public Comment Period	Non-targeted/broad community	<p>All project funding that was being considered in the draft 2024 Annual</p>	<p>This section will be completed following the final public hearing.</p>	<p>No comments were rejected.</p>	

			<p>Action Plan was published for comment to solicit feedback from community residents. The comment period was publicly noticed to be open from June 14, 2024, through July 15, 2024. Public comment notices were published on May 30, 2024, in English, Spanish, and Hmong in both local newspapers - the Merced Sun Star and the Merced County Times - and were also posted on the City Clerk and Housing Division's public notices webpage.</p>			
4	Public Meeting	Non-targeted/broad community	<p>The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities, and non-</p>	<p>This section will be completed following the final public hearing.</p>	<p>All comments made at the public meetings were accepted.</p>	



			<p>English-speaking residents to attend community meetings. In accordance with the Citizen Participation Plan, the City provided disabled-accessible meeting locations and requested language assistance to all residents. This included: interpreters for non-English-speaking citizens (Spanish and Hmong); information provided through workshops, the school district, and local community centers; and accessible in-person input meetings. All public meetings were held at convenient times of the day and evening and accommodated</p>			
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			persons with disabilities. Two community input group meetings were held.			
5	Public Hearing	Non-targeted/broad community	<p>The City actively encouraged low- and moderate-income residents, persons of color, persons with disabilities and non-English-speaking residents to attend public hearings by making them available in Spanish and Hmong and publishing notices in widely distributed publications easily read by all residents. In accordance with the Citizen Participation Plan, the City provided access to all information, as well as language assistance to all</p>	<p>This section will be completed following the final public hearing.</p>	<p>All comments made at the public hearings were accepted.</p>	

			<p>residents who requested these services. The City utilized a location for the public hearings that was accessible for persons with disabilities. All public hearings were held at a convenient time of day and residents could submit their comments via voicemail and in writing, including those that needed language interpretation, prior to each hearing so that they could be played and/or read into the public record during each meeting. A total of two (2) public hearings dates were initially set. The second public hearing was opened and continued to the</p>			
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			August 5, 2024, Council meeting, giving residents multiple opportunities to speak and provide input.			
6	Newspaper Ad	Non-targeted/broad community	On February 29, 2024, the City published a quarter-page advertisement in both the Merced County Times and the Merced Sun-Star inviting residents to attend their choice of two Resident Input meetings that were held on March 6 and March 20, 2024. The advertisement also asked residents to participate by taking the Community Needs Survey, and QR codes and direct links were provided in the ad to access the survey. The	As a result of the advertisements, more residents were informed about the Community Input Meetings and the Community Needs Survey and could then choose to participate in one or both activities.	The City did not receive any direct comments regarding this advertisement.	

			advertisements were published in English, Spanish, and Hmong languages.			
7	Technical Assistance to Organizations	Organizations seeking program funding assistance	The City's Housing Division hosted two NOFO information meetings that explained relevant CDBG and HOME regulations and explained the City's NOFA process. Meeting dates were February 28 and 29, 2024. These meetings were focused to attending organizations. Additional technical assistance was offered to organizations for one-on-one meetings to develop their applications and programs to ensure it would meet a national objectives	As a result of this technical assistance, the Housing Division received a funding request from the organizations that attended the technical assistance meeting.	All requests for technical assistance were accepted and assistance provided.	

			and include eligible costs. One organization met with staff for technical assistance to discuss and develop their project.			
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**Table 4 – Citizen Participation Outreach**

## Expected Resources

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

#### Introduction

HUD has allocated to the City of Merced a total of \$1,507,130 in new CDBG and HOME funds for program year 2024. 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 improving quality of life for all residents and the neighborhoods they live in. The City intends on pursuing additional funding through other local, state, and federal resources whenever possible to ensure that all residents have access to safe, decent, and affordable housing.

The City does not anticipate a steady stream of program income from year to year over the term of the Consolidated Plan, as it fluctuates from one year to another. 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.

#### Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development	1,056,567	108,000	157,427	1,350,191	0	For 2024, which is the fifth and final year of the current Consolidated Plan period, the City will receive an actual CDBG allocation of \$1,056,567, which is a \$22,194 increase over last year.

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
		Housing Public Improvements Public Services						Additionally, an estimated \$108,000 in program income is anticipated to be received over the program year. CDBG Prior Year Resources include unused 2023 Administrative funds and a 2023 public service project that did not move forward (Boys and Girls Club) and payments and payoffs from active housing loans that were received during the 2023 program year.
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	450,563	60,000	1,057,613	1,568,176	0	The City will receive an actual 2024 HOME allocation of \$450,563.61, which is a decrease of \$122,636.39 over last year. Of special note, the 2024 HOME allocation includes cents, which is unusual. Since the 'Annual Allocation' column in this table does not accept cents, the number in that column is rounded down to the whole dollar. Program income in the amount of \$60,000 is anticipated to be received during the program year. HOME Prior Year Resources include payments and payoffs from active housing loans



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: \$		
								received during the 2022-23 program year, 2023 CHDO Reserve funding that was not expended on a project, and 2023 funds that were set aside for affordable rental housing but were not needed/used for the 2023 Devonwood Apartments project (the project used a combination of 2016, 2017, 2020, 2021, and 2022 HOME entitlement and program income funds).

**Table 5 - Expected Resources – Priority Table**

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

The City attempts to use HOME Funds, State Grants, and local funding sources, when appropriate, to meet the objective of the Annual Action Plan and emphasizes the need for local organizations to leverage Federal, State and local resources when they request funding for their programs. These efforts have been fruitful, and projects supplemented with other funding sources have substantially exceeded accomplishments that could be achieved from federal funds alone. Although there is no official match requirement in the CDBG program, in most cases, other funds, such as private funds received through donors or fundraising activities, commercial loans, Gas Tax funds, and non-

federal funds, are used to supplement and defray project costs.

All Participating Jurisdictions (PJs) receiving HOME funds, like the City of Merced, must contribute or match no less than 25 cents for each dollar of HOME funds spent on affordable housing. As PJs draw funds from HOME, they incur a match liability, which must be satisfied by the end each federal fiscal year. Federal match requirements apply to the City's HOME funds. In the past, redevelopment Low- and Moderate-Income Housing funds were the City's primary source for leveraging or providing matching funds for the City's Housing programs. With the dissolution of redevelopment agencies in California, the City no longer receives this funding. The HOME statute provides for a reduction of the matching contribution requirement under three conditions: 1) local fiscal distress; 2) severe fiscal distress; and 3) for Presidentially declared major disasters covered under the Stafford Act. When a local jurisdiction meets both of the distress criteria in 24 CFR 92.222, it is determined to be in severe fiscal distress and receives a 100 percent reduction of match, effective for the fiscal year in which the determination is made and for the following fiscal year. Individual poverty rate and per capita income (PCI) are based on data obtained from the latest American Community Survey (ACS) estimates from Census data. In 2023, for a jurisdiction to qualify as distressed based on the poverty criterion, its percentage persons in poverty must have been at least 16.44 percent, and to qualify as distressed based on the PCI criterion, its average PCI must have been less than \$26,375. With a 2023 estimated poverty rate of 25.76 percent and a PCI of \$21,518, the City of Merced's match is reduced 100 percent for Fiscal Years 2023 and 2024. In November 2023, with a qualifying major Presidentially declared disaster in January 2023 from flooding brought on by heavy winter storms, the City also requested a reduction of the HOME Match funds under the third criteria (24 CFR 92.222(b)) for 2023, and it is extendable by one year.

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

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

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

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

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

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

Pending Disposition of Properties

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

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

- Linc Housing: Sites 1 through 5 (1823 I Street, 1815 I Street, 205 W. 18th Street, 211 W. 18th Street, and 202 W. 19th Street) – 54 affordable rental housing units
- Fuller Center for Housing of Merced County (formerly Habitat for Humanity of Merced County): Sites 6 through 9 (1744 I Street, 49 W. 18th Street, 150 W. 19th Street, and 26 W. 18th Street) - single family homes
- Custom Containers 915 (CC915): Site 10 (73 South R Street) – 21 apartment units for formerly homeless veterans converted from former shipping containers (also received a \$4.4 million State Homekey award for this project)

The City currently is currently in a one-year escrow with Linc Housing for ownership transfer of its properties while other funding is sought and a NEPA environmental clearance is obtained. The project

was awarded the use of 53 Project Based Vouchers by the Housing Authority of Merced County. The Fuller Center closed escrow on April 14, 2023, and a DDA has been recorded. The initial set of construction plans have been submitted to the Building Division for review, and construction is expected to begin in Winter 2024. The Fuller Center is actively seeking a low-income family to assist with the build and qualify to acquire the property. CC915's project recently received shipments of the finished units from the manufacturer in Texas, and the project is currently setting them on site, with final completion and occupancy clearance expected this Fall.

## **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 2024/25 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 2024/25 include:

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

These are local funding sources budgeted as part of the overall 2024/25 Housing Division budget. These other funding sources were not included as part of the anticipated resources in the HUD Annual Plan since they are non-federal funding sources. The non-federal funding sources are necessary to assist the Housing Division finance the 'fiscal gap' of various projects, thereby allowing them the ability to move forward.

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

- Gateway Terrace II ADA Improvements/Water and Sewer Main Replacement Project
- First Time Home Buyer (FTHB) Program using approximately \$1,771,579 of CalHome Program funding, including \$1,125,000 of 2021 CalHome Program funds
- Homeowner rehabilitation program using approximately \$1,375,000 of 2021 CalHome Program

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

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

The City continues to progress towards the use of local non-Federal funding from the City's Housing Successor Agency (HSA) during the 2024 Annual Plan period, carried over from the 2021, 2022, and 2023 program years.

In January 2021, the Grove Apartments refinanced and paid off its existing loans with the City. The City received a large repayment of Housing Successor Agency (HSA) LMI Asset Funds. These funds are being used to repay previously expended CDBG and HOME funds for the 50-unit affordable/permanent supportive Gateway Terrace II (GTII) project, which has been stalled since January of 2020 following HUD's environmental monitoring that month. In October of 2021, the City received HUD's required corrective actions list as a result of that monitoring, and the list included an additional property of 1820 I Street that also requires payment.

This spring 2024, the City completed the process of terminating previous loan documents for both the GTII and the 1820 I Street properties, and the latter property's repayment can now be completed.

Additional funding from the HSA LMI Asset Fund is also being pledged for the remaining GTII project costs. Those will require separate action by the City Council, which is now scheduled to occur in Fall 2024. Then, following the approval, execution, and recording of new loan documents that are currently being drafted, the repayment for the GTII site can also be performed.

<b>Sort Order</b>	<b>Goal Name</b>	<b>Start Year</b>	<b>End Year</b>	<b>Category</b>	<b>Geographic Area</b>	<b>Needs Addressed</b>	<b>Funding</b>	<b>Goal Outcome Indicator</b>
<b>1</b>	1A Improve Public Infrastructure & Facilities	2020	2024	Non-Housing Community Development	City Wide	Expand/Improve Public Infrastructure & Facilities	CDBG: \$0	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 0 Persons Assisted
<b>2</b>	2A Increase Owner Occupied Rehab Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$0	Homeowner Housing Rehabilitated: 3 Household Housing Unit
<b>3</b>	2B Increase Affordable Housing Opportunities	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$211,128 HOME: \$1,534,376	Rental units constructed: 10 Household Housing Unit
<b>4</b>	2C Provide Assistance for Supportive Housing	2020	2024	Affordable Housing	City Wide	Preserve & Develop Affordable Housing	CDBG: \$825,344 HOME: \$0	
<b>5</b>	3A Provide Vital Services for LMI Families	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	CDBG: \$240,950	Public service activities other than Low/Moderate Income Housing Benefit: 1000 Persons Assisted Public service activities for Low/Moderate Income Housing Benefit: 40  Households Assisted Homelessness Prevention: 261 Persons Assisted

<i>Sort Order</i>	<b>Goal Name</b>	<b>Start Year</b>	<b>End Year</b>	<b>Category</b>	<b>Geographic Area</b>	<b>Needs Addressed</b>	<b>Funding</b>	<b>Goal Outcome Indicator</b>
<b>6</b>	4A Provide Homeless Prevention & Support Services	2020	2024	Homeless	City Wide	Homelessness Housing and Support Services	CDBG: \$44,572	Public service activities other than Low/Moderate Income Housing Benefit: 227 Persons Assisted
<b>7</b>	5 Enhance Fair Housing Knowledge and Resources	2020	2024	Non-Homeless Special Needs	City Wide	Public Services & Quality of Life Improvements	HOME: \$33,800	

**Table 6 – Goals Summary**

## Goal Descriptions

<b>1</b>	<b>Goal Name</b>	1A Improve Public Infrastructure & Facilities
	<b>Goal Description</b>	<p>The City will improve access to public infrastructure through development activities for LMI persons and households. Public infrastructure activities include, but are not limited to, improvements to infrastructure in the jurisdiction such as roadway resurfacing, installation or replacement of water, sewer, and storm lines and drains, and installation of new or improved curbs, gutters, and ramps on sidewalks and public access areas for ADA compliance. The City will also expand and improve access to public facilities through development activities for LMI persons and households and for special needs population (elderly, persons with a disability, victims of domestic abuse, etc.). Public facilities may include neighborhood facilities, community centers, fire stations and emergency response equipment, and parks and recreation facilities.</p> <p>This goal includes will not receive any CDBG or HOME funding in the 2024 Annual Action Plan.</p>
<b>2</b>	<b>Goal Name</b>	2A Increase Owner Occupied Rehab Opportunities
	<b>Goal Description</b>	<p>The City will continue to implement the owner-occupied housing rehabilitation (OOR) programs for low- to moderate-income homeowners city-wide that were funded in years 2022 (CDBG of \$150,000) and 2023 (CDBG of \$150,000) with Habitat for Humanity Merced/Stanslaus Counties (HHMSC). No new OOR program funding is planned with 2024 CDBG funding, but HHMSC will continue to use their existing funds to finish this coming third year of their three-year contract.</p>
<b>3</b>	<b>Goal Name</b>	2B Increase Affordable Housing Opportunities
	<b>Goal Description</b>	<p>The City will work to increase rental opportunities for LMI households through new construction of rental housing. Also included in this goal are rehabilitation and other projects that increase affordable housing options for residents, including opportunities for homeownership by low- to moderate-income homeowners.</p> <p>This goal includes \$31,128 of CDBG and \$11,256 of HOME administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>



4	<b>Goal Name</b>	2C Provide Assistance for Supportive Housing
	<b>Goal Description</b>	<p>The City will provide assistance for supportive housing for eligible residents in the City. These projects will supply vital permanent supportive housing for formerly homeless, chronically homeless, special needs, and at-risk individuals and families and will rehabilitate and convert market rate housing to affordable and permanent supportive rental units. The City will include supportive housing units into new rental housing projects whenever possible.</p> <p>This goal includes \$121,688 of CDBG funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>
5	<b>Goal Name</b>	3A Provide Vital Services for LMI Families
	<b>Goal Description</b>	<p>Provide supportive services for low- to moderate-income households in the jurisdiction. Public or supportive services could include: fair housing awareness, homeless prevention through short-term rental, mortgage, or utility assistance, crime prevention programs, tenant/landlord dispute resolution counseling, case management for emergency assistance, employment programs, health programs, as well as services to address homelessness, persons with physical and mental health disabilities, victims of domestic violence, the elderly, and the youth.</p> <p>Note that fair housing services under this goal will be funded with HOME administrative funding.</p> <p>This goal includes \$35,525 of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>

6	<b>Goal Name</b>	4A Provide Homeless Prevention & Support Services
	<b>Goal Description</b>	<p>The City will provide for both homeless prevention and support services for the homeless population in the jurisdiction.</p> <p>Per HUD's definition of "Homeless" in 24 CFR 576.2 (Definitions), this Strategic Plan goal (4A) also includes expected outcomes for projects or programs that benefit any individual or family who "is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member" and any individual or family who lacks a fixed, regular, and adequate nighttime residence," including those living in a supervised shelter designated to provide temporary living arrangements.</p> <p>The 2024 program that is planned under this goal is the provision of a portion of the City's administrative funding to the City and County Continuum of Care to support homelessness planning activities. As this is admin funding, no outcome numbers are listed under this goal, as HUD does not allow reporting on admin activity outcomes.</p> <p>This goal includes \$6,572 of CDBG administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that are listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>
7	<b>Goal Name</b>	5 Enhance Fair Housing Knowledge and Resources
	<b>Goal Description</b>	<p>The City will provide funding for fair housing education, complaint referral services, fair housing discrimination case management, training resources, and outreach services for residents, landlords, service organizations, and the City of Merced itself, to ensure that residents of Merced have equal and discrimination free access to housing in the city.</p> <p>This goal includes \$248 of HOME administrative funding from Projects 1 and 2 (Direct Administration and Indirect Administration) that is listed in the AP-35 "Projects" and AP-38 "Project Summary" charts.</p>

## **Estimate the number of extremely low-income, low-income, and moderate-income families to whom the jurisdiction will provide affordable housing as defined by HOME 91.215(b)**

The housing needs of a community are, like all items in the market economy, a product of supply and demand. However, determining the factors that impact supply and demand is much more complicated than building one house for one household. Changes in population, household size, availability of rental housing, income, and the condition of a property all work to shift the community's housing needs.

The greatest issue facing the citizens of Merced is affordable housing. According to the analysis developed for the 2020-2024 Consolidated Plan, which used 2014-2018 American Community Survey (ACS) 5-Year Estimates, there were approximately 11,242 cost burdened households in the City, making up 45.2% of the population. Renters are more likely to be cost burdened and approximately 57.8% pay over 30% of their income towards housing. Homeowners are better off, but still 35.4% of those with a mortgage and 9.9% of those without a mortgage are cost burdened. This points to the current housing supply being either too small or too expensive.

In Merced, the most prevalent housing problem is cost burdened households. The Con Plan analysis showed that there are 6,520 renters and 2,275 homeowners who pay 30% or more of their income to housing expenses. More troubling, the majority of these households are severely cost burdened and spend more than half their income on housing expenses. Each year, funding decisions are made to focus on both the 30% and 50% cost burdened populations, including for homeowners.

CDBG funded short-term rental/mortgage/utility assistance, as well as owner-occupied rehabilitation activities, are an almost yearly staple and target these citizens to try to help ease the strain on financial resources.

### New Unit Production

The 2016 Housing Element includes the goal of new affordable housing construction, which includes: 1) increase the stock of affordable housing for extremely low, very low, low, and moderate income households; 2) encourage a mix of housing throughout the city to meet the needs of different income groups; and 3) encourage the construction of housing and facilities to meet special needs, including farmworkers, homeless, large families, seniors, and people with physical, mental, or developmental disabilities.

Each year since approximately 2016, the City has tried to set aside a portion of its HOME funding to support new rental housing construction. The City has also created an Affordable Housing Fund, to which a small amount of funds are budgeted annually.

### Rehabilitation

The Con Plan reported that approximately 46% of owner-occupied units and 47% of renter-occupied units in the City were built before 1980. Combined with the housing cost-burdened statistics noted above, this potentially indicates the need for rehabilitation and continued maintenance of these units, particularly for concerns related to lead-based paint.

The City has a long-standing partnership with Habitat for Humanity Merced/Stanislaus Counties to provide homeowner-occupied rehabilitation assistance to LMI homeowners via a forgivable loan.

#### Acquisition and Preservation

The 2016 Housing Element includes the goal of Housing Conservation and Rehabilitation. This goal's objectives include: 1) continue the Housing Rehabilitation Forgivable Loan Program; 2) pursue State and Federal funds to support conservation and rehabilitation; 3) work with the High Speed Rail Authority to reduce impacts to housing.

Since 2016, the City has provided assistance to non-profit housing providers to acquire market rate housing to convert to affordable and/or supportive units. This both preserves the existing housing stock and provides low-rent rental housing long-term to vulnerable residents. These programs improve neighborhoods, as usually the properties that are acquired and rehabilitated are boarded-up eyesores in otherwise beautiful neighborhoods.

# Projects

## AP-35 Projects – 91.220(d)

### Introduction

The projects budgeted for the 2024 program year are summarized below.

The Administrative and Public Service activities identified are expected to be completed no later than June 30, 2025.

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

### Identified Projects

The City of Merced intends to carry out the below projects during Program Year 2024, which are organized by project type as follows:

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

### Projects

#	Project Name
1	AP - CDBG & HOME: Direct Administration (2024)
2	AP - CDBG: Indirect Administration (2024)
3	AP - CDBG: City and County Continuum of Care - Homeless Planning Activities (2024)
4	AP - HOME: Project Sentinel - Fair Housing Services Administration (2024)
5	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (2024)
6	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (2024)
7	PSA – CDBG: Healthy House Within a MATCH “_____” (2024)
8	PSA - CDBG: Project Sentinel - Tenant-Landlord Counseling Services (2024)
9	PSA - CDBG: Lifeline CDC "Empower Loughborough Community" (2024)
10	PSA – CDBG: Merced Calvary Assembly of God “Clean Life” (2024)
11	PSA – CDBG: Walking by Faith Ministries Intn’l/SERENITY “_____” (2024)
12	HSG – CDBG: Sierra Saving Grace Homeless Project “_____” (2024)
13	Habitat for Humanity Merced/Stanslaus “_____” (2024/2025)

#	Project Name
14	HSG - HOME CHDO Reserves: Community Housing Development Org Project (2024)
15	HSG – HOME CHDO Project: Rehabilitation of a Duplex at 1933/1935 H Street (2024)
16	HSG - HOME: Affordable Rental Housing or Rehabilitation (2024)

**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 2024 Annual Action Plan were determined through analysis of information gathered from a variety of sources. The City issued a Notice of Funding Opportunity (NOFO) and Request for Proposals, which was published on February 22, 2024, 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, with an emphasis on homelessness prevention. The City held NOFO informational workshops on February 28 and 29, 2024, to discuss program priorities, requirements to meet HUD National Objectives, and to guide potential applicants in their program concepts. During the evaluation phase, all applications were screened to ensure the proposed project or activity met one of the priority needs and, for CDBG-funded projects, met one of HUD’s National Objectives.

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

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

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

A third obstacle is the number of non-profits that need assistance with basic management and fiscal policies. New non-profits have formed in Merced and throughout the region, and they have small but

passionate staff members and volunteers devoted to a variety of issues. Unfortunately, most new non-profits do not have the staffing capacity to meet the financial and reporting requirements of CDBG and other grant programs and may need basic assistance in setting up bookkeeping systems, requesting reimbursements for eligible costs, keeping proper beneficiary and income eligibility records, and applying for grants.

**AP-38 Project Summary**  
**Project Summary Information**



PROJECT TABLE WILL BE COMPLETED AFTER FINAL COUNCIL PROJECT AWARD

SOME PROJECTS ARE PARTIALLY ENTERED

\*\* WHILE THE FINAL PROJECT LIST IS STILL PENDING, PLEASE REFER TO THE 6/3/2024 AND AUGUST 5, 2024 CITY COUNCIL ADMINISTRATIVE REPORTS FOR PROJECT DESCRIPTIONS AND FUNDING AMOUNTS.

ALSO, INFORMATION CAN STILL BE FOUND ON: [WWW.CITYOFMERCED.ORG/HOUSING](http://WWW.CITYOFMERCED.ORG/HOUSING) THAT WAS POSTED FOR THE PUBLIC REVIEW AND COMMENT PERIOD THAT WAS HELD FROM JUNE 14 TO JULY 15, 2024.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL OR EMAIL THE CITY OF MERCED HOUSING DIVISON STAFF AT 209-385-6863 OR [HOUSING@CITYOFMERCED.ORG](mailto:HOUSING@CITYOFMERCED.ORG).

THANK YOU.

1	<b>Project Name</b>	AP - CDBG & HOME: Direct Administration (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	1A Improve Public Infrastructure & Facilities 2A Increase Owner Occupied Rehab Opportunities 2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing 3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services 5 Enhance Fair Housing Knowledge and Resources
	<b>Needs Addressed</b>	Expand/Improve Public Infrastructure & Facilities Preserve & Develop Affordable Housing Public Services & Quality of Life Improvements Homelessness Housing and Support Services
	<b>Funding</b>	CDBG: \$10,957 HOME: \$11,504
	<b>Description</b>	The project allows the Housing Division the ability to provide CDBG & HOME administrative services to ensure the planning and implementation of all Housing Division projects. The City is permitted to charge up to 20% of its CDBG allocation (minus Indirect Administration charges) and up to 10% of its HOME allocation for administration costs (minus Fair Housing Services funding). In Section AP-20 "Annual Goals and Objectives," these direct administration dollar figures are spread amongst and added to all goals (1A, 2A, 2B, 2C, 3A, 4A, and 5), based on the percentage that projects use each funding source to meet their listed intent.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Direct Administration activities will benefit all residents, but primarily LMI individuals and households throughout the City.
	<b>Location Description</b>	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.

	<b>Planned Activities</b>	<p>The following administrative activities will take place with this project:</p> <p><u>Direct CDBG Administrative Costs:</u> \$85,957; IDIS Matrix Code: 21A/General Program Administration; National Objective Met: N/A; Eligibility: 24 CFR 570.205.</p> <p>Approximately \$75,000 of 2024 Direct Administrative funds will be used to recruit and hire a qualified consultant to help the City develop and prepare the 2025-2029 Consolidated Plan, First Year (2025) Annual Action Plan, Update the Analysis of Impediments to Fair Housing Choice, the Citizen Participation Plan, and if funds are available, help update the Housing Division Policies and Procedures</p> <p><u>Direct HOME Administrative Costs:</u> \$11,504; IDIS Matrix Code: 21H/CDBG Funding of HOME Administrative Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(i)(2).</p>
<b>2</b>	<b>Project Name</b>	AP - CDBG: Indirect Administration (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	1A Improve Public Infrastructure & Facilities 2A Increase Owner Occupied Rehab Opportunities 2B Increase Affordable Housing Opportunities 2C Provide Assistance for Supportive Housing 3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services 5 Enhance Fair Housing Knowledge and Resources
	<b>Needs Addressed</b>	Expand/Improve Public Infrastructure & Facilities Preserve & Develop Affordable Housing Public Services & Quality of Life Improvements Homelessness Housing and Support Services
	<b>Funding</b>	CDBG: \$108,956
	<b>Description</b>	To provide Indirect Administrative funds of up to 10% of the 2024 CDBG allocation for indirect services necessary to complete all Housing Division activities. In Section AP-20 "Annual Goals and Objectives," these indirect administration dollar figures are spread amongst and added to all goals (1A, 2A, 2B, 2C, 3A, 4A, and 5), based on the percentage that projects use CDBG funding to meet their listed intent.
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Indirect Administration activities will benefit all residents, but primarily LMI individuals and households throughout the City.
	<b>Location Description</b>	Indirect Administration activities will be conducted City-wide to benefit LMI individuals and households.
	<b>Planned Activities</b>	Indirect Administrative Costs: \$108,956; IDIS Matrix Code: 21B/Indirect Costs; National Objective Met: N/A; Eligibility: 24 CFR 570.206(e).
<b>3</b>	<b>Project Name</b>	AP - CDBG: City and County Continuum of Care Planning Activities (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	4A Provide Homeless Prevention & Support Services
	<b>Needs Addressed</b>	Homelessness Housing and Support Services
	<b>Funding</b>	CDBG: \$38,000
	<b>Description</b>	This project involves the provision of CDBG planning activity funding to the Merced County Human Services Agency (HSA), who is the "Collaborative Applicant" for the City and County Continuum of Care. Funds will be used towards planning activities related to homelessness strategies within City boundaries. Specific activities will involve non-HUD assisted costs of collection, analysis, and reporting of statistical data (including homeless counts), preparing related studies and reports, preparation of plans, policy-setting, and the formulating of strategies and resources that will implement and update the Regional Homelessness Plan during the 2024 program year and/or assist in guiding homelessness strategies. This will enable the Collaborative Applicant/HSA to help the City of Merced determine the current and future housing and service needs of the City's homeless populations, identify any gaps in services, and guide our homelessness-related goals and objectives.
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Planning activity funding to the CoC for planning and data collection activities focused on preventing homelessness in the City of Merced and assist the City in homelessness strategies. The 2024 Point In Time count that was conducted on January 25, 2024, determined that there are a total of 197 unsheltered and 369 sheltered homeless individuals living in the City of Merced (total of 566).
	<b>Location Description</b>	Homelessness Planning-related activities will be carried out by the Merced County Human Services Agency, located at 2115 West Wardrobe Avenue in Merced. Additionally, some activities may be carried out at the Merced County offices located at 2222 M Street in Merced.
	<b>Planned Activities</b>	CDBG: Support towards planning activity costs of the Merced City and County Continuum of Care's Collaborative Applicant (Merced County Human Services Agency - HSA) for planning strategies to address homelessness in the Merced community: \$38,000 (meets ConPlan Goal 4A – Provide Homeless Prevention Services); IDIS Matrix Code: 20/Planning; National Objective Met: N/A; Eligibility: 24 CFR 570.205. CDBG funding is not provided to the nonprofit providers who implement the homelessness programs funded by the CoC. HSA/Collaborative Applicant will use these funds towards any planning and/or data collection costs not already assisted by HUD CoC funding, in order to assist the City make decisions regarding homelessness program funding.
<b>4</b>	<b>Project Name</b>	AP - HOME: Fair Housing Services Administration (23/24)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families 5 Enhance Fair Housing Knowledge and Resources
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	HOME: \$33,552
	<b>Description</b>	The City will use \$33,552 of its HOME Administration funds to support a fair housing education, counseling, and antidiscrimination legal services program in partnership with Project Sentinel, Inc. to address the City's responsibility to ensure and protect the fair housing rights of its residents and Affirmatively Further Fair Housing (AFFH).
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Fair Housing Services will be an administrative activity under HOME Administration in PY 2024. As a project funding by administrative funds, outcomes will not be reported in the 2024 CAPER – however, at least 85 individuals are expected to benefit from these activities.
	<b>Location Description</b>	<p>Fair housing services will be provided to all City of Merced residents. Project Sentinel, Inc.'s main offices are located at: 1490 El Camino Real, Santa Clara, CA 95050. Project Sentinel will be administering this program from its satellite office located in Modesto, California, at the following location: 1231 8th Street, Suite 425, Modesto CA 95354.</p> <p>Extensive resources and contact information is posted on Project Sentinel's website at: <a href="http://www.housing.org">www.housing.org</a>. Fair housing information is also posted on the City's website at: <a href="http://www.cityofmerced.org/departments/housing-division/fair-housing-resources-and-services">www.cityofmerced.org/departments/housing-division/fair-housing-resources-and-services</a>.</p>
	<b>Planned Activities</b>	HOME: Fair Housing Services: Project Sentinel, Inc. will be provided \$33,552 of HOME administrative funds to carry out a Fair Housing education, counseling, and legal services program available to all Merced residents regardless of income level; IDIS Matrix Code: 21D-Fair Housing Services (subject to Admin cap); National Objective Met: N/A; Eligibility: 24 CFR 571.206(c).
5	<b>Project Name</b>	PSA - CDBG: Sierra Saving Grace Emergency Rent/Mortgage/Utility Subsistence Payments (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services
	<b>Needs Addressed</b>	
	<b>Funding</b>	CDBG: \$_____
	<b>Description</b>	Sierra Saving Grace Homeless Project will receive \$_____ for its short-term emergency rent/mortgage/utility subsistence payment assistance program. Assistance will be provided for a maximum of three consecutive months to help residents retain housing, maintain safe, livable housing, and prevent homelessness. Payments will be made directly to landlords, property management agencies, and utility providers on the resident's behalf.
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Assistance will benefit approximately _____ households with housing assistance and, as a result, prevent homelessness for approximately _____ extremely low-, low-, and moderate-income individuals during the program year. The program will exclusively serve LMI households who are residents of the City of Merced.
	<b>Location Description</b>	The program will be administered by Sierra Saving Grace at their current offices located at 3341 M Street in Merced City. Assistance will be provided for all income-eligible residents living in the City of Merced city limits.
	<b>Planned Activities</b>	Sierra Saving Grace will receive \$_____ for its short-term emergency rent/mortgage/utility assistance program; IDIS Matrix Code: 05Q/Subsistence Payments; Eligibility: 24 CFR 570.207(b)(4); National Objective Met: LMC/Limited Clientele Exclusive - 24 CFR 570.208(a)(2)(C)
6	<b>Project Name</b>	PSA - CDBG: Harvest Time Homeless and LMI Food Distribution "Food 4 You" Program (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families 4A Provide Homeless Prevention & Support Services
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	CDBG: \$_____
	<b>Description</b>	Harvest Time will receive \$_____ of CDBG funds for its "Food 4 You" homeless individual/LMI household food distribution program costs for staffing, electric/gas utility and liability insurance costs, and other eligible costs to support food box disbursements to LMI households and the provision of meals to homeless individuals living within the City limits.
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	This program serves both the homeless community and extremely low- to moderate-income families who are in need of food support. Approximately 88% percent of clients are City of Merced residents, and approximately 60% of beneficiaries are unduplicated. This program also provides prepared meal services to homeless individuals yearly within the City limits, by delivering lunch boxes via a cooperative partnership with Merced Rescue Mission three times per week. In January 2024, there were approximately 197 unsheltered homeless living within the City of Merced. Approximately 1,397 individuals are expected to be served with this program (1200 LMI + 197 homeless). For reporting purposes, 197 homeless individuals will be tracked separately as "Other" in the AP-20 Goal Outcome Indicators column, as it is a separate service that the program provides (meals to homeless).
	<b>Location Description</b>	The location of Harvest Time's food distribution program is 1021 R Street (APN 032-033-014) in Census Tract 15.02, within the City limits of Merced. The property is owned by the Calvary Assembly of God Church, and the food distribution warehouse - dedicated entirely for this use - is leased from the church by Harvest Time.
	<b>Planned Activities</b>	Reimbursement of operating costs including staffing, utilities, and insurance will be provided for Harvest Time's existing Food Distribution program. IDIS Matrix Code: 05W/Food Banks; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/Limited Clientele - 24 CFR 570.208(a)(2)(D)
7	<b>Project Name</b>	PSA – CDBG: Healthy House Within a MATCH “ _____ ” (2024)
	<b>Target Area</b>	
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	CDBG: \$ _____
	<b>Description</b>	
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	



	<b>Location Description</b>	
	<b>Planned Activities</b>	
<b>8</b>	<b>Project Name</b>	PSA - CDBG: Project Sentinel - Tenant-Landlord Counseling Services (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	CDBG: \$ _____
	<b>Description</b>	Project Sentinel will be provided \$ _____ of 2024 CDBG funds to provide Tenant and Landlord Counseling Services as an eligible public service program in response to a noted increase in the number of calls they and City staff have received over recent years from Merced residents while administering its Fair Housing Services administrative program on behalf of the City. This project would provide direct education and counselling services to tenants and landlords where cases of fair housing discrimination do not appear to exist, but where a clear dispute between tenants and landlords requires substantial intervention, mediation, and/or education to resolve problems, prevent evictions, and prevent potential homelessness.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	Project Sentinel expects to be able to manage approximately _____ cases (households) with the amount of project funding provided, serving and providing homelessness prevention for approximately _____ persons.
	<b>Location Description</b>	Project Sentinel, Inc.'s main offices are located at: 1490 El Camino Real, Santa Clara, CA 95050. Project Sentinel will be administering this program from its satellite office located in Modesto, California, at the following location: 1231 8th Street, Suite 425, Modesto CA 95354. Services may also be handled from local offices, as needed.

	<b>Planned Activities</b>	Counseling services will be provided to help prevent and settle disputes between tenants and landlords. IDIS Matrix Code: 05K/Tenant-Landlord Counseling; Eligibility: 24 CFR 570.201(e); National Objective Met: LMA/Low-Mod Clientele (LMC) – 24 CFR 570.208(a)(2)(B).
9	<b>Project Name</b>	PSA - CDBG: Lifeline CDC "Empower Loughborough Community" (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	CDBG: \$ _____
	<b>Description</b>	LifeLine CDC proposes to continue serving the Loughborough area with \$ _____ for its 2024 "Empower Loughborough Community" program. This organization uses strength-based approaches to helping Loughborough-area residents lift themselves out of poverty and become self-reliant. Lifeline works to provide the gap in job seeking and technical resources, job skills education, childcare and afterschool services, and workforce agency connections that will enable parents to obtain stable jobs while providing safe places for their children to learn and grow.
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	This program serves extremely low- to moderate-income families who live in the Loughborough area. Approximately _____ residents are expected to be directly served with this program. According to 2020 Census figures, approximately _____ people live in Census Tract 10.03, where the majority of this program is focused.
	<b>Location Description</b>	The Loughborough area is located in North Merced and is generally considered to be Census Tract 10.03 extending to parts of Tract 10.04.
10	<b>Planned Activities</b>	Eligible project costs may include but not be limited to: staffing costs, utilities, and community center activity materials and equipment, printing costs, and insurance for community center spaces used by Lifeline CDC. DIS Matrix Code: 05H/Employment Training; Eligibility: 24 CFR 570.201(e); National Objective Met: LMA/Low-Mod Area Benefit – 24 CFR 570.208(a)(1)(i).
	<b>Project Name</b>	PSA – CDBG: Merced Calvary Assembly of God “Clean Life” (2024)
	<b>Target Area</b>	

	<b>Goals Supported</b>	3A Provide Vital Services for LMI Families
	<b>Needs Addressed</b>	Public Services & Quality of Life Improvements
	<b>Funding</b>	CDBG: \$_____
	<b>Description</b>	
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	_____ IDIS Matrix Code: _____; Eligibility: 24 CFR 570.201(e); National Objective Met: LMC/Low-Mod Clientele (LMC) – 24 CFR 570.208_____
11	<b>Project Name</b>	PSA – CDBG: Walking by Faith Ministries Intn'l/SERENITY “_____” (2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	CDBG: \$_____
	<b>Description</b>	
	<b>Target Date</b>	6/30/2025

	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	
		IDIS Matrix Code: _____ Eligibility: _____ ; National Objective Met: LMC.
<b>12</b>	<b>Project Name</b>	
	<b>Target Area</b>	
	<b>Goals Supported</b>	
	<b>Needs Addressed</b>	
	<b>Funding</b>	
	<b>Description</b>	
	<b>Target Date</b>	
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	

	<b>Planned Activities</b>	
<b>13</b>	<b>Project Name</b>	HSG - HOME CHDO Reserves: Community Housing Development Org Project (2023/2024)
	<b>Target Area</b>	City Wide
	<b>Goals Supported</b>	2B Increase Affordable Housing Opportunities
	<b>Needs Addressed</b>	Preserve & Develop Affordable Housing
	<b>Funding</b>	HOME: \$_____
	<b>Description</b>	Each year, the City is required to set aside at least 15% of its HOME funds for Community Housing Development Organization (CHDO) projects, which could include such eligible activities as affordable rental housing construction and rehabilitation of rental housing units. _____
	<b>Target Date</b>	6/30/2025
	<b>Estimate the number and type of families that will benefit from the proposed activities</b>	
	<b>Location Description</b>	
	<b>Planned Activities</b>	

## AP-50 Geographic Distribution – 91.220(f)

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

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

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

HUD requires that, at a minimum, 70% of total funding will benefit LMI individuals and households. Each year, the City strives to far exceed the minimum, and 2024 is no exception. We expect that more than \_\_\_\_\_% of our CDBG and HOME activities will be focused to benefit residents in Eligible Census Tracts or at specific sites located within those census areas, all of which are directed to projects expected to benefit LMI individuals and families. One project site is located in an area that is not within one of these census tracts, using \_\_\_\_\_% of total funding, but will benefit an LMI family (Habitat for Humanity - E Main St.). The City's ultimate goal remains at 100% LMI benefit, regardless of census tract orientation.

### Geographic Distribution

Target Area	Percentage of Funds
City Wide	TBD AFTER COUNCIL

Table 8 - Geographic Distribution

### Rationale for the priorities for allocating investments geographically

The basis for assigning the priority to each category was based on the identified needs expressed during the consultation and citizen participation process. In addition, priorities were determined by information gathered from the Census, the 2020-2024 ConPlan market study, and existing community

documents, which include the City of Merced's current Housing Element.

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

## Discussion

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

A little over \_\_\_\_\_ percent ( \_\_\_\_\_ %) of 2024 CDBG will be directed to projects that serve LMI residents citywide, while \_\_\_\_\_ percent will be directed specifically to certain projects that will serve LMI residents in specific HUD Eligible Census Tract areas or specific project sites. HUD Eligible Census tract area numbers, general location descriptions, and resident population are (all within City limits):\*

- Census Tract 10.03 (Loughborough Drive/Meadows Ave/Devonwood Drive – North of Bear Creek, South of Black Rascal Creek, East of Highway 59, West of R Street); 4,190 people.
- Census Tract 10.04 (Loughborough Drive/Collins Drive/Park Avenue/Rambler Road – North of Bear Creek, South of Black Rascal Creek, East of R Street, West of G Street); 3,969 people.
- Census Tract 10.05 (Highway 59/Willowbrook Dr/Shadowbrook Dr/Cooper Ave - North of Highway 99, North/West of Bear Creek, South of Santa Fe Railroad, East of city limit boundary); 2,285 people.
- Census Tract 13.01 (West Central Merced – North of Highway 99, South/East of Bear Creek, West of M Street); 3,413 people.
- Census Tract 13.02 (Central Merced – North of Highway 99, South of Bear Creek, East of M Street, West of G Street); 3,016 people.
- Census Tract 15.02 (Upper Southwest Merced – North of W. 9th Street, South of Highway 99/Highway 140, East of X Street/West Avenue, West of M Street); 2,768 people.
- Census Tract 15.03 (Lower Southwest Merced – North of West Childs Avenue, South of W. 9th Street, East of West Avenue, West of M Street); 4,844 people.
- Census Tract 16.01 (Central South Merced – North of West/East Childs, South/West of Highway 99, East of M Street); 4,166 people.
- Census Tract 17.00 (East South Merced – North/East of Highway 99, South of Highway 140, West

of Coffee Road); 7,032 people.

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

While there are several other constraints, the primary obstacle to meeting the needs of target income residents is that there is a lack of funding to fully address all the needs. Even with the limited financial resources, the City attempts to address many of the needs of the community by leveraging funds with developers and providing financing to several non-profit organizations to address the variety of community needs.

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



## Affordable Housing

### AP-55 Affordable Housing – 91.220(g)

#### Introduction

This section provides an overview of affordable housing goals in Merced for the 2024 program year. It focuses specific goals for the number of homeless, non-homeless, and special needs households to be provided affordable housing within the program year. This section also indicates the number of affordable housing units that will be provided by program type, including rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units.

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

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

The City of Merced has established the following affordable housing goals for its 2024 Annual Action Plan.

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

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

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

Annual Action Plan  
2023

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

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

## Discussion

The figures noted above comprise of the following Program Year 2024 projects:

### Number of Households to be Supported by Population Type:

Homeless Households Supported (0 individuals/households):

- TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

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

- Sierra Saving Grace Homeless Project - Rental Assistance to support \_\_\_\_\_ non-homeless households to prevent homelessness (\_\_\_\_\_)
- TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

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

- TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

### Households Supported Through Project Types:

- Short-term Emergency Rental and Rental Deposit Assistance - Sierra Saving Grace Homeless Project: \_\_\_\_\_ households
- Production of New Units - Affordable Rental Housing Construction: \_\_\_\_\_ households
- Rehabilitation of Existing Units – \_\_\_\_\_: total of \_\_\_\_\_ Units/Households (\_\_\_\_\_ units)

TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

## **AP-60 Public Housing – 91.220(h)**

### **Introduction**

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

The City of Merced will continue to work independently and closely with the Authority and local nonprofits to provide assistance to low-income families as well as develop public housing projects in Merced. The Authority provides and manages public housing, including the Housing Choice Voucher and Section 8 programs.

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

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

- Gateway Terrace II project - once constructed, will include ten units supported by VASH vouchers.
- CC915 Veterans Housing Homekey project – a housing project built entirely of converted shipping containers, the project will include twenty VASH vouchers to house formerly homeless veterans.
- Linc Housing – 58 Project Based Vouchers
- Up Holdings, Inc. Park Avenue – this 67 unit affordable housing complex is currently working with the Authority to support the project with voucher assistance.

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

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

The HACM receives its annual contribution of funds from HUD through the comprehensive grant mechanism used to maintain the Authority's operations, renovate units, and meet local, state, and federal requirements for housing projects. Like all federally assisted projects, HAMC projects are subject

to the requirements of Section 24 CFR Part 58, which requires the Housing Authority to process the National Environmental Protection Act (NEPA) certification through the local unit of local government (the Responsibility Entity, or RE), which is the City of Merced.

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

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

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

#### Authority Statement of Housing Needs and Strategy for Addressing Housing Needs

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

"The Housing Authority of the County of Merced offers affordable housing opportunities to our community by providing access to a variety of services and programs to promote self-sufficiency and to enhance the quality of life for those we serve.

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

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

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

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

webpage and mailouts to participants about the status of its programs and residents for current and future participants.

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

#### HACM Homeownership Program

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

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

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

HACM is not designated as troubled.

#### **Discussion**

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

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

### **Introduction**

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

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

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

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

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

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

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

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

During the 2024 program year, the City will support the following programs which seek to address the priority needs of homeless and special needs populations within the city limits.

2024 Program funding to serve homeless and special needs individuals:

- TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

State Housing Law requires that cities identify sites that can adequately accommodate emergency homeless shelters. Additionally, cities must not unduly discourage or deter these uses. In 2019, the Zoning Ordinance was amended to allow Emergency Shelters as a permitted use in General Commercial (C-G) zones, and a Conditional Use in Central Commercial (C-C) and Thoroughfare Commercial (C-T) Zones. In addition, Municipal Code definitions related to housing, including emergency shelters, transitional housing, and supportive housing were amended such that transitional and supportive housing are residential uses subject to the same regulations and procedures that apply to other residential uses of the same type in the same zone. These amendments were requirements of State law (SB 2).

2024 Program Funding to address emergency shelter and transitional housing needs:

1. *Planning Activity Support for the HSA - Collaborative Applicant:* As discussed in the homeless population one-year goals section above, the City will provide CDBG funding to support the Agency's strategic planning role as the Collaborative Applicant. In addition to funding for programs to benefit homeless persons, the CoC also seeks federal, state, and other funding for programs that address the provision of emergency shelter and transitional housing needs in the community. Therefore, through this collaboration, the City helps the Human Services Agency strategize the use of shelters and transitional housing in addressing homelessness, including to assess if more of these types of housing for the homeless are warranted, and whether the City could strategize future funds to contribute a portion towards those projects.

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

## **recently homeless from becoming homeless again**

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

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

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

However, the increase in the number of sheltered individuals, from 215 to 344 (129 individuals – a 60% increase) indicates we still have much work ahead of us in terms of permanent housing, some of which is already done and beginning to draw near to fruition.

Housing First is recognized as an evidence-based best practice model by national researchers and policymakers based on years of research and implementation. The use of Housing First has helped jurisdictions across the country significantly reduce their homeless population. Implementation involves moving homeless persons - including chronically homeless individuals - from the streets and directly into housing and providing wrap-around services to ensure housing stability. This approach links chronically homeless persons to permanent supportive housing which provides subsidized housing and appropriate supportive services. This approach is in contrast to a "housing readiness model" which emphasizes that a homeless individual or family must address other issues such as substance abuse and mental illness through case management in a shelter or transitional housing program prior to entering affordable permanent housing. The Navigation Center uses a mix of these two models, by temporarily providing housing while concurrently assessing the need for services and matching them with housing to meet their individual needs.

The February 2023 Homeless Point in Time count report indicated that 322 individuals were in



temporary shelters, and 72 were in transitional housing. With the need for permanent supportive housing part of the long-term equation to successfully transition individuals into successful, fully-independent living, the number of permanent supportive units in the City and surrounding area must catch up to the number of individuals who will need them now and in the future.

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

Merced will continue to work with the City and County Continuum of Care in using the approaches to housing that were described previously. The 2023 homeless count revealed that over half the 390 unsheltered persons countywide are in the City of Merced, and over 87% of the 394 sheltered persons counted are in the City of Merced. It can be assumed that many of the unsheltered homeless population counted are chronically homeless and in need of longer-term assistance such as long-term/voucher rental assistance and wrap-around social services such as mental health care, employment services, and life skills training. For those of the unsheltered homeless population that are not chronically homeless, they will likely need shorter-term assistance, such as a few months of rental assistance, and are not as reliant on social services.

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

2024 Program Funding to Homelessness Prevention:

**TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL**

## **Discussion**

The City will continue to support homeless service providers that work collaboratively under the Continuum of Care network through yearly funding to focused service programs, such as advocacy and case management for homeless elderly or at-risk families and youth. In addition, the City intends to

support and complement the goals of both the existing 2011 Merced County 10-Year Plan to End Homelessness and the County of Merced Community Regional Homeless Plan by striving to accomplish any or all of the following goals and activities each year, where possible:

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

In March of 2020, the City Council approved a Memorandum of Understanding with multiple County Agencies to establish a Homeless Court Program (HCP), a collaboration that will allow homeless and formerly homeless individuals to resolve outstanding eligible pre- and post-judgement criminal cases and/or infractions, in the interest of promoting public and individual safety and self-sufficiency. The HCP will help address the unique needs of the homeless population’s legal challenges, which oftentimes hinder an individual’s ability to re-establish themselves into employment and housing. The HCP is designed to reward those who have made significant progress in improving their situation by providing them access to additional community and court resources. Eligible cases for the HCP include both infraction and misdemeanor traffic and criminal fines. Staff support will be provided by the City Manager and City Attorney’s office on behalf of the City of Merced and, initially, Merced County staff will facilitate and implement the administrative functions of the program.

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

with AIDS within the City and County.

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

### **Introduction:**

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

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

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

Programs the Housing Division is using or funding within the 2024 HUD Annual Action Plan designed to reduce the barriers to affordable housing include:

**TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL**

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

## **return on residential investment**

### Efforts to Remove Constraints for First Time Home Buyers

It can be difficult for very low-, low-, and moderate-income first-time homebuyers to acquire sufficient savings and income to pay for a down-payment, closing costs, monthly mortgage, and tax and insurance payments to be able to purchase a home. A monthly mortgage payment typically provides more housing per bedroom than rental housing, as the latter is more expensive. To address this problem, the City of Merced applies for First Time Homebuyer Program (FTHB) whenever resources make it possible.

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

The Housing Division maintains a loan portfolio of previous FTHB loans, which were funded through various sources such as State 2006 and 2012 CalHome funds. Though conditions and terms are slightly different between these funding sources, applicants must have demonstrated financial need and pre-approval for a first mortgage, and the second mortgages were financed as a low-interest deferred loan payment. As these loans are paid off, the income is then used to provide funds for new loans, which Self-Help Enterprises will also administer with the 2021 funds.

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

The City considers safe housing a priority for all citizens. Unfortunately, many low-income homeowners are unable to make needed repairs to maintain safe housing. In an effort to remove the financial constraints faced by these homeowners, the City's Housing Program, with Habitat for Humanity of Merced/Stanislaus Counties (HHMSC), administers a Homeowner Rehabilitation Program funded by Community Development Block Grant (CDBG) funds.

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

### Efforts to Provide Fair Housing

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

various service-providing agencies in the community, knowledge of market conditions and forces that drive good policy decisions regarding the use of resources, and constant evaluation of program efforts. It also refers to the monitoring of the City's Analysis of Impediments to Fair Housing Choice.

#### Efforts to Amend Policies Creating Barriers to Affordable Housing Production

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

#### **Discussion:**

##### 2024 Program Funding to Provide Fair Housing Activities:

1. A total of \$33,552 in HOME administrative funds will be spent in FY 2024 on Fair Housing activities, including a contract with Project Sentinel to provide fair housing services for the residents of Merced. This is an annual program and provides tenant and landlord counseling related to claims of discrimination, complaint-based investigations, legal services, and community-wide fair housing education and information. Project Sentinel will emphasize education of general housing rights to low-income tenants and housing providers, including property owner, managers, and property management companies.
2. Project Sentinel will also administer a Tenant and Landlord Counseling Service to handle non-discrimination-based disputes, with \$ \_\_\_\_\_ of 2024 CDBG funds as a public service.

##### Actions and 2024 Program Funding to help remove constraints for First-Time Home Buyers:

1. The City was awarded \$1,125,000 of 2021 CalHome First Time Home Buyer program funding by the State of California and is currently working with Self Help Enterprises to administer these funds and provide assistance to homebuyers for the purchase of single-family homes as gap financing. The City also receives a trickle of prior-year CalHome funds back each year as program income, as existing loans are paid off or refinanced by previous FTHB program clients. Since the City now has enough of this program income to process approximately 5-10 new loans, Self Help may be administering new FTHB loans with these prior year funds.

2024 Program Funding for Low- to Moderate-Income Homeowners to Maintain Safe Housing:

TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL

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

## **AP-85 Other Actions – 91.220(k)**

### **Introduction:**

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

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

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

### **Actions planned to address obstacles to meeting underserved needs**

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

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

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



main goals:

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

2024 Program Funding to Upgrade Public Facilities and Infrastructure and Improve Accessibility:

**TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL**

2024 Program Funding to Support Special Needs and Improve Public Facilities/Services:

**TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL**

2024 Program Funding to Promote Economic Development:

**TO BE COMPLETED FOLLOWING FINAL COUNCIL APPROVAL**

All of the above projects are important, as they serve to promote and improve accessibility and access to quality of life and life-saving amenities for all residents of Merced. Due to the expansion of Merced largely into northern parts of the city in "boom" years and the lack of sufficient funds and staff resources, South Merced still contains sections of infrastructure that are outdated in terms of Engineering Design Standard, as some sections no longer meet current ADA standards. The City is committed to upgrading these older areas of the City as it has CDBG and local funding and staffing resources available.

### **Actions planned to foster and maintain affordable housing**

The City of Merced will support the development and maintenance of affordable housing through several planned projects during the 2024 program year. These projects include:

- Continue to advance current work on subsidy layering strategies, grant fund applications, and

tax credit applications, preparation of preliminary and final commitment documents and agreements, environmental reviews, other related tasks involved with several affordable housing developers and their proposed projects using ARPA, HOME-ARP, LMI Asset funds, State and Federal tax credits, State Permanent Local Housing Allocation (PLHA), Homekey, and other funding sources in order to move to and finish construction of new affordable housing units over the near future years (Visionary Home Builders/Bella Vista - Parsons Avenue – 108 units; Upholdings/Mercy Village - Park Avenue – 67 units; Gateway Terrace II/W. 13th and K Street – 50 units – LMI Asset funds).

- Continue with the pursuit of disposition and subsequent development of former Redevelopment Agency properties for affordable housing; partnering with three housing partners to construct a total of 78 new affordable housing units on these properties (Fuller Center for Housing of Merced County – 4 units; Linc Housing – 58 units; and CC915 – 21 units nearing completion).
- The Regional Housing Needs Allocation Unit Production Plan for all new market rate developments has been implemented.
- Monitoring of past projects to ensure they remain assets for safe, affordable housing.

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

Many of the City's efforts to foster and maintain affordable housing relate to the General Plan's Housing Element, which is currently undergoing an update. Community input from public meetings substantiated much of what the Housing Authority and Housing Element has reported – that housing is still lacking for senior citizens, low-income, and special needs adults. With identified areas of need, affordable housing projects will strive to consider these populations when possible.

### **Actions planned to reduce lead-based paint hazards**

In the City of Merced, it is estimated that about 7,000 housing units occupied by low-income or very low-income households contain lead-based hazards. Although accurate statistics are not available, it is likely that many of these homes are concentrated in the South and Central parts of Merced area where there are concentrations of families in poverty, homes built before 1978, and substandard housing, factors that are often correlated with the incidence of lead poisoning. Lead based paint hazards represent an immediate risk to children.

Lead poisoning education and abatement efforts in Merced are provided through the cooperative efforts of the County Public Health Department, Environmental Health Division and Child Health and

Disability Program. The abatement of lead-based hazards is a vital component of the City of Merced's Housing Rehabilitation Loan Program, Habitat for Humanity's Owner-Occupied Rehab (OOR) program, and the acquisition and rehab programs run by partners Sierra Saving Grace and the Merced Rescue Mission. All housing acquisition and rehabilitation projects are assessed for lead-based paint and lead-based paint abatements are performed by appropriately licensed contractors.

Since a majority of housing units in the City of Merced were built before 1978, the City routinely tests all rehabilitation projects for lead-based paint. After assessment and testing, if deteriorated lead-based paint surfaces are found, they must be stabilized during the rehabilitation of the property and prior to project closeout. As required by Federal and State funding sources, housing rehabilitation programs must comply with the Residential Lead-Based Paint Hazard Reduction Act of 1992 (Title X) and subsequent changes made in September 1999 and Lead Safe Housing Rule (LSHR) regulations (24 CFR Part 35).

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

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

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

### **Actions planned to reduce the number of poverty-level families**

Merced's antipoverty strategy is closely aligned with the goals and objectives of the overall affordable housing plan. These goals include: reducing poverty, creating new and affordable housing, developing and promoting services for at-risk populations, and providing public and social services, such as job training. The City will also continue encouraging and partnering with organizations who provide a continuum of services addressing the full range of needs of low- and moderate-income families, such as LifeLine CDC, whose program focuses on eradicating poverty for families living in the "Loughborough

Area” of the City.

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

The City’s anti-poverty strategy is based on funding and supporting a range of housing, employment, and family service opportunities aimed at enabling those in poverty to move out of those patterns of hardship. For the workforce itself, the City will continue to look for ways to increase job training programs and the number of available jobs, including working collaboratively with Economic Development Department staff to attract more industries to Merced that provide specialized job training programs to the communities in which they are located. Industries that provide job skills training to match these technological times and foreseeable incoming industries will help raise those students and their families out of generational poverty.

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

### **Actions planned to develop institutional structure**

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

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

The City will especially encourage the development of housing units for households earning 30-50 percent or less of the Median Family Income for Merced County, as the housing need for this particular income level is great, especially lower incomes. Specific emphasis shall be placed on the provision of family housing and non-traditional housing types such as single-resident occupancies (SRO's), accessory dwelling units (ADU's), transitional facilities, and housing units serving temporary needs.

The Development Services Department is responsible for the management, implementation, reporting, and monitoring of the Consolidated Plan documents, including the Annual Action Plan. The Housing Division within this Department is specifically charged with these tasks. The Division works in close

coordination with the City's advisory commissions and the City Manager.

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

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

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

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

### **Discussion:**

#### Other Actions: Monitoring Plan Update

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

local data for review and progress evaluation.

The City ensures compliance by:

- Checking project eligibility against regulations and staying in constant communication with the City's HUD CPD Representative
- Following the City's Subrecipient Monitoring Plan
- Reviewing HUD's monitoring handbook to ensure compliance with National Objectives of low- and moderate-income area benefit and low- and moderate-income limited clientele, financial management requirements, and other CDBG Entitlement Program requirements
- Reviewing CPD notices and Federal Register Notices on CDBG and HOME program planning requirements and rule changes
- Scheduling staff for training webinars/seminars whenever possible, in order to stay up to date on rule changes and ahead of the learning curve

#### Other Actions: Policies and Procedures Update

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

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

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

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

## Program Specific Requirements

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

#### Introduction:

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

In the 2021 Annual Plan, the City reported that it would be repaying \$307,913.40 of CDBG funds that were pre-maturely spent towards soft/pre-construction costs for the Gateway Terrace II (GTII) affordable housing project. The City is currently still working towards completing this action. The City still intends to use local funds (LMI Asset Fund/former Redevelopment Agency funds) for this repayment and will be completing this action at the same time as the HOME repayment described for the 1820 I street project noted below. This total CDBG repayment for GTII consists of the following amounts and years of funding: \$38,656.62 of pre-2015 CDBG funds and \$269,256.78 of pre-2015 and 2015 CDBG funds.

GTII expenditures were made towards the following using CDBG funds:

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

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

#### 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	108,000
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
<b>Total Program Income:</b>	<b>108,000</b>

## Other CDBG Requirements

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

### **HOME Investment Partnership Program (HOME) Reference 24 CFR 91.220(l)(2)**

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

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

The City will also be repaying \$392,593.55 of HOME funds that were pre-maturely spent towards soft/pre-construction costs for the Gateway Terrace II affordable housing project. The City will also use local funds (LMI Asset Fund/former Redevelopment Agency funds) for this repayment. This total consists of the following amounts and years of funding: \$357,812.46 of pre-2015 HOME funds, \$11,740.18 of 2015 HOME funds, and \$23,040.91 of 2016 HOME funds.

The City intends to complete both repayments by fall of 2024, after Council action to approve new



loan documents for the use of local funds for GTII.

GTII expenditures were made towards the following using HOME funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There are no planned HOME TBRA activities during the 2024 program year.

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

There are no planned HOME TBRA activities during the 2024 program year.

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

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

#### CDBG 70% Overall Low-Mod Benefit Period

The City intends to use a 3-year consecutive period to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low- and moderate-income. Those years will span 2022 (last year), 2023, and 2024 (Years 3-5). The City chose those years to give appropriate time for the program and a short-staffed division to recover from the administrative impacts related to the Coronavirus pandemic, which initially caused delays in development and submission of both the 2020 and 2021 Plans and affected our initial ability to hold public outreach meetings, which translated into further delays in receiving and expending grant funds. We also needed additional time to allocate and spend a very large amount of CDBG and HOME program income received in January 2021 as a result of an unexpected loan payoff.