

CITY OF MERCED 2017 CDBG & HOME HUD ANNUAL ACTION PLAN



Reconsidered by Council
August 7, 2017

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Executive Summary

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

1. Introduction

The City of Merced has prepared the 2017 Action Plan, which covers the third year goals described in the 2015-2020 Consolidated Plan. The Action Plan identifies the activities to be funded with Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds to be received from the U.S. Department of Housing and Urban Development during the program year. The City has budgeted to receive \$977,648 in CDBG funds and \$332,769 in HOME funds, totaling \$1,310,417 from HUD as an entitlement grant during the fiscal year. The City has a total budget for the 2017 program year of \$5,934,583 this amount consist of prior year carry-over funds, program income, loan payments, and other local funding sources utilized to ensure projects and programs were funded.

In order to be eligible to receive Community Development Block Grant (CDBG) funds, the City of Merced must submit a Consolidated Plan to the Department of Housing and Urban Development (HUD) every five years, and is required to update that plan annually. The Consolidated Plan is an assessment and analysis of local conditions and issues related to housing, homelessness, community development, and economic development. Utilizing a comprehensive outreach and citizen participation process, the Consolidated Plan describes priority needs facing the community and develops strategies to address those needs. This 2017 Annual Action Plan is the second of five required annual updates to the 2015-2020 Consolidated Plan. The Annual Plan also identifies funding priorities and details the projects proposed to receive Federal funds under the CDBG and HOME Investment Partnership (HOME) Programs. The 2017 Annual Action Plan also includes the HUD 108 Debt Service repayment program.

Table 1
Program Funding for FY 2017-18

Source of Funds	CDBG	HOME	Other	Total
Grant FY 2017/18	\$ 977,648	\$ 332,769	\$ -	\$ 1,310,417
Program Income FY 2017/18 (estimate)	\$ 95,000	\$ 70,000	\$ 271,870	\$ 436,870
General Fund Allocation	\$ -	\$ -	\$ 25,000	\$ 25,000
Sewer and Water Main Funds	\$ -	\$ -	\$ 526,738	\$ 526,738
HOME 92/93/94 - Homeowner Rehabilitation / New Construction	\$ -	\$ -	\$ 178,205	\$ 178,205
Neighborhood Stablization Program 3 (Federal)	\$ -	\$ -	\$ 61,801	\$ 61,801
Fiscal Year 2016/17 Carryover	\$ 615,154	\$ 1,037,480	\$ -	\$ 1,652,634
Current Active Projects (Previously Encumbered/Funded)	\$ 1,336,667	\$ 406,251	\$ -	\$ 1,742,918
Total Revenue / Carryover / Previously Encumbered FY 17-18	\$ 3,024,469	\$ 1,846,500	\$ 1,063,614	\$ 5,934,583
HUD Funding Allocations – CDBG				
Total CDBG Program Amount (Allocation + Program Income + Carryover)				\$ 3,024,469
Administrative (Admin + Activity Delivery Cost)				\$ 396,702
Capital Improvements				\$ 472,010
Projects				\$ 720,590
Public Service				\$ 98,500
Current Active Projects (Previously Encumbered/Funded)				\$ 1,336,667
CDBG - Total Unencumbered Balance				\$ -
HUD Funding Allocations – HOME				
Total HOME Program Amount (Allocation + Program Income + Carryover)				\$ 1,846,500
Administrative (Admin + Activity Delivery Cost)				\$ 250,839
Projects				\$ 1,164,410
Fair Housing Services				\$ 25,000
Current Active Projects (Previously Encumbered/Funded)				\$ 406,251
HOME - Total Unencumbered Balance				\$ -
Other				
Total Other Program Amount (Allocation + Program Income + Carryover)				\$ 1,063,614
Administrative (Admin + Activity Delivery Cost)				\$ 113,458
Project - Other (GT2 Infrastrucure & HUD 108 Loan Payment)				\$ 950,156
Other – Total Unencumbered Balance				\$ 0
Total Remaining to be Allocated				\$0

Table - City of Merced Source of Funds

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 Needs Assessment within the 2015-2020 Consolidated Plan identified several target populations:

- Extremely low-income and very low-income households;
- Seniors;
- Youth, primarily ages 6 – 17;
- Persons with disabilities;
- Foster youth;
- Public facilities (either new or upgrades/expansions to existing facilities), including community centers, youth facilities, community gardens and one-stop service centers;
- Affordable housing programs for new housing construction, the preservation and rehabilitation of existing rental housing, emergency housing repairs, down-payment assistance and tenant-based rental assistance;
- Crime prevention activities to provide resources to support law enforcement and crime prevention programming in designated neighborhoods;
- Public improvements, especially those focused on increasing accessibility, such as ADA curbs, ramps and sidewalk infill, and storm drainage and flooding improvements;
- Public services for a wide range of populations, including seniors, youth, disabled persons, homeless households, foster youth, displaced workers, and households with fair housing issues;
- Employment development services to provide training and to support job creation.

Through the full five year term of the Consolidated Plan, the City of Merced anticipates funding projects related to all of these needs, although available funding resources, community-based organization partnerships, and market conditions may ultimately limit the City's ability to fund some project types. Given the City's relatively small CDBG and HOME allocations, funds for affordable housing or other large capital improvement projects will need to come from other sources such as the State of California's

Affordable Housing and Sustainable Communities program, the Department of Housing and Community Development (HCD), and the Department of Housing and Urban Development (HUD).

3. Evaluation of past performance

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

The City of Merced received \$959,615 in CDBG and \$329,958 in HOME entitlement funds in FY 2016/17. The City funded 8 public service programs this past year. The funding for these programs encompassed a variety of services to benefit youth, income-eligible households, seniors, homeless persons, and other special needs groups. Award amounts ranged from \$7,500 to \$30,000, for a total amount of \$102,500 allocated to public service activities.

In FY 2016-17 the City accomplished many of the goals identified in the Consolidated Plan. The City also worked with HUD to bring several areas into compliance. Below is a list of accomplishments and improvements to the Annual Action Plan:

- Rehabilitation projects to provide suitable housing for low-income households
- The City continued working with Habitat for Humanity to carry-out the Homeowner Rehabilitation Program
- Worked with Engineering Departments to improve non-compliant ramps and sidewalks to ensure they were ADA compliant
- Began conversations with local multi-family developers to secure funding for a 50 - Unit Affordable Housing project. The project is targeted to begin construction in the fall of 2017.
- First-time home buyer's assistance was provided through the NSP and CalHome Programs
- Increased the funding provided to local non-profit organizations
- Provided funding for various youth programs
- Increased the amount of funds provided to homeless services
- Service of the Section 108 Loan for the Grove Apartment complex
- Funding provided for a multi-family housing unit project with the City's CHDO

- Participation and funding for the enhancement of the Merced County Continuum of Care and 10-Year Plan to End Homelessness
- Provided funding for a Fair Housing Hotline operated by Project Sentinel.

COMPLIANCE ISSUES

- Worked with City Departments to remove activities that no longer meet CDBG eligibility and established new programs that meet the National Objectives and are considered to be eligible activities. The funding provided to Merced Lao Family was changed this past fiscal year to a local funding source.
- Worked within the Housing Division to improve processes, monitoring and reporting to meet HUD standards. Included monitoring visits with all subrecipients.
- Increased funds for training of staff for: HUD allowable processes, reporting, recording, financing, housing and building compliance, and eligible activities.

Details regarding these accomplishments will be found in the City's 2016-2017 Consolidated Annual Performance Evaluation Report (CAPER), due for completion by September 2017. Upon completion the CAPER will be available on the City's website at www.cityofmerced.org.

The City also supported community development projects based on clearly identified needs. Among these initiatives were programs that focused on handicap accessibility projects and public infrastructure improvements in low-income neighborhoods. Both the public service programs and the community development projects were based on priorities identified in the Consolidated Plan.

4. Summary of Citizen Participation Process and consultation process

Summary from citizen participation section of plan.

Two of the formal objectives of the Plan are to: 1) promote citizen participation in the development of local priority needs and objectives; and 2) encourage consultation with public and private agencies to identify shared needs and solutions to persistent community problems. The Housing Division of the Development Services Department invites the community to provide input on the way grant funds from the HUD are spent. This Citizen's Participation Plan outlines the way the City communicates with residents regarding the use and expenditure of HUD funds. Community and neighborhood meetings are organized by City staff and/or by local community-based organizations to seek community input and identify community needs. These meetings serve several purposes:

- Obtains community input about how funds should be spent;

- Solicits information about neighborhood needs;
- Builds a sense of community among neighborhood residents;
- Encourages community empowerment and greater community voice;
- Provides neighborhoods with information about city services.
- The Housing Division staff work with various City Departments to ensure that capital improvement projects are on schedule, and that invoices are paid in a timely manner.
- The Housing Program Supervisor participates in the Merced Continuum of Care, participates in the yearly homeless street count, and serves on the City of Merced ADA Committee/Citizen Advisory Panel.
- The Housing Program Supervisor ensures the Analysis of Impediments to Fair Housing Choice implemented in the community through our partnership with Project Sentinel.

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.

In order to get a broad range of communication between the City of Merced, its public citizens and its public agencies, the Housing Division has sponsored or participated in six separate functions. Housing Division has participated in informing the citizens of Merced through a on air radio broadcast and by attending the three City of Merced Town Hall meetings. In addition, three HUD Annual Plan meetings were held to address and inform of community assistance funds for FY 2017/18.

In order to reach and engage with the citizens, Housing Division attended the three City of Merced Town Hall budget meetings. At the Town Hall meetings, the citizens were able to informally address City Council with their requests for City budget funds. This gave the Housing Division the opportunity to directly engage with citizens before and after the meetings. For those citizens that left their contact information a telephone call was made to find out if there was any additional information the Housing Division could provide after the initial meeting contact.

While many of the different topics discussed at these meetings did not specifically relate to the Housing Division. The comments that did were focused upon housing for homeless Veteran's and providing funding for homeless services. The City Housing Division, in partnering with Central Valley Coalition, are proposing to begin construction of a 50-Unit affordable housing development known as Gateway Terrace II Apartments which will have 11 units (22%) reserved for veteran's this fiscal year. Including the Gateway Terrace II apartment complex, \$2,214,738 was allocated this fiscal year serving the homeless through developments, projects, and programs. Lastly, \$98,500 was budgeted for various non-profit

organizations to serve the community through various public service programs serving the homeless, youth, and victims of domestic violence.

Public legal notices were published in the Merced Sun-Star and Merced County Times newspapers regarding providing information and application assistance to engage with public agencies and non-profits. Local public agencies and non-profits were assisted and also given the opportunity to spend time discussing community goals and needs. Some goals included homeless, continuum of care services, environmental services, rent assistance, homeowner rehabilitation, and capital improvements. In some instances, groups discussed sharing resources in order to expand connection to the community. Public notice was published on the City's web site and was mailed to approximately one hundred public agencies and non-profit organizations.

Public hearings were held by City Council on April 17, 2017 and August 7, 2017, in which the Housing Division presented requests from public agencies and non-profit applications for CDBG and HOME funds. At the direction of Council, Housing Staff included funding for four (4) Capital Improvement Projects, six (6) public service requests, three (3) administrative agreements, and two (2) development projects, and one (1) homeowner rehabilitation program.

Table 2
Program Activities for FY 2017-18

Administrative	
CDBG	
Administrative Expenses - Fiscal Year 2017/18	\$ 151,969
Project Activity Costs - Fiscal Year 2017/18	\$ 181,733
United Way - COC	\$ 38,000
Environment Contract with Planning Partners	\$ 25,000
Total CDBG Administrative Costs	\$ 396,702
HOME	
Administrative Expenses - Fiscal Year 2017/18	\$ 16,616
Project Activity Costs - Fiscal Year 2017/18	\$ 234,223
Total HOME Administrative Costs	\$ 250,839
Other	
Gateway Terrace II - Project Activity Costs	\$ 40,458
HOME 92/93/94 Program Administrative Expenses	\$ 35,640
NSP3 - Program Administrative Expenses	\$ 12,360
General Fund Administrative Expenses	\$ 25,000
Total Other Administrative Costs	\$ 113,458
Total Administrative Costs (CDBG/HOME/Other)	\$ 760,999
Public / Fair Housing Services	
CDBG	
Valley Crisis Center	\$ 10,000
Kiwanis of Greater Merced – Kiddie Land Improvements	\$ 20,000
Merced Rescue Mission – Warming center	\$ 15,000
Symple Equazion	\$ 13,500
Healthy House	\$ 20,000
Merced Rescue Mission – Rental Deposits	\$ 20,000
Total Public Services CDBG	\$ 98,500
HOME	
Project Sentinel – Fair Housing Services	\$ 25,000
Total Fair Housing Services	\$ 25,000
Total Public / Fair Housing Services	\$ 123,500

Table - List of Expenditures - Page 1

City of Merced
2017 Annual Action Plan

Fiscal Year 2017/18

Capital Improvements	
CDBG	
ADA Sidewalk / Ramps Improvements	\$ 14,190
25th & 26th Street (John Muir School ADA Ramp Improvements	\$ 174,389
Buena Vista & G Street (Rivera School) ADA Ramp Improvements	\$ 274,633
Sidewalk and Bike Lanes Motel Drive – CMAQ	\$ 8,798
CDBG Total Capital Improvements	\$ 472,010
Total Capital Improvements	\$ 472,010
Projects	
CDBG	
CDBG (HUD) - Habitat for Humanity Rehabilitation / New Construction Program	\$ 150,000
Sierra Saving Grace - Acquisition of Property (PSH)	\$ 200,000
Gateway Terrace II Apartments (Onsite Public Infrastructure)	\$ 370,590
Total Projects CDBG	\$ 720,590
HOME	
HOME (HUD) - Habitat for Humanity Rehabilitation / New Construction Program	150,000
Gateway Terrace II Apartments (Housing Units)	1,014,410
Total Projects HOME	\$1,164,410
Other	
Gateway Terrace II Apartments (Offsite Public Infrastructure)	486,280
NSP3 - Habitat for Humanity Rehabilitation / New Construction Program	49,441
HOME 92/93/94 - Habitat for Humanity Rehabilitation / New Construction Program	142,565
HUD 108 Loan Payment	271,870
Total Projects Other	\$950,156
Total Projects	\$ 2,835,156

Table - List of Expenditures - Page 2

Current Active Projects (Previously Encumbered/Funded)	
CDBG	
Administrative Expenses - Fiscal Year 2016/17	\$ 137,877
Rehabilitate – 241 E. Main Street	\$ 10,804
Habitat for Humanity – Homeowner Rehabilitation	\$ 200,000
ADA Sidewalks / Ramps	\$ 133,410
Water Main Replacement T & 7 th Street	\$ 592,576
Habitat for Humanity – Homeowner Rehabilitation	\$ 250,000
Healthy House – Ethnic Elders Program (FY 2016/17)	\$ 12,000
Total CDBG	\$ 1,336,667
HOME	
1113 W. 2nd Street - CVCAH	\$ 214,682
Administrative Expenses - Fiscal Year 2016/17	\$ 41,569
Habitat for Humanity – Homeowner Rehabilitation	\$ 150,000
HOME Total	\$ 406,251
Previously Encumbered Projects Total	\$ 1,742,918
Total for All Programmed Activities	\$ 5,934,583

Table - List of Expenditures - Page 3

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

Merced City Housing Department staff members held numerous public meetings to help prepare the City's Housing and Urban Development (HUD) Annual Plan. There were three public meetings held to get input regarding use of 2017-18 Community Development Block Grant (CDBG) funding. These meetings were held to inform the public that CDBG funds would be made available to eligible local projects and provide information regarding deadlines for applications.

As an Entitlement Community, Merced receives an annual HUD allocation for use with its Community Development Block Grant (CDBG) and HOME programs. A maximum priority is to benefit low-moderate income persons; prevent or eliminate slum or blight; and some funds can be used for community developmental needs that have urgency because existing conditions pose a serious or immediate threat to health or welfare of the community.

Eligible Activities include, but are not limited to:

- Acquisition of real property;
- Relocation and demolition;
- Rehabilitation of residential and non-residential structures;
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- Public services, within certain limits;
- Activities relating to energy conservation and renewable energy resources; and

- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.

Public Input:

Each of the meetings held had a sign-in sheet and notes were taken of comments made. In addition, qualifying local non-profits received notification inviting them to attend the meetings, to provide input and to apply for CDBG funding. Following is an overview of comments and applications received.

Comments:

Many public members voiced concern for youth, Veterans, adults who are considered to be part of the Low to Moderate income and/or part of the homeless population:

1. Transitional Housing
2. Facilities for Women with Children
3. Respite Care Facility
4. Job Training/Life Skills
5. Youth Service
6. Homeless Community Center
7. Paying for Utilities and Rental deposits to help individuals identified on the Merced Continuum of Care through the HMIS reporting system.

List of recommended organizations Housing should partner with:

1. Merced County and MCAG
2. Merced County Mental Health
3. Merced Rescue Mission
4. Environmental Services Consultant
5. Valley Crisis Center
6. Habitat for Humanity Organization

The City of Merced Responses:

Housing Staff encouraged all participants to submit a funding request for their respective organizations. Staff informed the participants that all costs would need to be in compliance with HUD Rules and Regulations relating to costs and expenditures.

7. Summary

City Council approved the Draft Annual Action Plan with attachments at the April 17, 2017 Council Meeting. After Council's approval of the 2017 Annual Action Plan, staff received notice from HUD

that participating jurisdictions couldn't submit the Annual Plan in IDIS. The submission of the annual action plan was delayed until HUD was able to notify participating jurisdictions of their funding allocations. Once HUD notified the City of Merced of its allocation, the Housing Division amended the previously approved plan with actual financials. The amended Annual Action Plan was reviewed and considered by Council at August 7 Council Meeting; with submission of the approved amended plan prior to the August 16th deadline.

DRAFT

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

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

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

Agency Role	Name	Department/Agency
CDBG Administrator	MERCED	Housing Division
HOME Administrator	MERCED	Housing Division

Table 1 – Responsible Agencies

Narrative (optional)

The Department of Development Services – Housing Division is responsible for overseeing the administration of the City’s Community Development Block Grant and HOME Investment Partnership Program funding, including the preparation of the Annual Action Plan. The Housing Division Program Supervisor over-sees the day-to-day administration of these programs.

Consolidated Plan Public Contact Information

City of Merced
Housing Division
678 W. 18th Street
Merced, CA 95340
Attn: Mark Hamilton
Housing Program Supervisor
(209) 385-6863
hamiltonm@cityofmerced.org

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

1. Introduction

In preparing the Action Plan, the City consulted with a variety of agencies, including local and regional community-based organizations, the Merced County Housing Authority, and many others. The goal of the consultation process was to provide detail of the priority needs identified in the Consolidated Plan and how those agencies best could 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))

City staff has been meeting with several local health, mental health and service agencies to explore opportunities to increase service delivery through fixed locations in or at least closer to the neighborhoods where the clientele reside.

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

The City of Merced will continue to work as part of the Merced Continuum of Care (CoC) in 2017-18. The CoC is currently administered by the Merced County Association of Governments (MCAG), with several local agencies and organizations receiving funding. The City's efforts to address the needs of homeless persons have included participation and support of "Housing First" and working with both the United Way and the Merced County Rescue Mission. These organizations will be partnering with Urban Initiatives to ensure the Continuum of Care is carried during the 2017-18 fiscal year.

The Continuum of Care coordinates homeless services being offered within the City and County of Merced. The Continuum of Care members includes government and faith-based organizations, health services, private businesses and other community-based service providers. The CoC has a board and various committees that meet monthly to discuss homeless issues and effective ways of addressing current homeless issues.

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 of Merced does not have sufficient population to receive Emergency Shelter Grant (ESG) funding directly. The Merced COC administers several federal grant programs that provide direct assistance to homeless individuals and families. They include several Supportive Housing Programs (SHP) and a Shelter Plus Care (SPC) Program. The SPC program provides rent assistance for disabled homeless individuals. Supportive Housing Programs provide rent assistance and supportive services to homeless families and individuals to assist them in making a successful transition from homelessness to independent living. Funds for these programs are received through HUD's Continuum of Care Homeless Assistance Grant Application process. Additionally, the Merced COC will be applying for ESG funds through the Department of Housing and Community Development (HCD) during the 2017-18 fiscal year.

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

Table 2 – Agencies, groups, organizations who participated

1	Agency/Group/Organization	INSTITUTE FOR URBAN INITIATIVES
	Agency/Group/Organization Type	Services-homeless
	What section of the Plan was addressed by Consultation?	Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization is the primary contact for the Merced CoC.
2	Agency/Group/Organization	MERCED COUNTY ASSOCIATION OF GOVERNMENTS
	Agency/Group/Organization Type	Regional organization Planning organization
	What section of the Plan was addressed by Consultation?	Merced CoC - Subrecipient
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization is currently overseeing the Merced CoC.
3	Agency/Group/Organization	CENTRAL VALLEY COALITION FOR AFFORDABLE HOUSING
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Public Housing Needs Homelessness Needs - Veterans
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization is an established Community Housing Development Organization and an Affordable Housing Developer.

4	Agency/Group/Organization	HEALTHY HOUSE WITHIN A MATCH COALITION
	Agency/Group/Organization Type	Services-Elderly Persons Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides services to non-English speaking individuals.
5	Agency/Group/Organization	United Way
	Agency/Group/Organization Type	Housing Services - Housing Services-Children Services-Elderly Persons Services-Persons with Disabilities Services-Persons with HIV/AIDS Services-homeless Services-Health Services-Education Services-Employment Services - Victims Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization works with multiple service providers within the community.
6	Agency/Group/Organization	MERCED COUNTY
	Agency/Group/Organization Type	Housing PHA Other government - County Major Employer
	What section of the Plan was addressed by Consultation?	Public Housing Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization oversees all county government operations.
7	Agency/Group/Organization	MERCED RESCUE MISSION
	Agency/Group/Organization Type	Housing Services - Housing Services-homeless Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	This organization works with multiple service providers and provides homeless services within the community.

8	Agency/Group/Organization	THE POTTER'S PLACE
	Agency/Group/Organization Type	Services-Employment Neighborhood Organization
	What section of the Plan was addressed by Consultation?	Economic Development
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides services to low-income individuals and households, primarily serving the South Merced population.
9	Agency/Group/Organization	ALLIANCE FOR COMMUNITY TRANSFORMATIONS
	Agency/Group/Organization Type	Services-Victims of Domestic Violence
	What section of the Plan was addressed by Consultation?	Homelessness Strategy Non-Homeless Special Needs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides services to victims of domestic violence.
10	Agency/Group/Organization	Sierra Saving Grace Homeless Project
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides various services to homeless individuals within the community.

11	Agency/Group/Organization	Horizons Health Care Unlimited
	Agency/Group/Organization Type	Services - Housing Services-homeless
	What section of the Plan was addressed by Consultation?	Homeless Needs - Chronically homeless Homeless Needs - Families with children Homelessness Needs - Veterans Homelessness Needs - Unaccompanied youth Homelessness Strategy
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides various services to homeless individuals within the community.
12	Agency/Group/Organization	HABITAT FOR HUMANITY INTERNATIONAL INC. STANISLAUS COUNTY
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment Homeowner Rehabilitation
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides services to homeowners within the community.
13	Agency/Group/Organization	PROJECT SENTINEL
	Agency/Group/Organization Type	Housing Services - Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment

	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides fair housing services within the community.
14	Agency/Group/Organization	MERCED LAO FAMILY
	Agency/Group/Organization Type	Services-Children Services-Elderly Persons
	What section of the Plan was addressed by Consultation?	Special Programs
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides services to the Hmong population within the community.
15	Agency/Group/Organization	Habitat for Humanity - Merced County
	Agency/Group/Organization Type	Housing
	What section of the Plan was addressed by Consultation?	Housing Need Assessment
	Briefly describe how the Agency/Group/Organization was consulted. What are the anticipated outcomes of the consultation or areas for improved coordination?	The organization provides housing services to within the community.

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

The City consulted a variety of agencies serving Merced residents and the region. No agency types were specifically left out of the consultation process.

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

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Continuum of Care	United Way	Both address issues pertaining to homelessness and special needs housing.
Housing Element	City of Merced - Planning Division	Both Include the goal of fostering affordable housing.
San Joaquin Valley Fair Housing Equity Assessment	California Coalition for Rural Housing	Both address issues impacting Fair Housing Choice, expanding economic opportunities, and building capacity and leadership in marginalized populations.

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

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**

In order to get a broad range of communication between the City of Merced, its public citizens and its public agencies, the Housing Division has sponsored or participated in six separate functions. Housing division has participated in informing the citizens of Merced with an information table at three City of Merced Town Hall meetings. In addition, three HUD Annual Plans Meetings were held to address and inform of community assistance funds for FY 2017/18.

In order to reach and engage with the citizens, Housing Division set up an information table at each of the three City of Merced Town Hall budget meetings. At the Town Hall meetings, the citizens were able to informally address City Council with their requests for city budget funds. This gave the Housing Division the opportunity to directly engage with citizens before and after the meetings. For those citizens that left their contact information a telephone call was made to find out if there was anything additional information that the Housing Division could provide after the initial meeting contact.

Public legal notices were published in the Merced Sun-Star and Merced County Times newspapers regarding providing information and application assistance to engage with public agencies and non-profits. Local public agency and non-profits were assisted and also given the opportunity to spend time to discuss their community goals and needs. Some goals included homeless continuum of care, affordable housing, existing home rehabilitation, and capital neighborhood improvement. In some instances, groups discussed sharing resources in order to expand connection to the community. Public notice was published on the City's web site and was mailed to approximately seventy-five local public agencies and non-profits.

Public hearing's were held on April 17, 2017, and August 7, 2017, in which Housing Division presented to various requests staff received from public agencies and non-profit organizations requesting CDBG and HOME funds. The needs of each organization project will be presented and addressed to the Council.

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	Internet Outreach	Non-targeted/broad community Residents of Public and Assisted Housing	Various phone calls and emails requesting information.	None.	None.	www.cityofmerced.org/depts/econdev/housing_division/
2	Mailed Letters to local organizations	Non-Profit Organizations currently performing services within in the City of Merced	Received 3 phone calls.	They state they would be interested in applying for CDBG funding.	None.	
3	Public Meeting	Non-targeted/broad community Community Organizations	11/29/2016 - One Community member attended.	This individual did not provide a comment.	None.	

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)
4	Public Meeting	Non-targeted/broad community Community Organizations	12/15/2016 - Three individuals from two Community Organizations attended.	Organizations wanted to know more information regarding using CDBG funds for youth and homeless programs, Continuum of Care services, HOME program rehabilitation, and down-payment assistance for commercial property.	None.	

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)
5	Public Meeting	Non-targeted/broad community Community Organizations	1/26/2017 - Seven individuals six Community Organizations attended.	Organizations wanted to know more information regarding using CDBG funds for youth and homeless programs, Continuum of Care services, respite care, property acquisition, development, and rehabilitation programs.	None.	

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)
6	Public Hearing	Non-targeted/broad community	4/17/2017 - Public Hearing before the City Council. Meeting was attended by various community members and televised to a broader viewing audience.	Staff presented the draft 2017 HUD Annual Action Plan to City Council for review.	None.	

7	Public Meeting	Non-targeted/broad community	2/8/2017 - City Council Town Hall Meeting in North Merced. The meeting was attended by various community members and televised to a broader viewing audience.	Many of the comments from a community member pertained to slowing traffic down along Buena Vista Drive. The Housing Division work with the Engineering Department to modify an ADA Ramp application to include ADA/traffic calming improvements to the ADA Ramps located to the east of Rivera Middle School, along the bike path.	None.	
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Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
8	Public Meeting	Non-targeted/broad community	2/16/2017 - City Council Town Hall Meeting in Central Merced. The meeting was attended by various community members and televised to a broader viewing audience.	The comments and questions received were general and not HUD Program specific.	None.	

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)
9	Public Meeting	Non-targeted/broad community	2/23/2017 - City Council Town Hall Meeting in South Merced. The meeting was attended by various community members and televised to a broader viewing audience.	The comments and questions received were general and not HUD program specific.	None.	

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)
10	Newspaper Ad	Non-targeted/broad community Community organizations	11/22/2016 - There were no attendees. The ad was soliciting the notice of funding availability of CDBG & Home Funds for Fiscal Year 2017/18. The outreach was an ad placed in the Merced Sun-Star (largest circulated newspaper within the City of Merced).	Did not receive any communication from community organization requesting additional information.	None.	

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)
11	Newspaper Ad	Non-targeted/broad community Community Organization	11/22/2016 - There were no attendees. The ad was soliciting the notice of funding availability of CDBG & Home Funds for Fiscal Year 2017/18. The outreach was an ad placed in the Merced County times (Second largest circulated newspaper within the City of Merced).	Did not receive any communication from community organization requesting additional information.	None.	

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)
12	Newspaper Ad	Non-targeted/broad community Community Organizations	3/17/2017 - Public Hearing Notice for the April 17, 2017 Public Hearing. The outreach was an ad placed in the Merced Sun-Star (largest circulated newspaper within the City of Merced).	No comments received.	None	

15	Public Hearing	Non-targeted/broad community	4/17/2017 - The City Council opened and closed the public hearing discussing the draft PF 2017 HUD Annual Plan. Council questioned the number of activities and the process involved.	Healthy House requested Council to reconsider funding their program. Healthy submitted and application requesting \$20k, Housing staff recommend not to fund the project because it was a duplication of COC services and it served a limited clientele. Council recommend housing staff to fund the Healthy House project if there were	None.	
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Sort Order	Mode of Outreach	Target of Outreach	Summary of response/attendance	Summary of comments received	Summary of comments not accepted and reasons	URL (If applicable)
				sufficient project savings from FY 2016 for fully fund the \$20k requested by Healthy House.		
16	Newspaper Ad	Non-targeted/broad community	7/6/2017 - Public Hearing Notice for the August 7, 2017 Public Hearing. The outreach was an ad placed in the Merced County times (Second largest circulated newspaper within the City of Merced).			

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)
17	Newspaper Ad	Non-targeted/broad community	7/6/2017 - Public Hearing Notice for the August 7, 2017 Public Hearing. The outreach was an ad placed in the Merced Sun-Star (Largest circulated newspaper within the City of Merced).			

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)
18	Newspaper Ad	Non-targeted/broad community	7/12/2017 - Public Hearing Notice for the August 7, 2017 Public Hearing. The outreach was an ad placed in the Merced Sun-Star (Largest circulated newspaper within the City of Merced).			

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)
19	Newspaper Ad	Non-targeted/broad community	7/13/2017 - Public Hearing Notice for the August 7, 2017 Public Hearing. The outreach was an ad placed in the Merced County times (Second largest circulated newspaper within the City of Merced).			

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)
20	Public Hearing	Non-targeted/broad community	8/7/2017 - The City Council opened and closed the public hearing discussing the 2017 HUD Annual Plan. Council questioned the number of activities and the process involved.			

Table 4 – Citizen Participation Outreach

Expected Resources

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

Introduction

The City of Merced will have a total of \$1,310,417 in new CDBG and HOME funds for program year 2017-2018. Allocation of funds and assignment of priorities for funding are based upon the national goals set forth by HUD regulations, and local goals for housing and community development. Local goals, consistent with HUD regulations, focus on building up and improving the City's residents and neighborhoods. The City intends on pursuing additional funding through the State Affordable Housing and Sustainable Communities Program, No Place Like Home Program, and other local, state, and federal resources as may be appropriate.

In terms of program income, the City does not anticipate a steady stream of program income during the term of the Consolidated Plan (2015-2020). The fluxuation in program income is due to payments received from the County of Merced through Chapter 8 - Tax default property sales. Program income received from the repayment of Rehabilitation loans, First Time Homebuyer loans, and residual receipt payments will be automatically be re-programmed for loan activities in those same or similar programs from which the funds were originally provided to the extent possible. If additional program income funds are received that are not automatically re-programmed, specific projects will be identified during a mid-year technical or substantial amendment process.

Additionally, with Assembly Bill (AB) 1335 – Building Homes and Jobs Act (Atkins) and AB 35 – Low-Income Housing Tax Credits (Chiu and Atkins). Through recording fees on real estate transactions, AB 1335 would generate on a yearly basis up to \$700 million for affordable rental or ownership housing, supportive housing, emergency shelters, transitional housing, and other housing needs. Funds under this bill would be distributed to local jurisdictions and provide more stable funding for housing programs. This bill will help to leverage additional federal and local funds, as well as, private investments. AB 35, if passed, would increase the state's Low-Income Housing Tax Credit by \$300 million to build and rehabilitate affordable housing. Increasing the available tax credits for low-income housing will help leverage additional federal tax credits and

tax bond authority. Should these bills pass, the City may apply for additional funds from these new state resources.

Anticipated Resources

Program	Source of Funds	Uses of Funds	Expected Amount Available Year 1				Expected Amount Available Remainder of ConPlan \$	Narrative Description
			Annual Allocation: \$	Program Income: \$	Prior Year Resources: \$	Total: \$		
CDBG	public - federal	Acquisition Admin and Planning Economic Development Housing Public Improvements Public Services	977,648	95,000	615,154	1,687,802	1,919,230	The City is anticipating an increase in grant and program funds for the 2017/18 fiscal 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: \$		
HOME	public - federal	Acquisition Homebuyer assistance Homeowner rehab Multifamily rental new construction Multifamily rental rehab New construction for ownership TBRA	332,769	70,000	1,037,480	1,440,249	659,916	The City is anticipating an increase in grant and program funds for the 2017/18 fiscal year.
General Fund	public - local	Admin and Planning Housing	25,000	0	0	25,000	0	The City of Merced began allocating sufficient funds from alternative funding sources to allow the Housing Division to oversee non-HUD Eligible activities and services.
Other	public - federal	Housing New construction for ownership	61,801	0	0	61,801	0	To use the remaining NSP3 program funds for the rehabilitation of 241 E. Main Street.

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: \$		
Other	public - state	Admin and Planning Homebuyer assistance Homeowner rehab Housing New construction for ownership	178,205	0	0	178,205	0	The funds were received by the City through an accumulation of loan payoffs and payments from homeowners whom had previously received assistance from the City.
Other	public - local	Multifamily rental new construction	271,870	0	0	271,870	228,130	Central Valley Coalition has indicated they will be reimbursing the City \$500,000 in Fiscal Year 2017/18. The payment will be used to reimburse City funds applied to this payment.
Other	public - local	Public Improvements Other	526,738	0	0	526,738	0	The City of Merced is prepared to provide the sufficient funds necessary from alternative fiscal sources to allow the Housing Division to partner with developers. The funds will be used to combine the necessary resources to construct affordable housing in conjunction with improving the nearby infrastructure.

Table 5 - Expected Resources – Priority Table

Annual Action Plan
2017

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

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

Federal match requirements apply to the City's HOME funds. The HOME program requires that for every HOME dollar spent, the City must provide a 25 percent match with non-federal dollars. In the past, redevelopment Low and Moderate Income Housing funds were the City's primary source for leveraging or providing matching funds for the City's Housing programs. With the dissolution of redevelopment in California, the City no longer has access to this funding source. Currently, the City still maintains an excess in match requirement from previous fiscal years. This excess match will fulfill the City's HOME match requirements for many years.

The City utilizes additional Federal, State and Local funding sources leverage the HUD Community Planning and Development (CPD) funds that the City or its Subrecipients, further described below.

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

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

Local Programs: 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 City as Successor Housing Agency to the former Redevelopment Agency (RDA), has a number of vacant properties that may be used to support additional affordable housing projects over the next five to ten years. These properties must be used to further the goal of the City in the development of additional affordable housing units.

Discussion

In addition, the City's Housing Division oversees all housing assets and functions acquired or assisted with Low and Moderate Income Housing Funds in February 2012. Although no new Low and Moderate Income funds will be available, the City's Housing Division has accepted the responsibility for the physical housing assets and loan portfolio which may continue to generate income as loans are repaid. The City's Housing Division will have the responsibility for determining the direction and focus of any income generated from original Low and Moderate Income Housing Funds. These funds may be used to purchase property to meet the goals and objectives included in this Plan.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
1	rehabilitate and enhance existing neighborhoods	2015	2020	Affordable Housing Non-Housing Community Development housing rehab	City Wide Eligible CDBG Areas	Public Infrastructure and Capital Improvements Public Services Homeless Services Fair Housing	CDBG: \$610,804 HOME: \$514,682 General Fund: \$0 HOME 92/93/94 (HCD): \$142,565 Loan Payment from CVCAH: \$0 Neighborhood Stabilization Program 3: \$49,441 Sewer and Water Enterprise Funds: \$0	Homeowner Housing Added: 20 Household Housing Unit Homeowner Housing Rehabilitated: 20 Household Housing Unit

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
2	Support Services	2015	2020	Non-Homeless Special Needs	City Wide	Homeless Services	CDBG: \$625,079 HOME: \$292,408 General Fund: \$25,000 HOME 92/93/94 (HCD): \$35,640 Loan Payment from CVCAH: \$271,870 Neighborhood Stabilization Program 3: \$12,360 Sewer and Water Enterprise Funds: \$40,458	Homeless Person Overnight Shelter: 1000 Persons Assisted Other: 4 Other
3	Fair Housing	2015	2020	Non-Homeless Special Needs	City Wide	Fair Housing	HOME: \$25,000	Other: 300 Other
4	Public and Infrastructure Improvements	2015	2020	Non-Housing Community Development	Eligible CDBG Areas	Public Infrastructure and Capital Improvements	CDBG: \$1,568,586 Sewer and Water Enterprise Funds: \$486,280	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit: 3000 Persons Assisted

Sort Order	Goal Name	Start Year	End Year	Category	Geographic Area	Needs Addressed	Funding	Goal Outcome Indicator
5	Permanent Supportive Housing	2015	2020	Homeless	Eligible CDBG Areas	Public Infrastructure and Capital Improvements Job Creation Public Services Homeless Services	CDBG: \$220,000 HOME: \$1,014,410 Sewer and Water Enterprise Funds: \$0	Housing for Homeless added: 25 Household Housing Unit

Table 6 – Goals Summary

Goal Descriptions

1	Goal Name	rehabilitate and enhance existing neighborhoods
	Goal Description	N/A
2	Goal Name	Support Services
	Goal Description	<p>The funds will be used for the following:</p> <ul style="list-style-type: none"> • Public Services • Reimbursement of CDBG and HOME Administrative Cost. • Merced Continuum of Care
3	Goal Name	Fair Housing
	Goal Description	Ensure that all housing programs are available without discrimination on any basis.

4	Goal Name	Public and Infrastructure Improvements
	Goal Description	To preserve, rehabilitate and enhance existing public facilities.
5	Goal Name	Permanent Supportive Housing
	Goal Description	Facilitate the construction of Permanent Supportive Housing.

Projects

AP-35 Projects – 91.220(d)

Introduction

The projects budgeted for 2017-2018 are summarized below. The Administrative and Public Service activities identified are expected to be completed no later than June 30, 2018. The infrastructure activities identified are expected to be completed no later than June 30, 2019. The larger development activities identified are expected to be completed no later than June 30, 2020. The Housing Division received over 19 funding requests totalling over \$1.5 million. These requests were for projects that would be started during fiscal year 2017-18. Of the requests received, three (3) were for administrative services, four (4) were for infrastructure improvements, four (4) were for new developments, seven (7) were for public services, and one (1) was considered ineligible per HUD's rules and regulations.

Projects

#	Project Name
1	Rehabilitation of 1113 2nd Street - Central Valley Coalition for Affordable Housing (CHDO)
2	Rehabilitation of Foreclosed Property
3	ADA Ramp and Sidewalk Modifications - City of Merced Engineering Department
4	Brush with Kindness - Habitat for Humanity Stanislaus County
5	Ethnic Elders Transportation Assistance and Support - Healthy House
6	Administration FY 2016/17
7	Water Main Replacement T & 7th Street
8	Home Owner Rehabilitation - Brush with Kindness Program
9	Administrative Costs FY 2017/18
10	Project Activity Delivery Costs Fiscal Year 2017/18
11	HUD 108 Loan Payment
12	Project Sentinel - Fair Housing Services - Fiscal Year 2017/18
13	Continuum of Care Services - United Way
14	Buena Vista & G Street (Rivera School) ADA Sidewalk/Ramp Improvements
15	Employment Readiness for Victims of Domestic Violence
16	Kiddieland Improvements - Kiwanis Club of Greater Merced
17	Warming Center - Merced Rescue Mission
18	Youth I Can - Symple Equazion
19	Sidewalk and Bike Lanes along Motel Drive
20	One Stop Ambassador Homeless Project
21	Environmental Services

#	Project Name
22	Gateway Terrace II Apartments - Central Valley Coalition for Affordable Housing (CHDO)
23	25th & 26th Streets (John Muir School) ADA Ramp & Sidewalk Improvements
24	Habitat for Humanity - Homeowner Rehabilitation and New Construction Program
25	Rental Deposit Assistance - Merced Rescue Mission
26	Acquisition of Property for Permanent Supportive Housing

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

In making project recommendations, consideration was given to a variety of thresholds that projects must meet to comply with CDBG objectives, including meeting one of the national objectives and addressing one of the community priorities set out in the Consolidated Plan. Staff also took into account activity need and justification, cost reasonableness 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. The economic challenges facing the nation have forced many nonprofits to cut services at a time when governmental entities and others are least able to provide them.

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

A third obstacle is the number of nonprofits that need assistance with basic management and fiscal policies. New nonprofits have formed in Merced and throughout the region, and they have small but passionate staffs and volunteers devoted to a variety of issues. Unfortunately, most new nonprofits do not have the capacity to meet the financial and reporting requirements of CDBG and other grant programs, and may need basic assistance, setting up bookkeeping systems, and applying for grants.

AP-38 Project Summary
Project Summary Information

DRAFT

1	Project Name	Rehabilitation of 1113 2nd Street - Central Valley Coalition for Affordable Housing (CHDO)
	Target Area	Eligible CDBG Areas
	Goals Supported	rehabilitate and enhance existing neighborhoods
	Needs Addressed	Homeless Services
	Funding	HOME: \$214,682
	Description	REHABILITATION OF SEVEN APARTMENT UNITS. The apartment units are located at 1113 W. 2nd Street.
	Target Date	9/1/2017
	Estimate the number and type of families that will benefit from the proposed activities	Seven Units will be rehabilitated
	Location Description	1113 W. 2nd Street, Merced CA
	Planned Activities	Rehabilitate 7 existing units.
2	Project Name	Rehabilitation of Foreclosed Property
	Target Area	Eligible CDBG Areas
	Goals Supported	rehabilitate and enhance existing neighborhoods
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$10,804
	Description	To fund the rehabilitation of a foreclosed property located at 241 E. Main Street. Once the rehabilitation is completed, the property will be resold to an income eligible household.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Property rehabilitation to be resold to low income household.

3	Project Name	ADA Ramp and Sidewalk Modifications - City of Merced Engineering Department
	Target Area	Eligible CDBG Areas
	Goals Supported	Public and Infrastructure Improvements
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$147,600
	Description	Install 12 ADA ramps in Merced.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	The neighborhood residents will benefit from this activity with improved Sidewalk accessibility.
	Location Description	The location of the ramps being replaced is near the intersection of N and 4th Street.
4	Planned Activities	Replace existing non-ADA compliant ramps with ADA compliance ramps.
	Project Name	Brush with Kindness - Habitat for Humanity Stanislaus County
	Target Area	Eligible CDBG Areas
	Goals Supported	rehabilitate and enhance existing neighborhoods
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$200,000
	Description	Assist existing homeowners to rehabilitate their properties with a forgivable loan.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
5	Location Description	
	Planned Activities	Rehabilitate existing property's located within eligible census tracts.
	Project Name	Ethnic Elders Transportation Assistance and Support - Healthy House
	Target Area	City Wide

	Goals Supported	Support Services
	Needs Addressed	Public Services
	Funding	CDBG: \$12,000
	Description	To provide education and transportation services to non-English speaking individuals.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Provide Educational classes to non-english speaking individuals. Provide transportation to allow them the ability to access new services.
6	Project Name	Administration FY 2016/17
	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Public Infrastructure and Capital Improvements Public Services Homeless Services Fair Housing
	Funding	CDBG: \$137,877 HOME: \$41,569
	Description	Fair Housing Administrative ExpensesCOC Administrative ExpensesCDBG Administrative ExpensesHOME Administrative Expenses
	Target Date	8/1/2017
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	n/a
	Project Name	Water Main Replacement T & 7th Street

7	Target Area	Eligible CDBG Areas
	Goals Supported	Public and Infrastructure Improvements
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$592,576
	Description	Water Main Replacement Project: T Street between 4th & 9th Streets and 7th Street between T & V Street.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	N/A
8	Project Name	Home Owner Rehabilitation - Brush with Kindness Program
	Target Area	City Wide
	Goals Supported	rehabilitate and enhance existing neighborhoods
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$250,000 HOME: \$150,000
	Description	Single Family Rehabilitation - Homeowner Rehabilitation Program
	Target Date	
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
9	Project Name	Administrative Costs FY 2017/18
	Target Area	City Wide Eligible CDBG Areas
	Goals Supported	Support Services

	Needs Addressed	Public Infrastructure and Capital Improvements Public Services Homeless Services Fair Housing
	Funding	CDBG: \$151,969 HOME: \$16,616 General Fund: \$25,000
	Description	The project allows housing staff the ability to provide CDBG and HOME administrative services to ensure the implementation of Housing Projects.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Civic Center - City Hall City of Merced 678 W. 18th Street Merced, CA 95340
	Planned Activities	To provide the necessary administrative services to ensure the CDBG and HOME program is properly implemented.
10	Project Name	Project Activity Delivery Costs Fiscal Year 2017/18
	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Public Infrastructure and Capital Improvements Public Services Homeless Services Fair Housing
	Funding	CDBG: \$181,733 HOME: \$234,223 HOME 92/93/94 (HCD): \$35,640 Neighborhood Stabilization Program 3: \$12,360 Sewer and Water Enterprise Funds: \$40,458

	Description	To provide the necessary monitoring and oversight required for each project.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Civic Center / City Hall City of Merced 678 W. 18th Street Merced, CA 95340
	Planned Activities	To provide the necessary staffing to adequately monitor HUD financed projects.
11	Project Name	HUD 108 Loan Payment
	Target Area	Eligible CDBG Areas
	Goals Supported	Support Services
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	Loan Payment from CVCAH: \$271,870
	Description	To reimburse the HUD 108 Loan Payment.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	N/A
	Planned Activities	N/A
12	Project Name	Project Sentinel - Fair Housing Services - Fiscal Year 2017/18
	Target Area	City Wide
	Goals Supported	Fair Housing
	Needs Addressed	Public Services
	Funding	HOME: \$25,000

	Description	Fair Housing Services provider.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	N/A
	Planned Activities	To provide fair housing services to all community constituents.
13	Project Name	Continuum of Care Services - United Way
	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Public Services
	Funding	CDBG: \$38,000
	Description	To provide 50% of the necessary administrative costs required to implement the Continuum of Care Program. The County of Merced funds the other 50% of the total funds required for this program.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	The CoC provides services through out the year to assist over 500 homeless individuals currently located within the County of Merced.
	Location Description	The CoC is a county wide program being implemented through the United Way. United Way 644 W. Main Street Merced, CA 95340
	Planned Activities	Activities include Board Meetings, sub-committee meetings, and assistance for the Point in Time Count.
14	Project Name	Buena Vista & G Street (Rivera School) ADA Sidewalk/Ramp Improvements
	Target Area	Eligible CDBG Areas
	Goals Supported	Public and Infrastructure Improvements

	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$274,633
	Description	Construction of ten ADA compliant ramps along G Street to Childs to 13th Street including sidewalk modifications and two Safe Crossing bulb-outs with ADA accessible ramps at the intersection of Buena Vista Drive and the Bike Path Crossing; east of Rivera School.
	Target Date	6/28/2019
	Estimate the number and type of families that will benefit from the proposed activities	All the families living with these census tracts would benefit from the improvements. Additionally, individuals and households whom walk to and from the 'Flea Market' on G Street and the children riding their bikes to and from Rivera School will benefit from the recommended improvements.
	Location Description	G Street - 13th Street to Childs Avenue. Buena Vista Drive - East of Rivera School at the Bike Path Crossing.
	Planned Activities	Replace ten curb cuts with ADA Accessible ramps at various locations within the community.
15	Project Name	Employment Readiness for Victims of Domestic Violence
	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Public Services Homeless Services
	Funding	CDBG: \$10,000
	Description	Assist low-income households to receive the necessary training to become employment ready.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	The training will take place at Valley Crisis Center's office on P Street in Merced.
	Planned Activities	To provide the necessary training to victims of domestic violence to re-enter the workforce.

16	Project Name	Kiddieland Improvements - Kiwanis Club of Greater Merced
	Target Area	Eligible CDBG Areas
	Goals Supported	Support Services Public and Infrastructure Improvements
	Needs Addressed	Public Services
	Funding	CDBG: \$20,000
	Description	To provide the Kiwanis Club with financial assistance necessary to make improvements to the children's amusement park.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	Kiddieland is an amusement park that primarily serves the disadvantaged youth in our community. The park is open 8 months of the year on weekends providing an affordable alternative to low - moderate income households.
	Location Description	Kiddieland Amusement Park is located within Applegate Park.
17	Planned Activities	To make necessary repairs to kiddieland park to ensure the park remains an asset to the community.
	Project Name	Warming Center - Merced Rescue Mission
	Target Area	Eligible CDBG Areas
	Goals Supported	Support Services
	Needs Addressed	Public Services Homeless Services
	Funding	CDBG: \$15,000
	Description	To provide emergency shelter during the cold/wet weather months to homeless individuals from December to March.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	Provide Emergency Shelter to homeless individuals.

18	Project Name	Youth I Can - Symple Equazion
	Target Area	Eligible CDBG Areas
	Goals Supported	Support Services
	Needs Addressed	Public Services
	Funding	CDBG: \$13,500
	Description	To provide after school educational programs for the youth in our community.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	To provide afterschool educational programs to the youth in the community.
19	Project Name	Sidewalk and Bike Lanes along Motel Drive
	Target Area	Eligible CDBG Areas
	Goals Supported	Public and Infrastructure Improvements
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$8,798
	Description	To construct sidewalks and bike lanes. These funds would be used as leverage with CMAQ funds to fund the preliminary engineering and survey for the project.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Motel Drive
	Planned Activities	To install sidewalks and bike lanes along Motel Drive
	Project Name	One Stop Ambassador Homeless Project

20	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Homeless Services
	Funding	CDBG: \$20,000
	Description	Provide Homeless services to the underserved homeless community.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	
	Location Description	
	Planned Activities	
21	Project Name	Environmental Services
	Target Area	City Wide
	Goals Supported	Support Services
	Needs Addressed	Public Services
	Funding	CDBG: \$25,000
	Description	Provide Environmental Services to assist the City with completing NEPA reviews.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	City of Merced 678 W. 18th Street Merced, CA 95340
	Planned Activities	Assist the City of Merced with completing environmental reviews for various federally funded projects.
22	Project Name	Gateway Terrace II Apartments - Central Valley Coalition for Affordable Housing (CHDO)

Target Area	Eligible CDBG Areas
Goals Supported	Public and Infrastructure Improvements Permanent Supportive Housing
Needs Addressed	Public Infrastructure and Capital Improvements Homeless Services
Funding	CDBG: \$370,590 HOME: \$1,014,410 Sewer and Water Enterprise Funds: \$486,280
Description	Gateway Terrace II Apartments consists of 50 units of new construction multi-family housing on an approximately 1.65 acre site. It is located on K Street between 12th and 13th Streets in the City of Merced, County of Merced, APN #032-323-002. The Housing Authority of the County of Merced previously owned and operated rental public housing units on this site, which were demolished in 2009. The site has been graded and is ready for new construction. Our target population is existing and future income qualified families in Merced and the surrounding areas. 100% of the units will be rent restricted for qualified residents with incomes ranging from 50% to 60% of the area median income for a 55-year affordability period. We are also anticipating eleven (11) HUD-Veterans Affairs Supportive Housing (HUD-VASH) vouchers and thirty-eight (38) HUD Project Based Vouchers (PBVs) committed to the project. Gateway Terrace II Apartments, will consist of 49 affordable units and 1 manager unit for a total of 50 garden style apartments with 17 units at 50% of AMI and 32 units at 60% of AMI. The project will consist of 12 one bedroom units, 21 two bedroom units and 17 three bedroom units.
Target Date	6/28/2019
Estimate the number and type of families that will benefit from the proposed activities	the project proposes to construct 50 new Affordable Housing Units and replaced a collapses sewer main. Of the 50 new units, 11 will be reserved for Homeless Veterans.
Location Description	It is located on K Street between 12th and 13th Streets in the City of Merced, County of Merced, APN #032-323-002.

	Planned Activities	Construction of 50 Affordable Housing Units; replacement of a Collapsed Sewer Main; replacement of a antiquated Water Main; and, replacement of non-compliant sidewalks and ramps with new ADA Ramps and Sidewalks within the neighborhood.
23	Project Name	25th & 26th Streets (John Muir School) ADA Ramp & Sidewalk Improvements
	Target Area	Eligible CDBG Areas
	Goals Supported	rehabilitate and enhance existing neighborhoods Public and Infrastructure Improvements
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$174,389
	Description	The project proposes to improve the sidewalks surrounding John Muir School. There would be two intersection bulb-outs included into the project encourage vehicular traffic to reduce speeds as they travel near the school.
	Target Date	6/28/2019
	Estimate the number and type of families that will benefit from the proposed activities	N/A
	Location Description	Improvements would be along 25th & 26th Streets near John Muir School.
24	Planned Activities	Installation of 8-12 ADA Ramps, Sidewalk improvements, two bulb-outs installed at two intersections located next to John Muir School.
	Project Name	Habitat for Humanity - Homeowner Rehabilitation and New Construction Program
	Target Area	Eligible CDBG Areas
	Goals Supported	rehabilitate and enhance existing neighborhoods
	Needs Addressed	Public Infrastructure and Capital Improvements
	Funding	CDBG: \$150,000 HOME: \$150,000 HOME 92/93/94 (HCD): \$142,565 Neighborhood Stabilization Program 3: \$49,441

	Description	Provide assist existing Homeowners with health and safety repairs to their residence, rehabilitate existing housing assets, and construct new units on vacant currently owned by the City.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	Rehabilitate four houses and construct two new units.
	Location Description	241 E. Main Street and other to be determined properties within the community.
	Planned Activities	Remodeling existing and constructing new single family structures within the community.
25	Project Name	Rental Deposit Assistance - Merced Rescue Mission
	Target Area	Eligible CDBG Areas
	Goals Supported	Permanent Supportive Housing
	Needs Addressed	Homeless Services
	Funding	CDBG: \$20,000
	Description	Provide Rental Deposit Assistance to homeless individuals. The rental deposits aid eligible households with the ability to obtain the necessary housing to get off the streets.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	We anticipate 25-30 households will be assisted with this activity.
	Location Description	Merced Rescue Mission 524 W. 120th Street Merced, CA 95340
	Planned Activities	Provide Rental Assistance to eligible homeless individuals/households.
26	Project Name	Acquisition of Property for Permanent Supportive Housing
	Target Area	Eligible CDBG Areas
	Goals Supported	Permanent Supportive Housing

	Needs Addressed	Homeless Services
	Funding	CDBG: \$200,000
	Description	To provide assistance to Sierra Saving Grace to assist with acquisition of a residential property for permanent supportive housing.
	Target Date	6/29/2018
	Estimate the number and type of families that will benefit from the proposed activities	The assist will help with the acquisition of one residential property.
	Location Description	N/A
	Planned Activities	Acquisition of residential property to provide permanent supportive housing to an eligible household.

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 primarily selects projects based upon housing needs and various clienteles served through public service activities. With most of the federal and state funding allocations being invested in qualifying Census Tracts. Not all of the activities funded through the CDBG and HOME programs will occur within these census tracts since some programs are community wide.

Geographic Distribution

Target Area	Percentage of Funds
City Wide	34
Eligible CDBG Areas	66

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Funds are generally concentrated within eligible Census Tracts due to less private investment from financial institutions and little interest from market rate developers.

Discussion

While there are several constraints to meeting the needs of target income residents (please refer to the Consolidated Plan for a detailed list), the primary obstacle to meeting the needs of target income residents is that there is a lack of funding to fully address all needs. The economic challenges facing the nation have forced many non profits to cut services at a time when governmental entities and others are least able to provide them. The City attempts to address significant and rising levels of need by evaluating leveraged funds in the grant application review, as well as by directly funding several programs with widespread benefit. The City also supports non profits' efforts to raise private funds.

Another obstacle to meeting underserved needs is that the location of many available services is 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 the San Joaquin Region. The City has also encouraged non profit agencies to operate "satellite" offices within the City of Merced.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

Although the Consolidated Plan and Action Plan focus on affordable housing, which has reduced the amount of monies being invested into the community due to the allocations being reduced significantly over the past five years. The City's strategies related to CDBG & HOME -funded efforts relate to providing funds for public service activities, developing partnerships with housing organizations, providing secondary financing to affordable housing developments, providing grants to homeowners, and secondary financing loans to qualified First Time Homebuyers.

One Year Goals for the Number of Households to be Supported	
Homeless	27
Non-Homeless	50
Special-Needs	11
Total	88

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

One Year Goals for the Number of Households Supported Through	
Rental Assistance	26
The Production of New Units	53
Rehab of Existing Units	8
Acquisition of Existing Units	1
Total	88

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

Discussion

For 2017-18, the aforementioned number of households assisted relies primarily on the ability for the City to provide financial assistance to non-profit organizations. These organizations have been tasked with providing housing for Homeless individuals though HUD's "Housing First" concept. A variety of programs funded propose to house homeless individuals.

AP-60 Public Housing – 91.220(h)

Introduction

The Housing Authority of County of Merced (HACM) is the public housing agency serving the City of Merced. HACM is independent of the City of Merced, and the City retains no control over their funding or implementation of programs.

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

Please refer to the HACM Public Housing Authority Annual Plan for information on the ways that HACM plans to address public housing needs.

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

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

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

A wealth of information on HACM and their programs, housing resources, budgets, and financial planning and reporting is available on their website at <http://www.merced-pha.com>.

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

Introduction

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, such as fair housing counseling or food assistance services. The City also assists with providing fiscal resources necessary for a winter warming center operated by the Merced Rescue Mission.

Currently, many homeless services are available in Merced through the United Way, Merced County Community Action Agency, the Merced Rescue Mission, and the City will continue to work closely with the Continuum of Care and other organizations to determine how the needs of the homeless population can be met. In recent years, the City assisted Merced County Mental Health, Central Valley Coalition for Affordable Housing and Merced County Community Action Agency with grants for rental assistance and the development of new affordable housing facilities.

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

In addition to facility improvement, the City will fund programs and services to assist its homeless and special needs populations in 2017/18. These include the following:

- United Way to provide Continuum of Care services for the City.
- Warming Center provided by Merced Rescue Mission.
- Fair housing services will be provided by Project Sentinel.

A City staff representative regularly attends "Continuum of Care" homeless committee, which brings together the region's homeless service providers and advocates considering the best ways to address homelessness. The meetings help to ensure that there is little duplication of services, increasing the effectiveness of a limited amount of funding.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City continues to provide assistance for emergency shelter and transitional housing for

the homeless through the following service providers:

- Valley Crisis Center
- Merced Rescue Mission
- United Way
- Merced County Housing Authority

The City Manager is the Chairperson for the Merced Continuum of Care.

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

The City will attempt to create additional beds for chronically homeless persons through these two primary strategies in fiscal year 2017/18:

- Having the CoC apply for additional Emergency Shelter Grant (ESG) funding that will target the chronically homeless, and,
- Partnering with the Rescue Mission to provide a winter warming center during inclemental weather.

The City partners with the Merced CoC to meet these goals.

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.

While there are several constraints to meeting the needs of target income residents (please refer to the Consolidated Plan for a detailed list), the primary obstacle to meeting the needs of target income residents is that there is a lack of funding to fully address all needs. The economic challenges facing the nation have forced many non profits to cut services at a time when governmental entities and others are least able to provide them. The City attempts to address significant and rising levels of need by evaluating leveraged funds in the grant application review, as well as by directly funding several

programs with widespread benefit. The City also supports non profits' efforts to raise private funds.

Another obstacle to meeting underserved needs is that the location of many available services is 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 the San Joaquin Region. The City has also encouraged non profit agencies to operate "satellite" offices within the City of Merced.

Discussion

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 City is undertaking 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 are described in more detail in the City's Housing Element.

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

Although the current economy offers significant challenges to many households, housing is more affordable as a result of falling prices and historically low interest rates. In spite of this, low income households continue to struggle because of high demand and limited inventory.

Many of the City's efforts to foster and maintain affordable housing relate to the Housing Element. The City recently updated its General Plan Housing Element, which was certified in 2011. Community input from public meetings substantiated much of what the Housing Authority and Housing Element had reported, 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.

The five-year strategy plan of the Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Working with HUD staff, however, some institutional positions have been removed and or hours reduced as the Housing Program moves toward a program that is aligned with CDBG and HOME guidelines. The Housing Staff continue working to ensure compliancy of the City's Housing Programs and to identify community needs that meet HUD objectives.

Discussion:

AP-85 Other Actions – 91.220(k)

Introduction:

The City works with various service providers, developers, public and private agencies to serve our clientele and maintain affordable housing in the community. The City uses an application process for which requests for funding are submitted, reviewed and recommended to City Council for consideration.

Application Process

All entities applying must provide a check list of items to validate eligibility for the National HUD funding. Items include an annual audit of existing program, non-profit status, names of board members (to ensure no conflict of interest), insurance and bylaws. Agencies unable to satisfy contract requirements, complete their program, or who fail to correct deficiencies identified during monitoring may be required to have additional performance measures included in future agreements.

The 2015 – 2020 Consolidated Plan can be found on the City's website at: www.cityofmerced.org

Actions planned to address obstacles to meeting underserved needs

While there are several constraints to meeting the needs of target income residents (please refer to the Consolidated Plan for a detailed list), the primary obstacle to meeting the needs of target income residents is that there is a lack of funding to fully address all needs. The economic challenges facing the nation have forced many non profits to cut services at a time when governmental entities and others are least able to provide them. The City attempts to address significant and rising levels of need by evaluating leveraged funds in the grant application review, as well as by directly funding several programs with widespread benefit. The City also supports non profits' efforts to raise private funds.

Another obstacle to meeting underserved needs is that the location of many available services are 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 the San Joaquin Region. The City has also encouraged non profit agencies to operate "satellite" offices within the City of Merced.

Actions planned to foster and maintain affordable housing

Although the current economy offers significant challenges to many households, housing costs have become less affordable as a result of the increasing prices and historically low houses available for purchase. Due to the limited supply, low income households struggle because of high demand and

limited inventory.

Many of the City's efforts to foster and maintain affordable housing relate to the Housing Element. The City updated its General Plan Housing Element in 2011. Community input from public meetings substantiated much of what the Housing Authority and Housing Element had reported, 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.

The five-year strategy plan of the Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Working with HUD staff, however, some institutional positions have been removed and or hours reduced as the Housing Program moves toward a program that is aligned with CDBG and HOME guidelines. The Housing Staff continue working to ensure compliancy of the City's Housing Programs and to identify community needs that meet HUD objectives.

Actions planned to reduce lead-based paint hazards

Since most housing units in the City of Merced were built before 1978 in Merced, the City routinely inspects all rehabilitation projects using CDBG, HOME, NSP or CALHOME grant funds to be tested for lead based paint. If lead based paint is detected within the project area, the Housing Division will have the lead based paint properly abated prior to project closeout. As required by Federal and State funding sources, housing rehabilitation programs will comply with the Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X) and subsequent changes in September 1999.

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

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

Actions planned to reduce the number of poverty-level families

The City's anti poverty strategy is based on funding and supporting a range of housing, employment, and family service opportunities aimed at enabling those in poverty to move into the workforce. During the 2017-18 program year, the City will also continue to support activities that preserve and expand the supply of housing that is affordable to target income households.

Actions planned to develop institutional structure

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

City's advisory committees and the City Manager.

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

As all of the subrecipients being funded in the current year are small to medium sized entities with limited staffing, we consider these entities to have a moderate/high risk of noncompliance with grant provisions, and thus more detailed monitoring such as performing on-site reviews will be performed for all subrecipients.

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

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

Discussion:

Monitoring Plan

The City of Merced has developed a monitoring system to ensure that the activities carried out in furtherance of the Plan are done so in a timely manner in accordance with the federal monitoring requirements of 24 CFR 570.501(V) and 24 CFR 85.40 and all other applicable laws, regulations, policies, and sound management and accounting practices. The objectives of the monitoring plan are described in more detail in the Consolidated Plan.

As part of its affordable housing efforts, the City of Merced will undertake an annual evaluation of the housing programs included in the Consolidated Plan. To ensure that the City is meeting the long-term comprehensive planning requirements, a Consolidated Annual Performance and Evaluation Report

(CAPER) will be compiled for submittal to HUD for review and approval. When bidding and performing work financed by HOME and CDBG funds, it is the adopted policy of the City of Merced to conduct outreach efforts to provide an equal opportunity for the participation of licensed minority and female contractors. This includes presentations to the Merced Building Industry Association, advertising, radio announcements, and flyers in an effort to increase contractors and sub-contractors from these respective areas.

Multi-Family Housing Program Monitoring

City Housing staff conducts site visits annually to multi-family housing sub-recipients to review record keeping, upkeep of facility, and ensure eligibility requirements are being maintained. A City inspector is part of this tour and if discrepancies are found, the sub-recipient will be informed during the on-site tour, provided a formal letter, and provided 30-days to correct the problem; and or work with staff for a reasonable timeline.

Annual audits are required by these sub-recipients for their programs. If discrepancies in this area are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to ensure understanding of requirements and to achieve compliance. Once compliance has been achieved, the sub-recipient receives a closure letter from the City. The City Council is informed of any unresolved problems during the budget process. These same procedures will be followed with non-housing sub-recipients.

Single Dwelling Housing Program Monitoring

Homes rehabbed or purchased with HOME funds for use as rental properties for moderate to low income families are monitored annually by staff. The owner is provided a letter requesting information and income verification of the renter. With a shortage of staffing, housing visitations to all sites is unmanageable. Staff members have been instructed instead to visit "at least" one site per owner. A City Inspector is taken on site to ensure housing meets codes. Renters are interviewed to ensure compliance of HUD requirements. If discrepancies are found the home owner will be informed during the on-site tour, provided a formal letter, and provided 30-days to correct the problem; and or work with staff for a reasonable timeline.

Activity/Public Service Monitoring

The City Housing Division has established monitoring procedures for its Sub-recipients in order to ensure compliance with all CDBG requirements and objectives. Those procedures include written contracts and invoicing before funds are distributed; workshops with applicants and new sub-recipients to ensure an understanding of reporting requirements; clear timelines for measured success; reporting forms that include hours, task, client demographic information, and income range. Reports are required with each invoice, and year-end evaluations are required. All sub-recipients receive one on-site visit.

Program Specific Requirements

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

Introduction:

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

Community Development Block Grant Program (CDBG)

Reference 24 CFR 91.220(l)(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	0
2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan.	0
3. The amount of surplus funds from urban renewal settlements	0
4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan	0
5. The amount of income from float-funded activities	0
Total Program Income:	0

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.	90.00%

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:

Not Applicable - No other forms of investment are anticipated during the fiscal year of 2017-18.

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 8-hour HUD approved home ownership class, and dependent upon amount of loan, will have covenants placed upon the home from 5 to 20 years. Through the CalHome program, homes can only be purchased in Census Tracts approved by HUD that show a high number of low income residents. This program is designed to assist moderate to low income families gain housing. All HOME loans provided by the City Program (except State CalHome Loans) to First Time Home Buyers include conditions to insure compliance with requirements of 24 CFR 92.254:

For qualified Homeowners rehabilitating their property in fiscal year 2017/18 may be eligible to have up to \$50,000 worth of health and safety upgrades to there residence as a grant. Depending on the term and the homeowner does not sell their property within the agreed upon term, the Housing Division will grant the funds to the homeowner. To be eligible the house must be owner-occupied and deed restricted against resale for a period identified in the notice of affordability. Sale or refinancing of the property within the specified term results in the applicant obliged to pay the City a penalty of reduced percentage of the original loan amount starting from the loan origination date and calculated on a per year basis. The loan is not assumable and must be paid in full upon sale or transfer of the property. Following the notice of affordability term obligation the borrower may prepay the loan with zero interest, in part or in whole, at any time without penalty. Funds collected are reused as program income.

If the home is sold or transferred within 10 years from the date of the loan origination the applicant shall also pay the City a percentage share of the difference between the price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in year 1, decreasing one percentage point each year to 1% in year 10. The City limits the amount subject to recapture to the net proceeds from the sale. The net proceeds are the sales price minus loan repayment (other than HOME funds) and closing costs. The limitation applies to all units regardless of the type of recapture provision used or to the nature of the sale (voluntary sales including foreclosures).

All other 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 the "period of affordability" is determined by the amount of financial assistance invested into each property. The amount per-house/unit and correlating period are as follows: Assistance amount per-unit

Minimum period of affordability in years: 1. Under \$15,000 - 5 Years; 2. \$15,000 to \$40,000 - 10 Years; or, 3. Over \$40,000 - 20 Years

During the "period of affordability" the property is limited to household members of the same income level as the original household members that qualified for the loan. To ensure the loan terms are not breached, a property that received a loan as a low-income household must have low-income members residing on the property for the duration of the loan. Annual reporting and bi-annual visits to the site will help ensure covenants remain in place and all properties meet health and safety code compliance.

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 program is intended to assist developers with construction of new multi-family residential units and loans to eligible home owners for health and safety rehabilitation.

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

The house must be owner-occupied and deed restricted against resale for a period of 10 years. Prepayment on the loan or a sale within 10 years from the date of loan origination results in the applicant obliged to pay the City a penalty of 4% on the original loan amount starting from the loan origination date and calculated on a per month basis. The loan is not assumable and must be paid in full upon sale or transfer of the property. Following the 10-year obligation the borrower may prepay the loan plus interest, in part or in whole, at any time without penalty. Funds collected are reused as program income.

If the home is sold or transferred within 10 years from the date of the loan origination the applicant shall also pay the City a percentage share of the difference between the price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in year 1, decreasing one percentage point each year to 1% in year 10. The City limits the amount subject to recapture to the net proceeds from the sale. The net proceeds are the

sales price minus loan repayment (other than HOME funds) and closing costs. The limitation applies to all units regardless of the type of recapture provision used or to the nature of the sale (voluntary sales including foreclosures).

All other 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 the "period of affordability" is determined by the amount of financial assistance invested into each property. The amount per-house/unit and correlating period are as follows: Assistance amount per-unit

Minimum period of affordability in years:

- Under \$15,000 - 5 Years
- \$15,000 to \$40,000 - 10 Years
- Over \$40,000 - 20 Years

During the "period of affordability" the property is limited to household members of the same income level as the original household members that qualified for the loan. To ensure the loan terms are not breached, a property that received a loan as a low-income household must have low-income members residing on the property for the duration of the loan. Annual reporting and bi-annual visits to the site will help ensure covenants remain in place and all properties meet health and safety code compliance.

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.

Discussion:

CDBG 70% Overall Low/Mod Benefit Period

The City uses a 5-year period to meet the 70% overall low mod benefit for its CDBG and HOME activities. Based on PR026 report in the City's 2016 CAPER, the City's 2017 Action Plan will cover the third year of its 5-year cycle, which extends from 2015 - 2020.