

**RESOLUTION NO. 2021-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING SUBSTANTIAL AMENDMENT #1 TO THE 2020-2024 CONSOLIDATED AND 2020 ANNUAL ACTION PLANS TO AMEND EXPECTED FUNDING SOURCES, EXPECTED PROGRAM INCOME, FUNDING AMOUNT FOR PROJECT #1 – CDBG: ADMINISTRATION, FUNDING SOURCE FOR PROJECT #3: PUBLIC FACILITY AND INFRASTRUCTURE, AND ASSOCIATED TEXT CHANGES RELATED TO A CHANGE IN FUNDING SOURCE FOR THE CHILDS AND B STREET AFFORDABLE HOUSING PROJECT; AUTHORIZING THE CITY MANAGER TO EXECUTE ALL DOCUMENTS, AGREEMENTS, AND CERTIFICATIONS RESULTING FROM THIS AMENDMENT; AND AUTHORIZING STAFF TO MAKE THESE AMENDMENTS TO THE PLANS AND SUBMIT ALL REQUIRED DOCUMENTS TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

WHEREAS, as a U.S. Department of Housing and Urban Development (HUD) entitlement community, the City of Merced is required to develop a Substantial Amendment to the Consolidated Plan and Annual Action Plan when it makes a change that affects more than 75% of the allocation of funding in any project and/or total distribution of Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) funds;

WHEREAS, HUD requires the City of Merced to develop, in consultation with its citizens and community-based service providers, a funding strategy that furthers its housing and community development goals as described in the City's Five-Year Consolidated Plan for FY 2020-2024;

WHEREAS, the City of Merced City Council approved the 2020-2024 Five-Year Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and 2020 HUD First-Year Annual Action Plan at a public hearing on November 16,

2020, after discussion and consideration of public comment and eligible uses of CDBG and HOME funds in the City of Merced, which included the use of Section 108 Loan Guarantee funds for the Childs and B Street Affordable Housing project;

WHEREAS, the City of Merced has pledged support for the one hundred and nineteen (119) unit affordable housing project, including thirty (30) permanent supportive units, known as Childs and B Affordable Housing Project, said support including the two million dollars (\$2,000,000) of HUD 108 Loan Guarantee funding to be repaid using future year CDBG funding over a twenty (20) year period of time;

WHEREAS, the HUD 108 Loan Guarantee Funding was to be used during the 2020 Program Year towards "Project #3: Public Facilities and Infrastructure," as listed in the 2020 Annual Action Plan's AP-38 Project Summary, for the Childs and B Street Affordable Housing project to guarantee notes and other obligations, and specifically, towards the construction of the on-site community building that will be open for public access and where public services, classes, and other community programs would be held for the benefit of the surrounding residents and general community;

WHEREAS, on January 29, 2021, the City of Merced received loan payoff proceeds from "The Grove Apartments" project, a 204-unit affordable housing project constructed in 2004, that included CDBG, HOME Investment Partnership Program (HOME), Section 108 Loan Guarantee, and former Redevelopment Agency/Housing Successor Agency (HSA) funds to finance the project, and which, now that the remaining CDBG, HOME, and HSA debt with the City has been paid off, has provided unanticipated CDBG Program Income (CDBG PI) funding that can be used towards the Childs and B Street Affordable Housing project in place of Section 108 Loan Guarantee funding for the same eligible activities;

WHEREAS, the City of Merced can use up to 20% of CDBG Program Income towards Administrative Activity Delivery Costs of administering and monitoring the proper use of Federal funds for Public Facility and Infrastructure projects;

WHEREAS, in accordance with the above, Substantial Amendment #1 to the 2020-2024 Consolidated Plan and 2020 Annual Action Plan will specifically include the following: 1) addition of \$2,400,000 of unanticipated CDBG Program Income received during the 2020 Program Year as a funding resource in order to be available for expenditure during the 2020 Program Year; 2) remove \$2,000,000

of HUD Section 108 Loan Guarantee revenue as a funding source and replace with \$2,000,000 of the new CDBG program Income funds in Project #3 – CDBG: Public Facilities and Infrastructure activities for use during the 2020 Program Year; 3) addition of \$400,000 of 20% allowable activity delivery costs to Project #1 - CDBG: Administration Project to be used towards direct administrative cost activities during the 2020 Program Year; and, 4) minor text amendments and corrections related to these adjustments;

WHEREAS, the remaining CDBG, HOME, and HSA program income received from The Grove Apartments loans, paid off on January 29, 2021, will be included and handled in accordance with CDBG, HOME, and relevant rules and regulations including, Non-Federal program income received during the preceding program year, as Expected Program Income in the 2021 Annual Action Plan for use towards eligible projects and activities during the 2021 Program Year that spans July 1, 2021, to June 30, 2022, and any CDBG funds remaining on June 30, 2021, from this Substantial Amendment will be included as Prior Year Resources;

WHEREAS, under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act – H.R. 748) signed into Federal Law on March 27, 2020, HUD made certain waivers of regulatory citizen participation requirements available, through June 30, 2021, to the City of Merced and other recipients of Federal grant funds during times of Federal and/or Local disasters, that allows a reduction of the required 30-day comment period to no less than five (5) days when amending plans for use of 2019 and 2020 CDBG funds, no matter the use for the funds, allows virtual hearings in lieu of in-person public hearings to fulfill public hearing requirements, and allows the City to determine what constitutes reasonable notice and opportunity to comment;

WHEREAS, HUD regulations and the City of Merced Amended Citizen Participation Plan require that the City provide opportunity, access, and means for populations served by the grants, as well as the general citizenry, to provide input on the changes proposed in this Substantial Amendment #1 to the 2020-2024 Consolidated and 2020 Annual Action Plans;

WHEREAS, in compliance with HUD and Citizen Participation Plan requirements to provide the public access and opportunity to review and comment on the proposed amendments, and after publishing a notice on April 22, 2021, in the Merced Sun-Star and Merced County Times digital and print newspapers in English, Spanish, and Hmong languages, a Public Review and Comment Period was held from Friday, April 23, 2021, through Friday, April 30, 2021; citizen

participation was conducted partly in person and online, and comments were collected through submitted written, voicemail, and email comment; and a list of the Proposed Amendments was available in-person at the Housing Division office, on the City Hall outdoor bulletin board, and on the City of Merced website; and,

WHEREAS, a presentation that described the reasons for and details of the proposed amendments was provided to Citizens and Council, and a Public Hearing was held during the City Council meeting which provided an additional question and comment opportunity for public participation.

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

SECTION 1. The City Council of the City of Merced hereby approves Amendment #1 to the 2020-2024 Consolidated Plan and 2020 Annual Action Plan. The City Manager is hereby authorized to execute all documents, agreements, and certifications related thereto, and staff is authorized to make these amendments and submit all documents to the United States Department of Housing and Urban Development.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the \_\_\_\_ day of \_\_\_\_\_ 2021, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:  
STEPHANIE R. DIETZ, CITY CLERK

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

(SEAL)

APPROVED AS TO FORM:

Frederic A. Ont 4/2/21  
City Attorney      Date