



## Legislation Details (With Text)

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| <b>File #:</b>       | 20-369                                                                                                                                                                                                                                                                                                                                                                           | <b>Version:</b>      | 1 | <b>Name:</b>                                                                     |  |
| <b>Type:</b>         | Public Hearing Item                                                                                                                                                                                                                                                                                                                                                              | <b>Status:</b>       |   | Agenda Ready                                                                     |  |
| <b>File created:</b> | 7/8/2020                                                                                                                                                                                                                                                                                                                                                                         | <b>In control:</b>   |   | City Council/Public Finance and Economic Development Authority/Parking Authority |  |
| <b>On agenda:</b>    | 7/20/2020                                                                                                                                                                                                                                                                                                                                                                        | <b>Final action:</b> |   |                                                                                  |  |
| <b>Title:</b>        | SUBJECT: Continued Public Hearing - Review of the Draft U.S. Department of Housing and Urban Development (HUD) 2020-2024 Five-Year Consolidated Plan, First-Year (2020) Annual Action Plan, and Analysis of Impediments to Fair Housing Choice; Proposed Expenditure of CDBG and HOME Funds for FY 2020-2021; and Receipt of Additional Public Comment Regarding the Draft Plans |                      |   |                                                                                  |  |

### REPORT IN BRIEF

Continued Public Hearing from July 6, 2020, at Public and Council request, to allow additional time to receive public comment on the Draft 2020-2024 Consolidated Plan, Draft Analysis of Impediments to Fair Housing Choice, and Draft 2020 First-Year Annual Action Plan; and request from staff to receive Councilmember comments.

### RECOMMENDATION

City Council -

A. Re-open the public hearing to receive additional Public input regarding the Draft 2020-2024 (Five-Year) Consolidated Plan, Analysis of Impediments to Fair Housing, and the Draft 2020 Annual Action Plan, including the proposed expenditure of CDBG and HOME funds for Fiscal Year 2020-2021; and,

B. Provide comment, if any, on staff recommendations for the distribution of anticipated projects, goals and objectives, and allocation of anticipated resources in the Draft 2020-2024 Five-Year Consolidated Plan; and,

C. Provide comment, if any, regarding the Draft Analysis of Impediments to Fair Housing Choice report; and,

D. Provide comment, if any, on staff recommendations for the distribution of projects, goals, and objectives, and allocation of expected resources in the Draft 2020 Annual Action Plan; and,

E. Provide comment, if any, on staff recommendations regarding the Community Organization funding request applications received for Fiscal Year 2020-2021.

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Draft 2020-2024 Consolidated and 2020 First-Year Annual Action Plan, 2. Draft Analysis of Impediments to Fair Housing Choice, 3. List of Community Organization Funding Applications & Recommended Funding, 4. Citizen Participation Process

| Date      | Ver. | Action By                                                                        | Action    | Result |
|-----------|------|----------------------------------------------------------------------------------|-----------|--------|
| 7/20/2020 | 1    | City Council/Public Finance and Economic Development Authority/Parking Authority | continued | Pass   |

*Report Prepared by: Kimberly Nutt, Housing Program Specialist, Housing Division, Development Services Department*

**SUBJECT:** Continued Public Hearing - Review of the Draft U.S. Department of Housing and Urban Development (HUD) 2020-2024 Five-Year Consolidated Plan, First-Year (2020) Annual Action Plan, and Analysis of Impediments to Fair Housing Choice; Proposed Expenditure of CDBG and HOME Funds for FY 2020-2021; and Receipt of Additional Public Comment Regarding the Draft Plans

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## **RECOMMENDATION**

### **City Council -**

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- B. Provide comment, if any, on staff recommendations for the distribution of anticipated projects, goals and objectives, and allocation of anticipated resources in the Draft 2020-2024 Five-Year Consolidated Plan; and,
- C. Provide comment, if any, regarding the Draft Analysis of Impediments to Fair Housing Choice report; and,
- D. Provide comment, if any, on staff recommendations for the distribution of projects, goals, and objectives, and allocation of expected resources in the Draft 2020 Annual Action Plan; and,
- E. Provide comment, if any, on staff recommendations regarding the Community Organization funding request applications received for Fiscal Year 2020-2021.

## **ALTERNATIVES**

No Council Motion or Approval is necessary for this Continued Public Hearing.

## **AUTHORITY**

U.S. Department of Housing and Urban Development (HUD) requires, per 24 CFR 91.105, requires that participating local government jurisdictions involve citizens in the development of the Consolidated Plan and any substantial amendments and the Consolidated Annual Performance and Evaluation Report (CAPER); the Charter of the City of Merced, Section 405, 409, and 411 et seq of the City of Merced; and, pursuant to 24 CFR Subpart F, the City is required to submit the Consolidated Plan and First-Year Action Plan to HUD for approval.

## **CITY COUNCIL PRIORITIES**

As provided for in the 2020-21 Adopted Budget; and Council Priorities that include addressing homelessness, community and economic development, public improvements, and job training.

## **DISCUSSION**

Staff is requesting that Council review the HUD 2020-2024 Five-Year Consolidated Plan and 2020 First-Year Annual Action Plan (both at Attachment 1), and the Analysis of Impediments to Fair Housing Choice (Attachment 2). Additionally, staff is requesting Council make any necessary recommendations regarding the public service applications received (Attachment 3). All public comments received will be considered, and any Council recommendations provided will be incorporated into the Draft plan documents and re-presented to Council on August 3, 2020, for final approval.

### **What is the Consolidated Plan, Annual Action Plan, and Analysis of Impediments?**

The Consolidated Plan and Annual Action Plan, between them, provide long- and short-term goals, budgets, and anticipated development and public service activity project lists for use of the HUD funding allocations granted to the City of Merced for distribution in the community.

In order to receive Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds for Fiscal Year 2020-21 and for the next five years, the City must develop a five-year strategic plan for the use of these funds over time that describes how the funds may be used, as well as evaluating the City's needs for housing and other concerns, and goals and priorities in addressing those needs. As part of the Consolidated Plan development, the First-Year Annual Action Plan is established and implements the first year of the new Consolidated Plan.

The Analysis of Impediments to Fair Housing Choice (AI) report uses collected data to identify local practices and conditions in the City of Merced that may be impeding housing opportunities for residents because of their race, skin color, religion, sex, disability, familial status, national origin, or other "protected class" status and develops strategies to address those impediments. It is a crucial tool in ensuring that the Consolidated Plan is meeting HUD guidelines for fair housing and civil rights commitments. As of now, HUD does not require a 30-day comment period on the AI, but Housing staff has worked to make it available for at least a portion of the Consolidated Plan required comment period.

Publicized focus group and informational meetings, announcements of project funding availability, online surveys, town hall meetings, and public hearings give citizens the opportunity to participate in and give input to the plans as they are being developed. These plans are essentially guided by community needs and the priorities expressed by residents and community stakeholders who participated in the process.

The City of Merced 2020-2024 Consolidated Plan establishes goals and objectives to be carried out over the next five years. The Annual Action Plan includes a description of how this year's funding will be used to address HUD-identified objectives for housing, homelessness, suitable living conditions, and economic development.

### **Process:**

In following HUD's mandates for public input, Housing staff and consultants conducted and attended

focus group and town hall meetings and created online surveys soliciting citizen and community group input. Area non-profit organizations were informed about the availability of HUD funding and applications were solicited in March 2020. A total of nine new applications were received from these local agencies for various activities, including Fair Housing Services. Legal notices and advertisements were published and posted in the Merced County Times, Merced Sun-Star, and on the City's website prior to each meeting or application period. A Public Notice was published on June 4, 2020, regarding the public hearing dates of July 6, 2020 (this meeting), and August 3, 2020, as well as advertising the 30-day comment period for public review of the plan documents from June 10 - July 10, 2020.

The 2020-2024 Consolidated Plan and 2020 First-Year Annual Action Plan (Attachment 1) and the Analysis of Impediments to Fair Housing Choice (Attachment 2) are a culmination of community meetings, surveys, public hearings, and Council input.

For more details of the Public Participation input process to date and next steps, please refer to Attachment 4 of this report.

#### *The Effects of the COVID-19 Coronavirus on the Process:*

The effects of COVID-19 on the Citizen Participation Plan and process for development of the Consolidated Plan have been minimal due to the ability to have tele-conferenced and socially-distanced City Council meetings and to submit comments electronically by e-mail and voicemail (messages can be translated from Spanish or Hmong if submitted in sufficient time to do so). However, the locations where copies of the plans can be physically viewed have been reduced to only City Hall due to the continuing closure of other public buildings. The plans are also viewable and downloadable from the City's Housing Division's website.

Normally, this process is completed and final plans approved and submitted to HUD by May 15th of each year. However, with the arrival of the COVID-19 Coronavirus, and in considering staffing obstacles, stay-at-home orders, public meetings, and the ability of jurisdictions to meet their citizen participation requirements, HUD has issued regulatory waivers that give jurisdictions flexibilities of various regulatory deadlines and required processes, including citizen participation. Thus, Housing staff is on an altered schedule this year, with a goal to submit final approved plans to HUD by August 15, 2020.

#### *Funds Available:*

Per HUD's announcement of allocation figures in February, CDBG funding in Fiscal Year 2020-21 is expected to be \$1,124,056, plus \$96,000 generated from program income (loan payments) and \$59,101 in prior-year resources. FY 2020 HOME grant funding is expected to be \$542,776, with an additional \$208,600 expected in program income. All sources combined, the total FY 2020 program funding expected is \$2,030,533.

The Housing Division does not receive money from the General Fund. Programs and staffing are funded with entitlement funds from CDBG and HOME programs. Each program provides a set percentage of funding for direct and indirect administration to cover salaries and supplies - CDBG allows 20%, and HOME allows 10%. In addition, staff time can be charged as "Activity Delivery Costs" for actual time spent for a specific activity. The administrative funds budget this year will also include contracts for Fair Housing and Continuum of Care services.

The Draft 2020 First-Year Annual Action Plan contains a summary of anticipated revenues in Table 53 on Page 163 of the draft plan document. Additionally, on Page 166, Table 54 summarizes the recommended expenditures for program activities and mandated services through the end of the fiscal year, or by June 30, 2021 (Attachment 1).

#### Public Service and Acquisition Activities:

Staff is requesting Council review the submitted public service and other funding requests received from community non-profit organizations. Attachment 3 summarizes these programs, activities proposed, amounts requested, and the amounts recommended by staff.

Staff recommends fully funding all the requested programs, particularly as each is eligible for HUD funding and meet a National Objective, addresses the community's needs as reported in the Consolidated Plan, and is within the 15% cap that is placed on public service funding out of CDBG.

This year, we received less public service requests in dollars than our 15% cap. This means that more funding can be allocated to some of these requests to help make them more viable - in particular, to the two acquisition program requests. As the housing market is changing, more funding towards these programs means more units can be purchased, rehabilitated, and converted to supportive housing for homeless families, and the organizations can be more competitive in the housing market for the purchase of those units.

The total amount of Public Service funding requested from the applications received is \$111,786, of the available \$168,608.40 (15% of CDBG allocation). Staff is recommending to re-add funding for First-Time Homebuyer Classes in the FY 2019-20 amount of \$4,920, for a total of \$116,706 to Public Services.

Two organizations, Merced Rescue Mission and Sierra Saving Grace Homeless Project, applied for acquisition programs totaling \$615,000 in CDBG funds. Staff is recommending to increase that amount to \$675,000 in order to give them more "buying power" in a competitive housing market and to potentially be able to convert more units to low-income supportive housing (duplex vs. triplex). An additional \$65,900 of HOME funding is also available and budgeted in the Draft 2020 Annual Action Plan for these activities, but is unallocated to a specific program.

#### History and Past Actions:

This is the first presentation and review of the Draft 2020-2024 Consolidated Plan, 2020 First-Year Annual Action Plan, and the Analysis of Impediments to Fair Housing Choice.

The last Consolidated Plan, spanning program years 2015-2019, was approved by Council on May 4, 2015. We are in "year five" of this plan, Program Year 2019 (Fiscal Year 2019-20), which concludes on June 30, 2020.

### **IMPACT ON CITY RESOURCES**

No budget/appropriation action is required at this time.

HUD notified the City of its expected CDBG and HOME allocation for Fiscal Year 2020-2021 in February 2020, and the budget outlined in the Draft 2020 First-Year Annual Action Plan is based

upon those expected allocation amounts.

## **ATTACHMENTS**

1. Draft 2020-2024 Consolidated and First-Year Annual Action Plan
2. Draft Analysis of Impediments to Fair Housing Choice
3. List of Community Organization Funding Applications Received
4. Citizen Participated Process