



## Legislation Details (With Text)

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**File #:** 17-356      **Version:** 1      **Name:**  
**Type:** Public Hearing Item      **Status:** Passed  
**File created:** 6/28/2017      **In control:** City Council/Public Finance and Economic  
Development Authority/Parking Authority  
**On agenda:** 8/7/2017      **Final action:** 8/7/2017  
**Title:** SUBJECT: Public Hearing and Adoption of the Amended Department of the Housing and Urban  
Development (HUD) 2017 Annual Action Plan

### REPORT IN BRIEF

Public hearing for Adoption of the Amended Department of Housing and Urban Development [HUD] 2017 Annual Action Plan and approval of a Resolution for submission to HUD.

### RECOMMENDATION

City Council - Adopt a Motion:

- A. Approving Resolution 2017- 41, a Resolution of the City Council of the City of Merced, California, approving the 2017 HUD Annual Action Plan, certifying compliance with the requirements of the Community Development Block Grant (CDBG) Program and Home Investment Partnership (HOME) Program, and authorizing staff to submit all approved documents to the U.S. Department of Housing and Urban Development; and,
- B. Authorizing the City Manager or Assistant City Manager to execute the necessary documents to submit the application; and,
- C. Authorizing the City Manager or Assistant City Manager to execute the necessary documents on acceptance of the grant; and,
- D. Authorizing the City Manager or Assistant City Manager to sign the SF 424 and HUD Certificates required to be submitted with the 2017 HUD Annual Action Plan; and,
- E. Requesting Council to recommend funding the three eligible administrative activities as submitted. The amount awarded to applicants may not exceed \$88,000 for these activities in the 2017 HUD Annual Action Plan; and,
- F. Requesting Council to recommend funding the four eligible capital improvement project activities as submitted. The amount awarded to applicants may not exceed \$472,010 for these activities in the 2017 HUD Annual Action Plan; and,
- G. Requesting Council to recommend allocating \$370,590 of CDBG and \$1,014,410 of HOME/CHDO funds towards the Gateway Terrace II Project agreed to per the City Letter of Commitment Agreement (CLCA) with Central Valley Coalition for Affordable Housing submitted; and,
- H. Requesting Council to recommend funding for six eligible public service applications. The amount awarded to applicants may not exceed \$98,500 for public service activities in the 2017 HUD Annual Action Plan; and,
- I. Authorizing the Interim Finance Officer to make necessary budget adjustments.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Attachment 1 - List of Program Funding & Activities for FY 2017-18.pdf, 2. Attachment 2 - DRAFT - 2017 HUD Annual Action Plan -080117-2.pdf, 3. Attachment 3 - List of Applications Received.pdf, 4. Attachment 4 - Appendix A - SF 424.pdf, 5. Attachment 5 - Appendix B - Certificates.pdf, 6. Attachment 6 - Public Notices.pdf, 7. Attachment 7 - Resolution 2017 - 41.pdf

Date	Ver.	Action By	Action	Result
8/7/2017	1	City Council/Public Finance and Economic Development Authority/Parking Authority	approved	Pass

*Report Prepared by: Mark E. Hamilton, Housing Program Supervisor, Housing Division, Development Services Department*

**SUBJECT: Public Hearing and Adoption of the Amended Department of the Housing and Urban Development (HUD) 2017 Annual Action Plan**

**REPORT IN BRIEF**

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**RECOMMENDATION**

**City Council** - Adopt a Motion:

- A. Approving **Resolution 2017- 41**, a Resolution of the City Council of the City of Merced, California, approving the 2017 HUD Annual Action Plan, certifying compliance with the requirements of the Community Development Block Grant (CDBG) Program and Home Investment Partnership (HOME) Program, and authorizing staff to submit all approved documents to the U.S. Department of Housing and Urban Development; and,
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I. Authorizing the Interim Finance Officer to make necessary budget adjustments.

### **ALTERNATIVES**

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff; or,
3. Deny; or,
4. Refer to the City Staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

### **AUTHORITY**

Charter of the City of Merced, Section 200. Title 24 CFR 570.201 - Eligible Activities; Title CFR 570.208 - National Objectives.

### **CITY COUNCIL PRIORITIES**

As recommended for funding in the "2017-18 Housing Budget."

### **DISCUSSION**

In order to receive the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds for Fiscal Year 2017-18, the City of Merced is required to submit an executed Resolution to HUD adopting the Annual Action Plan and describing how funds will be used during the Fiscal Year (Attachment 1). A public hearing is required to give citizens the opportunity to comment on projects that might affect them or to request funding, and for the City Council to give direction. The Resolution and Plan must be submitted to HUD by August 16, 2017.

### **Process:**

On April 3rd, Council set a public hearing for April 17, 2017, for the 2017 HUD Annual Action Plan. However, the Housing Division was not allowed to submit the approved plan due to HUD increasing the allocation amount the City would receive. Upon notification of the CDBG and HOME Entitlement Grant allocation being increased, staff re-opened the public review process to allow for review of the increased revenues and expenditures. The proposed 2017 HUD Action Plan is a culmination of public, HUD, and Council input.

The 2017 Annual HUD Action Plan provides a budget, programs, and activities that meet HUD objectives, and eligible activities. Adoption of the Plan must take place by August 7, 2017, to ensure staff is able to submit the plan prior to HUD's deadline. The activities and programs outlined in the plan meet HUD guidelines and are eligible for funding.

In following HUD's mandates for public input, staff members conducted meetings soliciting citizen input and informing non-profit organizations about potential HUD funding availability. A total of nineteen (19) applications were received from local agencies for various activities. Legal and display notices/advertisements appeared in the Merced County Times, Merced Sun-Star, and on the City's website prior to the community meetings and public hearings.

### **Funds Available:**

The Annual Action Plan budget reviewed by Council in April 2017 were estimates. In July 2017, staff received the actual amount for CDBG and HOME funds being allocated to the City of Merced. The actual amount allocation from HUD to the City was more than originally budgeted. Additionally the amount of previous year's carry-over of funds from Fiscal Year 2016/17 also came in higher than anticipated. The total anticipated revenue for the Housing Division in Fiscal Year 2017/18 is \$5,934,583 (Attachment 1).

Activities and staffing are funded with entitlement funds received by HUD to carry out the CDBG and HOME programs. Each program provides a set percentage of funding for administration to cover salaries and supplies; in this case, CDBG allows 20% and HOME allows 10%. In addition, staff time can be charged as "Activity Delivery Costs" for actual time spent related to a specific activity. Staffing costs are divided between the CDBG, HOME, and other programs. Total Direct and Indirect Administrative funds available to the Housing Division this fiscal year are \$760,999.

The Annual Action Plan contains a summary of these revenues and recommended funding for program activities and mandated services.

### **Highlights:**

The City of Merced Annual Action Plan 2017-2018 describes programs and activities planned to carry out goals and objectives established in the 2015-2020 Consolidated Plan. The Action Plan also 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. Administrative funds budgeted this year include renewing contracts with the Continuum of Care and the Fair Housing Service Providers.

### **Merced Right-of-Way Improvements:**

The Engineering Department submitted multiple applications for improvements in the public right of way, including sidewalks, along G Street, sidewalks along Motel Drive, bike path ADA improvements near Rivera School, sidewalk and street improvements near John Muir School, and an increase of funds needed for a previous ADA project along N Street. The total amount budgeted for capital projects is \$472,010.

The recommended Capital Improvement Projects for Fiscal Year 2017/18 are:

1. ADA Sidewalk / Ramps Improvements
2. 25th & 26th Street (John Muir School) ADA Ramp Improvements
3. Buena Vista (Rivera School) & G Street ADA Ramp Improvements
4. Installation of Sidewalks and Bike Lanes along Motel Drive - CMAQ

### **Housing Activities (Homeowner Rehabilitation):**

The City Housing Division would continue to provide assistance to eligible households and property owners to rehabilitate existing residential properties within the community through existing agreements. Financial assistance is provided to qualified homeowners assisting with necessary health and safety repairs to improve their residence. Eligible improvements include, but are not limited to, window and HVAC replacements; sewer and water line repairs; and, ADA improvements. Habitat for Humanity is continuing to use funds secured from last year's request to implement the Homeowner Rehabilitation Program.

**Housing Activities (Development Projects):**

The Housing Division received multiple applications for potential developments this fiscal year. Due to the increase in revenues, the Housing Division was able to revisit development applications. In addition to the funding for Gateway Terrace II development, staff is proposing to fund the rehabilitation of a City-owned asset for income eligible households and permanent supportive housing. The total amount budgeted for these development projects is \$2,835,156.

The recommended Projects for Fiscal Year 2017/18 are:

1. Gateway Terrace II Development
2. Sierra Saving Grace (PSH)
3. Habitat for Humanity - Rehabilitation of Property for First Time Homebuyers

**HUD 108 Loan:**

The Designated Local Authority, formerly the Redevelopment Agency, determined the HUD 108 Loan as a City obligation. The loan payment is an eligible CDBG activity and this debt obligation has been traditionally funded using this funding source. However, this year the staff is anticipating a lump sum payment from Central Valley Coalition for Affordable Housing to make a payment to the City covering the full payment of \$271,870.

**Continuum of Care Plan and 10-Year Plan to End Homelessness:**

The United Way requested \$38,000 to partially fund Continuum of Care services.

**Public Services:**

CDBG funds can be used for a number of activities if they meet the Eligible Activities criteria and contain one of the three National Objectives. No more than 15% of the CDBG grant, and the preceding year's calculated CDBG Program Income, can be awarded for Public Services.

Staff met with most agencies applying for funds; and once received, all applications were screened for eligibility of a HUD National Objective. In speaking with HUD, one application was determined to be ineligible. The full list of public service activities received can be located at Attachment 1. Staff increased the original budget to \$98,500 to fund six (6) public services in fiscal year 2017/2018.

The recommended Public Service activities are identified in the chart below.

<u>Organization</u>	<u>Activity</u>	<u>Requested Amount</u>	<u>Eligibility of Public Service</u>
Alliance for Community Transformations - Valley Crisis Center	Employment Readiness for Victims	\$10,000	Public Service-Sustainability
The Kiwanis Club of Greater Merced	Kiddieland Safety and Security	\$20,000	Public Service-Sustainability
Merced Rescue Mission	Warming Center-Continuation/ expansion of existing service to homeless	\$15,000	Development
Symple Equazion	Youth I Can	\$13,500	Public Service

Healthy House	One-Stop Ambassador Program	\$20,000	Public Service
Merced Rescue Mission	Rapid Re-Housing	\$20,000	Public Service

\*Copies of the applications are available in the City Clerk's office.

### IMPACT ON CITY RESOURCES

Funding for the 2017 HUD Annual Action Plan is representative of the proposed 2017-2018 Housing Budget. Funds presented as CDBG and HOME anticipated allocations are based upon information from the City's HUD representative.

### ATTACHMENTS

1. Attachment 1 -List of Program Funding & Activities for Fiscal Year 2017-18
2. Attachment 2 - Draft 2017 HUD Annual Action Plan
3. Attachment 3 - List of Applications Received
4. Attachment 4 - Appendix A - SF 424
5. Attachment 5 - Appendix B - Certificates
6. Attachment 6 - Public Notices
7. Attachment 7 - Resolution 2017- 41