



## Legislation Text

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**File #:** 18-302, **Version:** 1

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

**SUBJECT: Public Hearing and Adoption of the Department of Housing and Urban Development (HUD) 2018 Annual Action Plan**

### **REPORT IN BRIEF**

Public Hearing for Adoption of the Federal Department of Housing and Urban Development (HUD) 2018 Annual Action Plan and Approval of a Resolution for submission to HUD.

### **RECOMMENDATION**

**City Council** - Adopt a Motion:

- A. Approving **Resolution 2018-45**, a Resolution of the City Council of the City of Merced, California, approving the 2018-2019 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, SF 424D, and HUD Certificates documents required to be submitted with the 2018 HUD Annual Action Plan; and,
- E. Requesting Council to recommend funding one eligible administrative activity as submitted. The amount awarded to applicants may not exceed \$38,000 for this activity in the 2018 HUD Annual Action Plan; and,
- F. Requesting Council to recommend funding the six (6) eligible development projects and activities as submitted. The amount awarded to applicants may not exceed \$1,415,000 for these activities in the 2018 HUD Annual Action Plan; and,
- G. Requesting Council to recommend funding eight (8) eligible public service applications. The amount awarded to applicants may not exceed \$186,400 for public service activities in the 2018 HUD Annual Action Plan.

## ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, as recommended by staff with funding for the one ineligible public service activity with monies from an alternative funding source; or
3. Approve, subject to conditions other than recommended by staff; or,
4. Deny; or,
5. Refer to the City Manager for reconsideration of specific items (specific items to be addressed in the motion); or,
6. Continue to a future meeting (date and time to be specified in the motion).

## AUTHORITY

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

## CITY COUNCIL PRIORITIES

As recommended for funding in the "2018-19 Housing Budget."

## DISCUSSION

In order to receive the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds for Fiscal Year 2018-19, the City of Merced is required to submit a Resolution adopting the Annual Action Plan 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 July 1, 2018.

### Process:

On April 3, 2018, and June 4, 2018, Council set public hearings for April 16, 2018, and June 18, 2018, to review the 2018 HUD Annual Action Plan. Three public meetings and a presentation to Council were held to gain public input and applications received for Activity funding. Staff consulted with our HUD representative throughout the year to ensure the draft 2018 Annual Action Plan met HUD's requirements. This 2018 HUD Action Plan is an accumulation of public, internal staff, HUD, and Council input.

The 2018 Annual HUD Action Plan provides a budget, programs and activities that meet HUD objectives, and eligible activities. Adoption of the Plan must take place prior to July 1, 2018, for submission to HUD. Only those activities and programs outlined in the plan that meet HUD guidelines are eligible for funding.

In following HUD's mandates for public input, staff members conducted community meetings soliciting citizen input and informing non-profit organizations about potential HUD funding availability. A total of fifteen (15) 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 each community meeting and the June 18, 2018, Public Hearing.

### Funds Available:

CDBG funding in FY 2018/19 is estimated to be \$1,128,771 plus \$160,000 generated from program

income (loan repayments). The FY HOME grant award is estimated at \$520,415 with an additional \$60,000 in program income. Combined CDBG, HOME, and projected program income is estimated at \$1,869,186.

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 administrative funding 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.

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 2018-2019 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 a new contract with Merced County to be the Collaborative applicant providing Continuum of Care services in the community.

### **Rehabilitation of Existing Housing Stock:**

The City Housing Division would continue to work with Habitat for Humanity - Stanislaus County assisting eligible households and property owners to rehabilitate existing residential properties within the community. The City Housing Division will be working with Valley Crisis Center to renovate their Safe House.

### **First Time Homebuyers:**

The City Housing Division will be working with eligible First Time Homebuyers to provide financial assistance up to \$35,000 to purchase a residence within the community. This program is funded with program income generated through the CalHome 06 Program.

### **Acquisition:**

The City Housing Division will be working with the Merced Rescue Mission to acquire one property and with Sierra Saving Grace to acquire two properties within the community. These properties may be vacant or existing housing units, but they will be used to provide permanent supportive housing within the community. Additionally, staff is working with Habitat for Humanity - Merced County to acquire land for the construction of a new housing unit through their "Sweat Equity" Program.

### **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 the funds received will be used to cover the \$261,200 amount. This payment will be funded through a combination of payments received by CVCAH and budgeted CDBG funds.

### **Housing to Meet Special Needs (CHDO Set-Aside):**

The Housing Division is recommending this year's Community Housing Development Organization funding to be awarded to Central Valley Coalition for Affordable Housing (CVCAH) in an amount of

\$410,000. This will be used for the acquisition and rehabilitation of a residential unit for income-eligible households within the community.

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

Funding for the Continuum of Care has been added as a line item in this budget. Total amount is \$38,000.

**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. Eligible applicants must be public agencies or non-profit organizations that meet the National Objectives and have CDBG Eligible Activities. Following three public meetings, a council presentation, and a Public Hearing in April, applications were submitted requesting funding for a variety of programs.

Staff met with most agencies applying for funds, and all applications were screened for eligibility of a HUD National Objective. In speaking with HUD, one application was determined to be ineligible. The total amount requested this year for public service activities was \$311,400. The full list of public service activities received can be located at Attachment 2. Staff is recommending funding eight (8) public services in fiscal year 2018/2019 for a total amount funded of \$186,400.

The eight (8) recommended activities identified below:

1. Distinguished Outreach Services - After School Program
2. Healthy House - Senior Rental Assistance
3. Kiwanis Club of Greater Merced - Kiddieland Boot Camp
4. Merced Rescue Mission - Rapid Rehousing
5. Merced Rescue Mission - Warming Center
6. Project Sentinel - Fair Housing Services
7. Restore Merced - Neighborhood Clean-Up Program
8. Sierra Saving Grace - Emergency Shelter Assistance

Staff is not recommending one public service request due to the program was considered ineligible per HUD Rules and Regulations for public services.

**IMPACT ON CITY RESOURCES**

Funding for the 2018 HUD Annual Action Plan is representative of the proposed 2018 -2019 Housing Budget. Funds presented as CDBG and HOME anticipated allocations are based upon information from the City's HUD representative. The full list of recommended activities is listed with Attachment 6 - Tables 1 & 2.

If Council elects to fund one or more of the non-recommended activities, funding would need to be provided from an alternative funding source.

**ATTACHMENTS**

1. Draft 2018 HUD Annual Action Plan
2. List of Applications Received

3. Appendix A - SF 424
4. Appendix A - SF 424 D
5. Appendix B - Certificates
6. Tables 1 & 2 - Revenues and Expenditures
7. Public Notices
8. Resolution 2018-45