



Legislation Text

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SUBJECT: Public Hearing - Introduction and Preliminary Review of Proposed Expenditures of Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) Funds for Fiscal Year 2024-2025, to be Included in the Draft U.S. Department of Housing and Urban Development (HUD) 2024 Annual Action Plan; and Receipt of Public Comment During a Public Hearing

REPORT IN BRIEF

Introduction and Review of Preliminary Program Year 2024 proposed project funding and related expenditures of Federal funding for inclusion in the Draft HUD 2024 Annual Action Plan; and Public Hearing to provide the Public an opportunity to comment.

RECOMMENDATION

City Council -

- A. Conduct a Public Hearing to receive public comment regarding the anticipated funding, proposed projects, priority community needs, proposed distribution of Federal funding, and other related topics that will be considered for inclusion in the final draft of the 2024 Annual Action Plan; and,
- B. Discuss and provide comment, if any, on staff recommendations regarding the anticipated funding, proposed projects, priority community needs, proposed distribution of Federal funding, and other related topics to be included in the final draft of the 2024 Annual Action Plan; and,
- C. Discuss and provide direction to staff regarding prioritization of the Public Service project funding requests over the allowed 15% Public Services Cap, and other potential community service project funding awards to be included in the Final Draft of the 2024 Annual Action Plan at the Final Public Hearing on July 15, 2024.

AUTHORITY

HUD requires, per Title 24 of the Code of Federal Regulations Section 91, that the City of Merced involve citizens in the development of the Annual Action Plan and any subsequent substantial amendments; the City of Merced Housing Division Citizen Participation Plan; and, the Charter of the City of Merced, Section 405, 409, and 411, et seq.

CITY COUNCIL PRIORITIES

As provided for in the 2023-24 and 2024-25 Adopted and Proposed Budgets, respectively; and Council Goals and Priorities relating to housing, homelessness, and general Guiding Principles.

DISCUSSION

Staff is requesting that Council hold the first of two planned Public Hearings to receive public comment regarding the expected funding resources available, proposed project proposals requesting 2024 funding, identified community needs and yearly goals, and the proposed distribution and expenditure of the 2024-25 allocations of Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funds, as well as remaining prior-year CDBG and HOME carryover and program income funds.

Additionally, staff is requesting comments from the City Council regarding the same above items, as well as direction regarding project funding (see below discussion).

The Housing Division has successfully implemented prior-year projects approved with the 2020, 2021, 2022, and 2023 Annual Action Plans and subsequent amendments that meet the highest of community needs and carry out the goals and objectives of the 2020-24 Consolidated (ConPlan)/Five-Year Strategic Plan.

The 2024 Annual Action Plan will be the fifth year and final year of the current ConPlan cycle, beginning July 1, 2024, and ending June 30, 2025 (the 2024 Program Year).

2024-25 HUD Allocations and Total Funds Available

On May 8, 2024, HUD's Office of Community Planning and Development (CPD) announced the CPD allocations for the 2024 Fiscal Year. Accordingly, the City of Merced expects to receive 2024 CDBG funds in the amount of \$1,056,567 and 2024 HOME funds of \$450,564. Comparatively, these figures represent an increase in the amount of CDBG funds of \$22,194 and a decrease of \$122,636 of HOME funds over the current program year (2023-24), a net decrease of \$100,442.

An estimated total of \$108,000 in CDBG program income is projected to be received by the end of the 2024-25 program year, with \$60,000 of HOME program income expected. These estimated amounts will be included in the 2024-25 Annual Plan as Expected Available Resources, so that they can be used during the year towards projects. As per the normal yearly cycle, amounts that may be received above and beyond these estimates will be unavailable to use during the year, unless a substantial amendment to the plan is undertaken during the year.

Prior year carryover funds, which includes the 2023-24 additional program income received during the year that was not included in the two substantial amendments that were processed, will be added to the allocation and program income figures in figuring the total Expected Available Resources amounts to then allocated to the project categories discussed later in this report. CDBG Prior-Year Carryover funds are \$47,356, and HOME Prior-Year Carryover funds will be \$1,032,391.

In summary, for Program Year 2024-25, a total of \$1,211,923 of CDBG and a total of \$1,542,955 of HOME funds are expected and can be allocated to the varying projects and categories discussed below.

The City is required to serve a minimum of 70% of low- to moderate income (LMI) city residents and households with CDBG funds over at least three years of the five-year ConPlan period (designated

as years 2022, 2023, and 2024). HOME funds are required to serve 100% LMI each year.

Please see Attachment 1 for the preliminary CDBG and HOME budgets.

Citizen Participation Plan

As a HUD Grantee and jurisdiction that receives yearly allocations of HUD funding, the City of Merced is required to provide an opportunity for and encourage citizens to participate in the development of its Consolidated Plan, Annual Plans and any amendments, and annual performance reports, especially low-to-moderate income residents. The City must follow its adopted Citizen Participation Plan (CPP) in doing so. The CPP sets forth the policies and procedures for citizen participation for all HUD-related plans and processes.

The CPP also requires the City to engage residents and stakeholders in assessing the greatest needs of low-to-moderate income families in order to determine where to direct project funding.

Community Needs Assessment - Resident Outreach and Agency Consultation Efforts

Housing Division staff kicked off multiple citizen participation efforts in December 2023, to reach as many City of Merced residents as possible in assessing the community's current level of unmet need. This assessment assists staff in determining what emphasis should be taken when requesting project proposals from non-profit partners and, once those applications are received, which projects should be prioritized for funding over the coming year.

A Community Needs Survey was created and pushed out online and in paper form to residents using several different outreach methods and means. Further outreach about the Needs Survey and Annual Plan process was attained through social media posts and by staff participation in a "Community Conversations" radio spot on KYOS NewsTalk 1480 AM/107.3 FM that aired on January 27, 2024. Further discussion regarding the survey is provided below.

To solicit direct, in-person interaction with residents, multilanguage advertisements in English, Spanish, and Hmong were published in local newspapers on February 29, 2024, that publicized two in-person resident input meetings that provided an opportunity to learn about and provide input to the development of the plan. These meetings were held on the evenings of March 6 and March 20, 2024, at the Merced Civic Center's ADA-accessible Sam Pipes Room.

Housing staff also attended all three Town Hall Meetings held over the months of January and February 2024, noting public comment as to the needs and issues expressed by citizens and directly speaking with residents to inform them of the Annual Plan needs assessment and project funding processes, as well as soliciting additional needs survey responses.

HUD also requires the City to consult with public and private agencies that provide assisted housing, health services, and fair housing services during both the Consolidated/Five-Year Plan and the Annual Action Plan processes. This includes current and potential community non-profit organization partners, other governmental agencies, and public safety departments within the City that have direct contact with residents. As of the writing of this report, Housing staff is wrapping up a Public, Governmental, Business, Health, and Service Agency consultation process that polls local stakeholders as to what they observe are the current needs of the community and ways in which

deeper cooperative partnerships can be obtained.

2024 Community Needs Survey

The Resident Community Needs Survey asked both city residents and interested non-residents to respond with what they see as the most needed and underfunded community needs in the categories of housing, public service, public infrastructure, and economic development, as well as overall. The survey also asked questions regarding fair housing rights knowledge and experiences, in order to poll how well fair housing education efforts are reaching citizens and to understand some of the fair housing issues of the community.

Income level, ethnicity group, and language preference questions were also asked to help Housing staff understand what population sectors were responding and to inform staff as to what other languages are predominant in resident households. HUD requires the City to reach as many low- to moderate-income (LMI) and minority-group residents as possible. Thus, this survey is multi-purpose -- serving to assess both community need and staff's efforts to reach low- to moderate-income level and all ethnicity groups.

After going live in December 2023, the online Community Needs Survey was primarily pushed out to residents in the January and February 2024 utility bill newsletters, as well as on the City's social media pages. The Needs Survey "QR" code and weblink was also published in the newspaper advertisements for each language (English, Spanish, Hmong).

Housing staff has found that the use of the utility bill newsletter and social media posts are the most effective and least expensive outreach methods to directly reach and gather input from the greatest number of city residents, in that a much larger majority of residents are the most willing to answer a survey than any other participation method.

Outreach also encouraged citizens without internet service or smartphone QR code readers to call or email Housing staff to request paper hardcopies of the surveys to fill out and return by mail or drop-off.

The survey closed successfully on March 22nd with 201 total responses. 197 respondents were City residents, and the four County respondents stated that they shop or own a business within the City.

Preliminary Survey Results

As with all public input collected during this process, per HUD directive, needs assessment survey responses are to be used by both staff and Council to inform the effective decisions concerning programming of funding that must be made to address high community need. Survey results are also used to evaluate how these needs change over time in relation to those assessed with the 2020-24 Consolidated/Five Year Strategic Plan (ConPlan).

From the survey, the following are the top three responses for each of the four needs categories and the top five overall needs, in order of greatest need:

- Housing: 1) New rental apartments for low-to-moderate income households; 2) Housing

opportunities for people with special needs (elderly, domestic violence/abuse victims, disabled, alcohol/drug addiction); 3) More housing opportunities for people who are homeless or chronically homeless.

- Public Service: 1) Services for people with special needs (elderly, domestic violence/abuse victims, disabled, alcohol/drug addiction); 2) Services for the homeless; 3) Mental and physical health and wellness programs for LMI residents.
- Neighborhood Improvement: 1) Building or improving neighborhood infrastructure and streetscapes in residential neighborhoods (water/sewer lines, streets, tree planting, sidewalks/crosswalks, and storm drainage); 2) Eliminating environmental hazards (litter/dumped items, vacant/dilapidated buildings, and overgrown lots); 3) Resources for neighborhood organizing and leadership development.
- Economic Development: 1) Assistance for job training programs; 2) Projects and public service programs that create new jobs; 3) Business development assistance to LMI microenterprise business owners or small businesses.
- Overall: 1) Affordable homeownership opportunities; 2) Employment training, workforce development, and financial literacy programs; 3) Affordable quality childcare and/or youth centers and services; 4) Homeless services, homelessness prevention programs, and housing solutions for the homeless; 5) Affordable rental housing units.

2024 Project Funding Applications

A Notice of Funding Opportunity (NOFO) was published in the Merced Sun-Star and Merced County Times on February 22, 2024, notifying the general public, stakeholders, and community non-profit organizations of the availability of non-profit project funding, and inviting proposals during the application period held from February 16 to March 15, 2024.

Letters were also delivered to over 118 community organizations and interested groups in mid-February 2024 to notify them of the NOFO, invite proposals, offer technical assistance/project building appointments, and to notify them of the two workshops that would be held (February 28 and February 29, 2024). The meetings were well-attended by 16 people representing 11 different organizations. Housing staff was available to these organizations to meet, confer, and help guide their ideas and proposals to ensure they would meet HUD National Objective, eligible activity, and other requirements that are specific to CDBG regulations.

As a result of the NOFO process, Housing staff received 11 project funding applications.

Public Service Requests (Seven Proposed Projects):

Per CDBG regulations, the City can use a *maximum of 15% of the sum of its CDBG allocation and unallocated prior-year program income totals* towards public service projects ("Public Service Cap"), which includes, but is not limited to, supportive services for homeless, youth, disabled, elderly, and LMI families and individuals.

As such, the total that is available for Public Services activities is \$184,685 (*calculation = \$1,056,567 allocation + \$174,670.24 prior year program income x 15 percent, then round down cents*).

The total of the CDBG Public Services project funding requested by all organizations is \$367,817. This means that available Public Service funding is over-requested by \$183,132, and either substantial reductions or decisions to cut requests from the final project list need to be made prior to Council approval of the Final Draft Annual Plan at the scheduled public hearing of July 15, 2024. As such, staff is requesting Council direction as to the handling of public service funding, such as prioritizing strictly by community need and/or removing from consideration programs that don't meet a higher-priority community need, in order to balance the requests to available funding. Consideration may also be paid to limiting the number of public services programs that Housing staff will need to manage to 3 or 4 at the maximum, given that the Housing Division cannot charge activity delivery costs for public services programs. Other considerations are whether or not the organizations have been awarded CDBG program funding in the past and thus are well-versed in HUD's specific regulations. Please see Attachment 2 for staff's recommendations.

It should be strongly noted that 181 out of the 197 City residents that responded to the needs assessment survey reported that, within the last two years, they have had difficulty paying their rent, mortgage, and utility bill payment and have had to make difficult trade-off decisions between truly essential expenses like food, utilities, or transportation (fuel, necessary repairs, etc.) in order to meet their housing payment. In common household budgeting circles, these four basic living elements are sometimes referred to as "the four walls."

In the current program year (2023-24), the \$35,500 of CDBG funds that were awarded to Sierra Saving Grace (SSG) to carry out rent, mortgage, and utility assistance to prevent homelessness were used up just less than three months into the program year - by the end of September 2023 (the prior year, awarded funds of \$30,000 were exhausted by February). SSG traditionally is conservative each year with their requests, knowing that public service dollars are limited and that other organizations may need funds to run their programs. However, there has been no known source of rental assistance available to City residents from October 2023 to present. As such, during the NOFO period earlier this spring, Housing staff recommended that the organization request the amount that they believed would cover the entire next year of assistance. For this high community need, staff strongly recommends that serious consideration be placed on funding Sierra Saving Grace's request in full or a large majority, and that similar emphasis be placed on programs that assist with homeless prevention/"four walls" living costs for those LMI city residents who are struggling in these times of high inflation. Such projects are indicated below with an asterisk (*).

Listed below are descriptions of the Public Service project proposals and requested amounts received from the listed organizations. Staff has done an initial assessment of each project to determine that each meets HUD's requirements for basic eligible activities and one of three National Objectives (to benefit LMI individuals, eliminate slum/blight, or address particular urgencies).

1. Organization: Sierra Saving Grace Homeless Project *
Program: "Emergency Assistance Program" - Short-term rental, Utility, Mortgage Assistance (Subsistence Payments)
Requested: \$106,500
Program Description: Sierra Saving Grace requests funding to provide short-term/one-time rental, mortgage, utility and security deposit assistance to LMI households at risk of

homelessness, foreclosure, or loss of electricity/gas due to temporary reduction of income, and to those who have lost their housing and need help paying security deposits. Payments will be made directly to the landlords, mortgage holders, or electric/gas utility company on behalf of the tenant/homeowner for a maximum period of three consecutive months. The goal of the program is to prevent homelessness and address the high cost of rent and utility services, a public service need identified in the 2020-24 Con Plan.

2. Organization: Harvest Time *

Program: "Food 4 You" - Food Bank/Food Distribution Services

Requested: \$66,720

Program Description: This organization provides prepared lunches and food box distributions to the homeless and LMI residents via a partnership with Merced Rescue Mission and by drive-thru pickup at Harvest Time's leased warehouse on the property of the Calvary Assembly of God Church. Harvest Time requests funding for eligible hourly staffing, gas/electric utility, general liability and workers compensation insurance, and mileage costs for pickup of food donations/purchases from businesses both in and out of town, as well as delivery of food distributions. Nutrition needs were identified in the 2020-2024 Con Plan as a non-housing community public service need.

3. Organization: Healthy House Within A MATCH Coalition *

Program: "UPHILL ALL Grant #5 (Undoing & Preventing Homelessness and Abuse Later in Life)" - Senior Services

Requested: \$37,000

Program Description: Healthy house has been an independent non-profit since 2003. Its grant-based programs address health disparities, striving to improve access and health equity in under-represented cultural groups in Merced County. The City last funded their successful CDBG Elder Housing Program in PY2019-20, which served homeless seniors. For 2024, Healthy House has applied for \$37,000 to expand its "Later in Life" senior and aged adults program. The proposed project will provide vital services that include emergency assistance (includes food assistance), access to resources (physical/mental health services), and economic stability (includes victim/witness resources, social security assistance, life skills) to seniors, including those seniors who are suffering from or at risk of homelessness, abuse and/or neglect, or disabilities, and their respective households. Homeless prevention and other support services will also be provided, which will include housing advocacy, case management, and rental assistance to seniors. Seniors are listed in the 2020-24 Con Plan as a target population; however, no project funding has been allocated to this population group this Con Plan period to help address their unique needs. Elderly persons is a HUD-designated "presumed" population group, where individuals are automatically assumed to be of LMI income level to meet the corresponding HUD National Objective. For these reasons, Healthy House was encouraged to apply for CDBG project funding by Housing staff.

4. Organization: Project Sentinel

Program: "Tenant-Landlord Services" - Tenant/Landlord Counseling Services

Requested: \$55,000

Program Description: This current year (2023-24), this organization was awarded funding to provide Tenant and Landlord Counseling Services as an eligible public service program in response to a noted increase in the number of calls from Merced residents they have received over recent years while administering the Fair Housing Services administrative program on

behalf of the City. This program provides direct education and counselling services to tenants and landlords where cases of fair housing discrimination do not appear to exist, but where a clear dispute between tenants and landlords requires substantial intervention, mediation, and/or education to resolve problems. Project Sentinel expects to be able to manage approximately 25 cases with the amount of project funding requested, serving approximately 50 city residents, as well as approximately 125 calls from city residents that need information, education, or referrals to other services.

5. Organization: LifeLine Community Development Corporation
Program: "Empowering Loughborough Neighborhood" - Employment Training
Requested: \$25,000
Program Description: This organization proposes to continue serving the under-resourced, high-density Loughborough Drive low-income residential area with strength-based approaches to helping residents lift themselves out of poverty and become self-reliant. LifeLine works to provide the gap in job seeking and technical resources, job skills education, childcare services, and workforce agency connections that will enable parents to obtain stable jobs while providing safe places for their children. In the next year, LifeLine would like to expand the afterschool activities to help at-risk children and system-impacted youth.
6. Organization: Merced Calvary Assembly of God
Program: "Clean Life" - Life Skills Training and Supplies
Requested: \$27,597 *(please read description paragraph below regarding this amount)*
Program Description: Merced Calvary Assembly of God is a faith-based 501(c)(3) non-profit. With the requested funding, this organization will create the program, which will include partnership with Merced County Food Bank and Convoy of Hope, a humanitarian aid organization that responds to communities experiencing natural disasters, extreme poverty, and hunger, to receive toiletry and other supplies. Clean Life will offer supportive services for the 92 formerly homeless, recently housed individuals residing at the 1213 V Street project. The supportive services will include: mental health/life coaching support, weekly food bags, cleaning supplies, toiletries, and tools to make better lifestyle choices. Funding will be used for eligible regular employee staffing hours to the program, insurance, transportation, and program supplies. Please note: the CEO/Pastor and Officers/board members of the church would not be eligible for staffing reimbursements, per HUD conflict of interest regulations - therefore, staff recommends the funding request be adjusted to approximately \$10,000 to account for this. Staff will work with the CEO/Pastor as to a revised proposed budget.
7. Organization: Walking by Faith Ministries International (WBFMI), dba SERENITY
Program: "Strengthen, Transform, Affirm, Restore, and Support (STARS) After School Program" - Youth Services
Requested: \$50,000
Program Description: SERENITY's mission is to provide high-quality afterschool enrichment programs for low-income students residing in Merced, focusing on academic support, skill-building, and social-emotional development. The STARS program would serve approximately 100 at-risk youth ages 10-24 with individualized tutoring in math, science, reading, and language arts; and gang and bully prevention through mentoring and the provision of a safe environment that will help foster self-worth, self-care, and positive social skills. The program would also provide case management, career development services, transportation services, behavior health and substance abuse counseling, and life skills development. Those with

learning disabilities would receive additional support and services.

Housing Project Requests

Activity Delivery Cost (ADC) revenue generated from these housing projects is discussed in the Administrative Funding section further below.

1. Organization: Central Valley Coalition for Affordable Housing (CVCAH)
Program: Community Housing Development Organization (CHDO) Required Reserve
Required: \$153,565 (CHDO 15% Reserves = 2023 of \$85,980 + 2024 of \$67,585)
Additional Requested: \$290,958
Total Required + Requested: \$444,523 (CHDO HOME/HOME)
Program Description: The City is required to set aside at least 15% of its annual HOME allocation for CHDO projects. If no other CHDO organization is certified during the 2024 program year, these funds are normally allocated towards an eligible project by CVCAH, the City's current/only CHDO. CVCAH has an organization-owned duplex in need of rehabilitation at one of its downtown properties and has submitted a funding request with a project budget of \$444,523 towards rehab costs. CVCAH will finance the cost of plans and inspections, permits/fees, appraisal, and a contingency fund.
2. Organization: Habitat for Humanity, Merced/Stanslaus Counties (HHMSC)
Program: Completion of 241 E Main Street reconstruction/rehabilitation project
Requested: \$150,000 (CDBG)
Note: this project was removed from the current year 2023-24 Annual Plan CDBG budget as a result of the Substantial Amendments that were needed for the 2023 Annual Action Plan. Staff recommends re-awarding funds to enable completion.
Program Description: This project is partially started but has experienced several setbacks since it began in approximately 2018, including material cost increases related to the Coronavirus pandemic, unexpected ADA-related costs, as well as funding source setbacks related to the January 2020 HUD Environmental Monitoring. The previous agreement has since expired, and the original project scope has changed from a simple rehabilitation to a reconstruction/rehab after full demolition of the structure was necessary in 2019. However, Housing staff has been working with HUD and HHMSC to develop an acceptable path for completion. Staff is processing updates to the previous environmental review to reflect the changed project scope and will prepare a new agreement to replace the expired contract. The project will result in the completed home being sold to an approved LMI family through HHMSC.
3. Organization: Sierra Saving Grace Homeless Project (SSG)
Program: Acquisition with Rehabilitation for LMI Rental/Permanent Supportive Housing
Requested: \$500,000 (CDBG) *Staff Recommended to Balance CDBG budget: \$511,938*
Program Description: SSG is seeking 2024-25 funds to purchase an existing 1-4 unit residential property, repair/rehabilitate to current building codes, then rent to LMI individuals or families with supportive case management provided by Sierra Saving Grace, if needed. Benefits of program are: 1) vacant market-rate properties are converted to LMI affordable rental housing units, which addresses the affordable rental housing unit shortage; 2) neighborhoods are improved by the rehabilitation of the units, which are usually purchased as vacant and dilapidated properties; and 3) preserves the City's housing stock, as units may need major repairs and are usually in older neighborhoods.

4. Organization: To be determined

Program: To be determined, but limited to new construction of rental housing, rehabilitation of existing rental housing, and/or acquisition of vacant property for construction of rental housing
Staff Recommended: Approximately \$803,728 at 20% ADC (HOME)

Program Description: all remaining available HOME funding will be directed towards at least one or a combination of new affordable rental housing, rehabilitation of existing rental housing, or acquisition of vacant property for the purpose of building new affordable rental housing. A developer and project has not yet been selected, so these funds will be “banked” in its own, separate 2024 Annual Action Plan project for intended selection of an eligible project within the next one to two program years, as HUD has commitment of fund timeline requirements for each year of HOME funding it allocates to the City. Including rehabilitation of existing rental housing into the description of this holding project would allow additional funding to be moved to an alternative HOME CHDO project by CVCAH or other CHDO partner if the currently considered duplex project described above is determined to be infeasible.

2024 Administrative Funding

1. Organization: Project Sentinel, Inc.

Program: Project Sentinel Fair Housing Services

Requested: \$33,552 (HOME - Admin)

Program Description: Providing Fair Housing services, education, and outreach to City of Merced residents. Project Sentinel provides comprehensive fair housing services of civil rights enforcement (audits and complaint-based investigations) and community outreach and education. Education and outreach activities inform community members of their fair housing rights and responsibilities. These services are provided throughout the rental and homeownership process and are available to home seekers, in-place residents, and housing providers. Provision of these services will help create and maintain healthy communities and will assist the City of Merced in meeting its obligations to affirmatively further fair housing.

2. Organization: Merced County Human Services Agency

Program: Merced City and County Continuum of Care Collaborative Applicant

Requested: \$38,000 (CDBG - Admin)

Program Description: The purpose of the Collaborative Applicant is to act as the legal entity for the Merced City and County Continuum of Care Board and to provide administrative support. The Human Services Agency and the Continuum of Care board hold monthly meetings to create and strategize funding to address homelessness in the City and County jurisdictions. This includes enlisting staff and consultant services to accomplish annual data collecting through the annual Point In Time (PIT) count, the Housing Inventory Count (HIC), grant monitoring, and strategizing programs with new funding sources. CDBG administrative funds will support these activities by the Collaborative Applicant and the City/County cooperative effort to reduce and eliminate homelessness within the City of Merced.

3. Organization: Consulting Firm to be determined

Program: Comprehensive preparation of the 2025-29 Consolidated Plan, Five Year Strategic Plan, 2025 Annual Action Plan, updates to the Analysis for Impediments to Fair Housing Choice, and updates to the City of Merced Housing Division Citizen Participation Plan

Budget: \$75,000 (CDBG)

Description: Housing staff is preparing a Request for Proposal to solicit proposals from qualified consulting firms to assist the Housing Division prepare its necessary strategic planning documents for the next Consolidated Plan period, which begins July 1, 2025. Staff will also ask the consulting firm to assist in updating the existing Citizen Participation Plan to adjust to changes expected by HUD of the existing regulations.

4. Organization: City of Merced Housing Division

Program: Housing Program Administration - CDBG, HOME

Budgeted Totals:

Direct Admin - CDBG: \$10,957

Indirect Admin - CDBG: \$108,956

Direct Admin - HOME: \$11,504

Total Activity Delivery Costs from eligible projects: CDBG:\$132,387; HOME - \$249,648

Total 2024 Housing Division Admin & ADC: \$513,452

Fair Housing Requirements

Title VIII of the Civil Rights Act of 1968 (Fair Housing Act) requires that the recipients of Federal funds from HUD, such as the City of Merced, are obligated to determine who of its citizens lacks access to opportunity and address any inequities among protected groups (due to race, color, national origin, religion, gender/gender identity, familial status, and disability), work to reduce segregation, and endeavor to provide greater opportunities to racially or ethnically concentrated areas of poverty.

To help the City meet these responsibilities, the City uses a portion of its administrative funding annually to partner with Project Sentinel, Inc.(listed above) to ensure that housing opportunities in the City are provided fairly and equally to those protected groups and all residents. Project Sentinel provides education to tenants, landlords, and community members about fair housing laws, investigates complaints, and advocates for those who are experiencing housing discrimination.

For a second year, in addition to the regular administrative fair housing program funding, Project Sentinel has submitted an additional proposal that addresses tenant and landlord counseling. The need for this service came to the forefront last year after the January 2023 flooding damaged several rental units and displaced tenants.

National Environmental Protection Act (NEPA) Requirements

All federally-funded projects and their related activities, regardless of the level of potential environmental impact, undertaken using the City's allocations of CDBG, HOME, HOME-ARP, and CDBG-CV funds are subject to the provisions of the National Environmental Protection Act of 1969 as amended (NEPA), which established national policies, goals, and procedures for protecting, restoring, and enhancing environmental quality. In addition to NEPA requirements, projects are also subject to other Federal laws related to environmental conditions, as well as similar authorities at the state and local levels.

In meeting these environmental responsibilities, as part of the development of this Annual Action Plan, staff will ensure that each project for the considered use of the City's HUD entitlements and the Draft Annual Action Plan will be fully evaluated for compliance with NEPA. An environmental review will be completed prior to execution of grant agreements or other documents legally committing the

City to fund the projects. For most projects, an environmental review (or HUD-accepted tiered review) will either be underway or be completed and filed prior to the anticipated Council approval of the Annual Action Plan in July 2024.

Next Steps

While a full-text draft of the 2024 Annual Action Plan is not ready to present with this report, a First Draft will be posted to the City's website by June 14, 2024, to start the required minimum 30-day Public Review and Comment Period that will continue through July 15, 2024 (32 days). A second and final public hearing will be held at the Council meeting of July 15, 2024, where Council will be asked to approve the final draft of the plan.

The next Council date of June 17, 2024, is available if a "second discussion" of preliminary funding is necessary.

The last day to submit the Annual Action Plan to HUD is August 16, 2024. If not submitted by this day, the City's allocated funds will be forfeited.

IMPACT ON CITY RESOURCES

No budget or appropriation action is required at this time.

Funding for the 2024 HUD Annual Action Plan is representative of the 2024-25 Housing Division budget in the concurrent development of the overall City budget for the upcoming year. The CDBG and HOME allocations given in this report were the amounts included in the nationwide announcement of all HUD funding allocations on May 8, 2024, and will be the City's 2024 program year allocations unless corrected by HUD at a later date.

ATTACHMENTS

1. 2024 Annual Plan Preliminary CDBG and HOME Budget
2. Public Services Cap - Recommended Reduction Options