



## Legislation Details (With Text)

<b>File #:</b>	20-389	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	Public Hearing Item	<b>Status:</b>		Agenda Ready	
<b>File created:</b>	7/15/2020	<b>In control:</b>		City Council/Public Finance and Economic Development Authority/Parking Authority/Successor Agency to the Redevelopment Agency	
<b>On agenda:</b>	8/3/2020	<b>Final action:</b>			

**Title:** SUBJECT: Continued Public Hearing - United States (U.S.) Department of Housing and Urban Development (HUD) 2020-2024 Five-Year Consolidated Plan, Analysis of Impediments for Fair Housing Choice, and Fiscal Year 2020-2021 Annual Action Plan, and Direction from City Council on any Additional Community Outreach

### REPORT IN BRIEF

Continuation of the Public Hearing from July 6, 2020, and July 20, 2020, in order to receive additional public comment on the U.S. Department of Housing and Urban Development (HUD) 2020-2024 Five-Year Consolidated Plan, Analysis of Impediments to Fair Housing Choice, and 2020 Annual Action Plan, and direction from the City Council on any Additional Community Outreach.

### RECOMMENDATION

City Council -

A. Re-open the public hearing to receive any 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. Close the public hearing after all public comments have been received.

C. Provide direction on any additional community outreach.

### Sponsors:

### Indexes:

### Code sections:

**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 and Proposed Allocations, 4. Citizen Participation Process, 5. Public Notices and Community Needs Assessment Flyer, 6. Draft Resolution, 7. City Council Presentation

Date	Ver.	Action By	Action	Result
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*Report Prepared by: Kimberly Nutt, Housing Program Specialist, Housing Division/Development Services Department*

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## ALTERNATIVES

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

## AUTHORITY

The U.S. Department of Housing and Urban Development (HUD), per 24 CFR 91.105, requires that participating local government jurisdictions involve citizens in the development of the Consolidated Plan, Annual Plan, including 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 Annual 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

After re-opening the Public Hearing continued from the July 6 and July 20, 2020, meetings, and accepting any additional public comment, staff requests that Council consider delaying action to approve the HUD 2020-2024 Five-Year Consolidated Plan, 2020 First-Year Annual Action Plan, and the Analysis of Impediments to Fair Housing Choice.

The purpose of this delay is to provide an opportunity to meet and discuss the comments and concern received during the public comment period. The Consolidated Plan and Annual Action Plan process does require that the City carefully consider comments and views provided in verbal and

written testimony. The process also requires that the comments be provided in a section of the document. Many of the public comments highlight needs and issues that may be outside the scope of the Consolidated Plan or Annual Action Plan; however, they are nonetheless important in the overall dialogue related to affordable housing. Seeking additional input may help identify other opportunities and tools that can complement the Consolidated Plan or Annual Action Plan or be addressed separately by the City Council through other policy decisions or programs. A meeting is scheduled with the Leadership Counsel for Justice and Accountability on Thursday, July 30, 2020. It is likely that new Public Hearing Notices would be prepared, and additional Hearings would be held by the City Council. The Council could provide additional direction on other forms or outreach and engagement, as well.

### *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. 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's 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 strategizes broad-brush goals and objectives to be carried out over the next five years, from July 1, 2020, to June 30, 2025. The Annual Action Plan hones and implements those goals for the first year of the Consolidated Plan and 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. Open-letter invitations to participate in focus groups, Legal notices, and other 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. Public Notices were published on June 4, 2020, regarding the public hearing dates of July 6, 2020, 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, stakeholder consultations, community needs assessment surveys, data collection and analysis, public hearings, and Council input.

HUD requires the City follow the procedures for citizen participation and comment contained in the Citizen Participation Plan.

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 did shift normal in-person meetings and presentations to tele-conferenced and virtual meetings. The most recent public hearings have been conducted at socially-distanced City Council meetings. Comments were submitted electronically by e-mail and voicemail (written and recorded messages can be translated from Spanish or Hmong if submitted in sufficient time to do so). Although focus groups were able to be held before the pandemic began, meetings held in early March were limited in location and time of day availability. It is also likely that participation may have been impacted due to COVID-19 concerns. As a result of these, the ability to use community groups for wider-reaching community needs assessment outreach was limited to mostly electronic means.

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, lack of access to 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. The City has not provided notice to use a waiver on this process.

Normally, the deadline to submit the Consolidated Plan and Annual Action Plan to HUD is by August 15<sup>th</sup>. For this cycle, the deadline has been pushed back a year. A delay of this length of time would affect program, activity, and administrative funding. A delay to encourage participation that is reasonable should not negatively impact programs or operations.

### *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 this 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.

Through the additional public comment and outreach process, there could be suggestions for

providing additional funding for programs and activities. There could potentially be suggested changes in priorities in the use of the funding, as well. Those would be highlighted for City Council consideration when the Revised Draft Consolidated Plan and Annual Action Plan is brought forward.

### History and Past Actions

The 2020-2024 Consolidated Plan, 2020 Annual Action Plan, and AI were first presented and reviewed during the Public Hearing held at the July 6, 2020, City Council meeting. Public comments were accepted, and Council chose to continue the Public Hearing to July 20, 2020, to give additional time and opportunity to the public to review the plans and provide their comments. Tonight's Public Hearing is a further continuance of the July 6, 2020, public hearing.

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 concluded on June 30, 2020.

### **IMPACT ON CITY RESOURCES**

No budget/appropriation action is required at this time. The Housing Division expects that it will not need any expense of General Funds into the Program during the 2020-20 Fiscal Year.

HUD notified the City of its expected CDBG and HOME allocation for Fiscal Year 2020-2021 in February of 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
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