



Legislation Text

File #: 16-099, **Version:** 1

Report Prepared by: Mark E. Hamilton, Housing Program Supervisor, Housing Division, Department of Economic Development

SUBJECT: Public Hearing and Adoption of the Department of Housing and Urban Development (HUD) 2016 Annual Action Plan

REPORT IN BRIEF

Public hearing for Adoption of the Federal Department of Housing and Urban Development [HUD] 2016 Annual Action Plan and approval of a Resolution for submission to HUD.

RECOMMENDATION

City Council - Adopt a Motion:

- A. Approving **Resolution 2016-13**, a Resolution of the City Council of the City of Merced, California, approving the 2016 HUD Annual Action Plan, certifying compliance with 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 Department of Housing and Urban Development; and
- B. Authorizing the City Manager to execute the necessary documents to submit the application; and,
- C. Authorizing the City Manager to execute the necessary documents on acceptance of the grant; and,
- D. Authorizing the City Manager to sign the SF 424 and HUD Certificates documents required to be submitted with the 2016 HUD Annual Action Plan; and,
- E. Requesting Council to recommend funding the three eligible project activities as submitted. The amount awarded to applicants may not exceed \$467,000 for project activities in the 2016 HUD Annual Action Plan.; and,
- F. Requesting Council to recommend funding the seven eligible activities submitted public service applications. The amount awarded to applicants may not exceed \$102,500 for public service activities in the 2016 HUD Annual Action Plan.

ALTERNATIVES

- 1. Approve, as recommended by staff; or,
- 2. Approve, as recommended by staff with funding for the two ineligible public service activities 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 "2016-17 Housing Budget."

DISCUSSION

In order to receive Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds for Fiscal Year 2016-17, 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 May 16, 2016.

Process:

On April 4, Council set a public hearing for April 18, 2016 for the 2016 HUD Annual Action Plan. Three public meetings were held to gain public input and applications received for Activity funding. Staff met with the HUD representative throughout this past year to create an Annual Action Plan that meets HUD requirements. This 2016 HUD Action Plan is a culmination of public, HUD, and Council input.

The 2016 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 May 2 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 meetings soliciting citizen input and informing non-profit organizations about potential HUD funding availability. A total of seventeen 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 April 18, 2016 public hearing. The 2016 HUD Annual Action Plan is a culmination of community meetings, public hearing, and Council input.

Funds Available:

CDBG funding in FY 2016/17 is estimated to be \$959,615 plus \$251,500 generated from program income (loan repayments). The FY HOME grant award is estimated at \$328,203 with an additional \$170,918 in program income. Combined CDBG, HOME, and program income is estimated at \$1,710,236.

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 receives 10%. In addition, staff time can be charged as "Activity Delivery Costs" for actual time spent for a specific activity. Staffing costs are divided between the CDBG, HOME, and other programs. Total Direct and Indirect Administrative funds available from HOME (\$142,768) and CDBG (\$292,506) is \$435,274.

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 2016-2017 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 contract for new Continuum of Care Service Provider and renewing the contract for Fair Housing services provider.

South Merced Right of Way Improvements:

The Engineering Department submitted one application requesting \$133,410 for sidewalk improvements in the public right of way within South Merced. This will consist of removal of physical barriers and establishment of accessible paths of travel to City-owned sidewalks. These are surface lots in the business district. (Note: these are being done as 'Low-Moderate Clientele' (LMC), although within a 'Low-Moderate Income' (LMI) block group area, because the area is not primarily residential.)

Housing Activities (Homeowner Rehabilitation):

The City Housing Division would be providing assistance to eligible households and property owners to rehabilitate existing residential properties within the community. Financial assistance is being provided as a grant to fund necessary health and safety repairs to improve the residence. Eligible improvements include, but are not limited to, window and HVAC replacements; sewer and water line repairs, and, ADA improvements. Habitat for Humanity has submitted an allocation requesting \$200,000 to implement the Homeowner Rehabilitation program.

Housing Activities (Development):

The City Housing Division is responsible for assisting homeowners with the rehabilitation of existing residential properties within the community and provide eligible First Time Homebuyers with financial assistance to purchase a residence within the community. Eligible improvements include, but are not limited to, window and HVAC replacements; sewer and water line repairs, and, ADA improvements. Merced County Rescue Mission and Habitat for Humanity - Merced County submitted applications to purchase existing houses and rehabilitate them for qualified households.

Staff has budgeted \$467,000 with the anticipation the three proposed projects would be recommended for funding in fiscal year 2016/2017. The three projects are identified in the chart below.

<u>Organization</u>	<u>Project Activity</u>	<u>Requested Amount</u>

Habitat for Humanity - Merced County	Purchase and Rehabilitate Existing Residences	\$100,000
Merced County Rescue Mission	Room at the Inn - House Homeless Individuals	\$200,000
Sierra Saving Grace	Purchase and Rehabilitate Existing Residences	\$167,000

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

HUD 108 Loan:

The Designated Local Authority, formerly the Redevelopment Agency, determined the HUD 108 Loan is a City obligation. The loan payment is an eligible CDBG activity and the funds received will be used to cover the \$282,350 amount.

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

A total of \$49,230 of HOME funds has been set aside to fund a Community Housing Development Organization (CHDO) project within the community. The City has not received request for funding from a certified CHDO.

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.

This year's funding will include an assessment of the current structure with the intent to improve membership, increase public outreach and participation, increase business and community involvement, increase public awareness and transparency, and increase the number of programs applying for federal funds for local assistance.

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 proceeding year's calculated CDBG Program Income can be awarded for Public Services.

Following three public meetings, applications were accepted for CDBG funded activities. Eligible applicants must be public agencies or non-profit organizations that meet the National Objectives and have CDBG Eligible Activities. During the public meetings staff informed those in attendance that we had limited funding and that staff had budgeted \$50,000 for public service activities.

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, two applications are ineligible and two applications are not public services. The total amount requested is \$115,582. There are two activities that are considered ineligible for funding as a public service with Community Development Block Grant (CDBG) funds.

Staff has budgeted \$102,500 with the anticipation the seven eligible public services would be recommended for funding in fiscal year 2016/2017. The seven eligible and two ineligible activities are identified in the chart below.

<u>Organization</u>	<u>Activity</u>	<u>Requested Amount</u>	<u>Eligibility of Public Service</u>
Valley Crisis Center	Homeless Prevention	\$10,000	Eligible Public Service
Healthy House	Ethic Elders - Education Program	\$12,000	Eligible Public Service
Housing Authority of Merced County	Rental Deposit Assistance	\$30,000	Eligible Public Service
Merced County Rescue Mission	Homeless Connect Event	\$4,950	Ineligible Activity
Merced County Rescue Mission	SOAR Case Management Program	\$8,000	Eligible Public Service
Merced County Rescue Mission	Rental Deposit Assistance	\$20,000	Eligible Public Service
Merced County Rescue Mission	Warming Center	\$15,000	Eligible Public Service
Merced Lao Family	Youth Cultural Activity	\$8,132	Ineligible Activity
Sierra Saving Grace	Saving Grace Homeless Project	\$7,500	Eligible Public Service

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

IMPACT ON CITY RESOURCES

Funding for the 2016 HUD Annual Action Plan is representative of the proposed 2016-2017 Housing Budget. Funds presented as CDBG and HOME anticipated allocations are based upon information from the City's HUD representative.

Concerning the two ineligible Public Service submittals, Council may consider appropriating \$13,082 from an alternative funding source to fund the Merced Lao Family Youth Cultural Program and the Merced County Rescue Mission Homeless Connect activities. Housing Staff was informed by HUD these activities are ineligible. HUD representative advised staff that if the ineligible Public Service projects are funded by other means, the activities should be overseen by Housing to ensure consistent program monitoring. If Council elects to fund the two ineligible activities with monies from an alternative funding source, our HUD Representative recommended to include these activities in the 2016 HUD Annual Action Plan for reporting purposes.

ATTACHMENTS

1. Attachment 1 - Draft 2016 HUD Annual Action Plan
2. Attachment 2 - List of Applications
3. Attachment 3 - Appendix A - SF 424
4. Attachment 4 - Appendix B - Certificates
5. Attachment 5 - Public Notices
6. Attachment 6 - Resolution 2016-13