



Legislation Text

File #: 17-120, **Version:** 1

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

REPORT IN BRIEF

Public hearing for Adoption of the Federal 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 2017-19**, a Resolution of the City Council of the City of Merced, California, approving the 2017-2018 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 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 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 two eligible capital improvement project activities as submitted. The amount awarded to applicants may not exceed \$239,125 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 four eligible public service applications. The amount awarded to applicants may not exceed \$50,000 for public service activities in the 2017 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 "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 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, 2017.

Process:

On April 3rd, Council set a public hearing for April 17, 2017 for the 2017 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 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 May 1, 2017, 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 17, 2017, public hearing.

Funds Available:

CDBG funding in FY 2017/18 is estimated to be \$959,615 plus \$595,000 generated from program income (loan repayments). The FY HOME grant award is estimated at \$329,958 with an additional \$70,000 in program income. Combined CDBG, HOME, and projected program income is estimated at \$1,954,573.

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 from HOME (\$233,201) and CDBG (\$304,942) is \$538,143.

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 one application requesting \$230,327 for sidewalk improvements in the public right of way along G Street from 13th Street to Childs Avenue and two bulb-outs on Buena Vista Drive east of Rivera School. This will consist of removal of physical barriers and establishment of accessible paths of travel to City-owned sidewalks. Additionally, the Housing Division is recommending to fund \$8,798 towards the Motel Drive Sidewalk Improvement Project to assist the Public Works Department in providing the necessary funds to secure the Congestion Mitigation and Air Quality Program (CMAQ) grant through Merced County Association of Governments (MCAG). (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 continue to provide assistance to eligible households and property owners to rehabilitate existing residential properties within the community through existing agreements. Financial assistance was 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 is continuing to use funds secured from last year's request 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 to 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.

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 \$271,870 amount.

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

The Housing Division is recommending that a combination of this year's HOME/CHDO allocation in addition to previous year's be designated towards the Gateway Terrace II Project. During fiscal year 2016/17, the Housing Division committed funds from the CDBG, HOME Investment Partnership Program, and the Community Housing Development Organization Program in an amount of \$1,285,000. Housing Staff is recommending to increase the amount committed by \$100,000 due to unrealized construction material and labor increases. The funds committed were from a variety of fiscal years, one of the fiscal years being 2017/18. Additionally, another \$526,737 was budgeted from Sewer and Water Main funds to this project to assist with the off-site replacement of a sewer and water main located along 13th Street from the project site to Martin Luther King Jr. Way.

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 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, one application was determined to be ineligible. The total amount requested this year for various projects was \$107,300. There was activity that was considered ineligible for funding. The full list of public service activities received can be located at Attachment 2. With a budget \$50,000, staff is recommending funding four public services in fiscal year 2017/2018.

The four recommended 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	\$16,000	Public Service-Sustainability
Merced Rescue Mission	Warming Center-Continuation/expansion of existing service to homeless	\$15,000	Development
Symple Equazion	Youth I Can	\$9,000	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.

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

ATTACHMENTS

1. Attachment 1 - Draft 2017 HUD Annual Action Plan
2. Attachment 2 - List of Applications Received
3. Attachment 3 - Appendix A - SF 424
4. Attachment 4 - Appendix B - Certificates
5. Attachment 5 - Public Notices
6. Attachment 6 - Resolution 2017-19