



## Legislation Text

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**File #:** 18-177, **Version:** 1

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

**SUBJECT:** Applications for the Department of Housing and Urban Development (HUD) 2018 Annual Action Plan

### REPORT IN BRIEF

Public hearing to review applications received for inclusion into the Department of Housing and Urban Development (HUD) 2018 Annual Action Plan.

### RECOMMENDATION

**City Council** - Adopt a motion accepting the prioritized applications and directing staff to fund them in order as funding becomes available from the U.S. Department of Housing and Urban Development.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff; or,
3. Deny; or,
4. Refer to the City Manager for reconsideration of specific items (specific items to be addressed in the motion); or,
5. 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

Housing staff is asking Council to prioritize the applications received from various community organizations prior to incorporation into the 2018 HUD Annual Action Plan. Due to the U.S. Department of Housing and Urban Development (HUD) not publishing the CDBG and HOME funding allocations for Fiscal Year 2018-19, Housing Staff can only ask for prioritization of the activities at this time. Once the City's allocation is published, housing staff will present the 2018 HUD Annual Action Plan with the recommended activities.

Due to the delay by HUD in publishing the 2018 funding allocations, HUD has given entitlement

communities (including the City of Merced) additional time to prepare the 2018 Annual Action Plan. Jurisdictions are not allowed to submit the HUD Annual Plan to HUD prior to the funding allocations being published, but are required to submit the HUD Annual Action Plan no later than August 15, 2018.

**Funds Available:**

Since HUD has not published the City's grant allocations for Fiscal Year 2018/19, Housing Staff can only prepare next year's budget based on conversations with HUD Staff and Federal Government appropriations awarded to HUD. Housing Staff is anticipating the City of Merced will be awarded an amount similar to the amount awarded last fiscal year (FY17/18). At this time staff is estimating our CDBG allocation to be approximately \$950,000 with \$160,000 estimated to generate in program income. Additionally, staff is estimating our HOME allocation to be approximately \$300,000 with \$60,000 estimated to be generated in program income. Combined CDBG, HOME, and projected program income is estimated at \$1,470,000.

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

The Housing Division is working with the Central Valley Coalition to develop an eligible project on property currently owned by the Housing Division. The amount set aside for this project is \$300,000.

**Housing Activities (Homeowner Rehabilitation/Acquisition):**

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.

The City Housing Division received applications this year from Sierra Saving Grace and Merced Rescue Mission to finance the acquisition of property to be used for their Permanent Supportive Housing Programs. Additionally, Valley Crisis Center submitted an application this year requesting assistance with rehabilitating one of the Safe Houses in our community. The total amount requested this year for all Housing Development- related projects was \$995,000. Staff is requesting that these five applications be considered a priority and be prioritized 3-7.

The development/Homeowner Rehabilitation activities received were:

<u>Organization</u>	<u>Activity</u>	<u>Requested Amount</u>
Sierra Saving Grace	Permanent Supportive Housing Acquisition of 1-4 Units	\$225,000
Merced Rescue Mission	Permanent Supportive Housing Acquisition of 1-4 Units	\$250,000
Valley Crisis Center	Rehabilitation of Safe House	\$20,000
Habitat for Humanity	Homeowner Rehabilitation	\$200,000
Central Valley Coalition for Affordable Housing	City Community Housing Development Org. Project	\$300,000

\*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 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.

**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. The Merced Continuum of Care (COC) selected this past week a collaborative applicant to manage the COC. The Housing Division will enter into an agreement with the applicant, once they have been selected. The 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.

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. The total amount requested this year for various projects is \$221,400. This amount is four times the amount traditionally budgeted by the Housing Division. Staff is asking to have the following 7 applications prioritized 8-14. Once the funding allocations from HUD have been posted, the Housing Division will fund as many as possible with the funding resources available.

The seven public service activities received are:

<u>Organization</u>	<u>Activity Requested</u>	<u>Amount</u>
Merced Rescue Mission	Rapid Re-Housing	\$20,000
Merced Rescue Mission	Warming Center	\$16,000
Healthy House	Senior Rental Assistance	\$20,000
Sierra Saving Grace	Emergency Shelter Assistance	\$20,000
Kiwanis Club of Greater Merced	Kiddieland Bootcamp	\$7,000
Distinguished Outreach Services	After School Program	\$13,400
Boys & Girls Club	More Members Program	\$125,000

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

**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.

## **ATTACHMENTS**

1. Attachment 1 - List of Applications Received