



City of Merced Housing Division



*Welcome*

Notice of Funding Opportunity  
Information Meetings  
(2024 HUD Annual Action Plan)

*Meeting #1: Wednesday, February 28, 6:00 p.m.*

*Meeting #2: Thursday, February 29, 3:00 p.m.*

# About the City of Merced Housing Division

- **Housing, Planning, & Inspection Services Divisions → Development Services Department**
  - Federal Grants received from HUD (U.S. Housing and Urban Development)
  - State Grants - CA HCD (California Housing and Community Development)
  - Local Affordable Housing Funding Streams - Affordable Housing Fund
  - No General Fund \$
- **Federal grant programs administered:**
  - Community Development Block Grant (CDBG) - yearly
  - HOME Investment Partnership Program (HOME) - yearly
  - 2020 CARES Act: "Coronavirus Aid, Relief, and Economic Security" Act -- Coronavirus CDBG (CDBG-CV) funds
    - Immediate -COVID-19 prevention/response/recovery (Summer 2020) → Needs = Rental/Mortgage/Utility, Food Bank, and Business/Microenterprise Assistance
  - 2021 American Rescue Plan Act -- Home Investment Partnership Program - American Rescue Plan (HOME-ARP)
    - Long term COVID-19 Recovery → HOME-ARP Allocation Plan (April 2023) → Needs = Affordable Rental Housing Construction/all QP's
- **State grant programs & grants administered:**
  - Partnership with Self Help Enterprises to administer:
    - CalHome '21 - First Time Homebuyer Assistance & Homeowner Rehab programs
    - State HOME '15 - Existing Program Income from paid loans - Reuse towards new FTHB loans
  - CalHome '06/CalHome '12: active first time homebuyer loans
  - SB2 Planning Grant - "off the shelf" ADU and Duplex/Triplex plans; Tiny Home & ADU ordinance
  - PLHA - Permanent Local Housing Allocation - Affordable Housing projects
  - LEAP - Local Early Action Planning Grant - Zoning/Subdivision Ordinance & General Plan amendments; Pro-housing Policies

# Federal Funding~ CDBG & HOME funds

- **“Entitlement Community” = largest jurisdiction in County with population over 50,000**
- **City receives yearly allocations of CDBG and HOME funds in a Five-Year cycle**
  - Consolidated Plan / Five-Year Strategic Plan
    - Multiple broad level needs assessments → goals, project types, and target populations identified
    - Assessed needs are to be addressed over the five-year period through annual project funding
  - Annual Action Plan = Yearly needs assessment / projects to address ConPlan goals
  - CAPER (Consolidated Annual Performance & Evaluation Report) = post-year progress report/eval
- **Resident / Community Input**
  - Citizen Participation Plan (CPP) = lays out how we will communicate with community each cycle
  - *Input of low-income residents is crucial to be able to accurately direct funding where most needed!!*
- **CDBG and HOME funds beneficiary populations**
  - Both funds are aimed towards benefitting low-moderate income (LMI) and most vulnerable citizens of the community
  - Income-Eligible Census Tracts = areas where at least 51% of households have income of 80% or less of Area Median Income (AMI) - approximately three-quarters of the City
  - CDBG: requires overall minimum of 70% funding to benefit LMI persons or households (goal is 100%)
  - HOME: requires overall 100% LMI household

# Addressing Community Need – The Process

- **Development of Five-Year Consolidated Plan - broad:**
  - Needs Assessment (Housing, Homeless, Non-Homeless, Non-Housing)
  - Housing Market Analysis (Number, Cost, Condition, Public/Assisted, Barriers, Non-Housing/Economic Development)
  - Strategic Plan /Five Year Plan (Priority Needs, Market influence, Goals)
  - Analysis of Impediments to Fair Housing (Mortgage Lending Practices, Public Policies and Practices, Fair Housing Practices = Future Actions to “Affirmatively Further Fair Housing” - commitment to HUD)
- **Development of each Annual Action Plan - focused:**
  - ConPlan five-year goals and prioritized needs are re-assessed for any adjustments
  - Assessment by: Community Input Meetings, Surveys, Consultation with other Agencies, Town Hall Meetings
  - Noting current community needs
- **Non-profit community org’s - project proposals & funding requests**
  - Proposals addressing the needs, priorities, & goals of the ConPlan/Annual Plan are invited
  - NOFA - “Notice Of Funding Availability” published

# Reporting Yearly Accomplishments

- **CAPER report - accomplishments/outcomes reporting to HUD of all subrecipient programs**
  - City's report due to HUD by September 28<sup>th</sup>
  - Public participation: 15-day comment period & Public Hearing
  - Reports participant ethnicity, income level, and accomplishment data as of last day of Program Year (June 30)
- **Reviews activity performance and progress towards ConPlan goals - "Report Card"**
- **Evaluates - why some programs faltered & why some excelled**
- **Examines ways we can improve**
- **Example of data that is reported:**
  - # of affordable housing units added
  - # of homeowner housing units assisted
  - Demographic statistics - Race/Ethnicity and Income Levels assisted
  - Amount of total funding spent per activity
  - How we assisted the homeless and prevented homelessness
  - What low-income areas were served - Eligible Census Tracts (51 percent of households 80% AMI or less)
- ***This data is collected from all subrecipient programs - therefore, programs are also required to report!!***

# Examples of Basic Eligible Uses – CDBG Funds (24 CFR 570.201)

- **All activities must be able to document the LMI beneficiaries of CDBG funding and meet a clear National Objective**
- **City administration and staffing** (max 20% of allocation)
- **Vacant property acquisition, disposition, demo/clearance, and remediation of environmental contamination**
- **Public Facilities/Improvements - Acquisition, construction, or rehabilitation** – senior centers, disabled accessibility improvements, homeless facilities, health centers, youth and childcare centers, facilities for abused/neglected children, neighborhood/community facilities, public parking facilities, flood/storm drainage, water/sewer mains, streets & sidewalk installation, fire stations/equipment, parks/open space development and recreational facilities, non-residential historic preservation
- **Housing:** acquisition & rehabilitation of rental housing for LMI families; energy efficiency improvements as rehab; homeowner rehab (privately-owned single- and multi-family); installation of water/sewer connection lines for LMI homeowners as rehab; direct homeownership assistance and housing counseling; public housing modernization for property owned/operated by a public housing authority; lead-based paint testing and abatement; energy efficiency/weatherization improvements; residential historic preservation (NO new construction)
- **Economic Development:** commercial/industrial property rehab (if privately owned: façade improvements and correction of code violations), acquisition, disposition, clearance, infrastructure; business development/technical assistance; for-profit small business assistance; microenterprise assistance; commercial/industrial infrastructure development, including parking, rail transport, street, water, or other improvements.
- **Public Services** (maximum 15% of yearly CDBG allocation):
  - Homeless/AIDS programs; physical & mental health services
  - Services for seniors, disabled persons, youth, domestic violence victims, substance abuse, abused/neglected children
  - Legal and transportation services for LMI persons/specific groups (i.e. elderly transport)
  - Job, life skills, financial literacy training programs
  - Subsistence payments (short-term payments for rent/mortgage/utility) & security deposits
  - Food banks or meal delivery services; neighborhood cleanups

# Examples of Eligible Uses ~ HOME Funds (24 CFR 92.205)

**HOME funds are designed to increase homeownership and affordable housing opportunities for low- and very low-income persons, including:**

- Program administration, including fair housing/consultant services (max 10%)
- Tenant-based rental assistance
- Rental housing rehabilitation
- Homeowner rehabilitation
- Homebuyer assistance to LMI households
- Site acquisition, improvements, demolition, and relocation
- **New construction of rental housing:**
  - Must serve 100% low- and very low-income families (affordable rental housing projects)
  - Required to assist specific *Average Median Income (AMI)* percentages
    - AMI levels (10% of units for 80% AMI, and 90% of units for 60% AMI) = 100% LMI

# 2024 HUD Annual Action Plan – Timeline

- **Community Needs Online Survey:** survey closes February 29, 2024
- **Notice of Funding Opportunity/Applications for Funding & TA:** January - mid March ← **WE ARE HERE!**
  - *Applications screened and project list developed*
  - *Projects help address current community needs*
  - **Technical Assistance Appointments available - week of March 4<sup>th</sup> only!**
  - **Application Deadline (extended): March 15, 2024**
- **Community Input Resident Meetings** Two meetings: Wednesday 3/6/24 (6pm) & Wednesday 3/20/24 (6pm)
- **Preliminary Draft** - anticipated by end of March 2024
- **1<sup>st</sup> Public Hearing: April 2, 2024 (tentative)** - present preliminary budget and eligible project funding requests received for public comment
- **30-day Public Review and Comment Period: April 12 - May 13, 2024**
  - Public draft posted to website by 4/11/24
- **2nd/Final Public Hearing: May 20, 2024 (tentative)**
  - Additional Public Comment
  - Council Approval of Final Draft Plan
  - Award of Project Funding to Non-Profits
- **Submit Council-approved plan to HUD:** by 6/1/24 (tentative)
- **HUD approval** - expected August 2024
- **Contracts with awarded non-profits:** approximately September - November 2023



# Code of Federal Regulations (CFR)

- **CDBG**: Title 24 Part 570 (starts at 24 CFR 570.1)
  - Basic Eligible Activities: 570.201
  - National Objectives: 570.208 (*discussed further next slide*)
- **HOME**: Title 24 Part 92 (starts at 24 CFR 92.1)
  - Eligible Activities: 92.205
  - Eligible Project Costs: 92.206
- **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**: 2 CFR Part 200
  - **Cost Principles: Title 2 Part 230 (starts at 24 CFR 230.5)** - also known as OMB Circular A-122 "Cost Principles for Non-Profit Organizations" - these are the regulations to be applied for all costs whether direct or indirect costs

## Helpful handbook for Subrecipients:

- **"Playing by the Rules"** - A Handbook for Subrecipients on Administrative Systems

# CDBG~ Responsibilities / Requirements

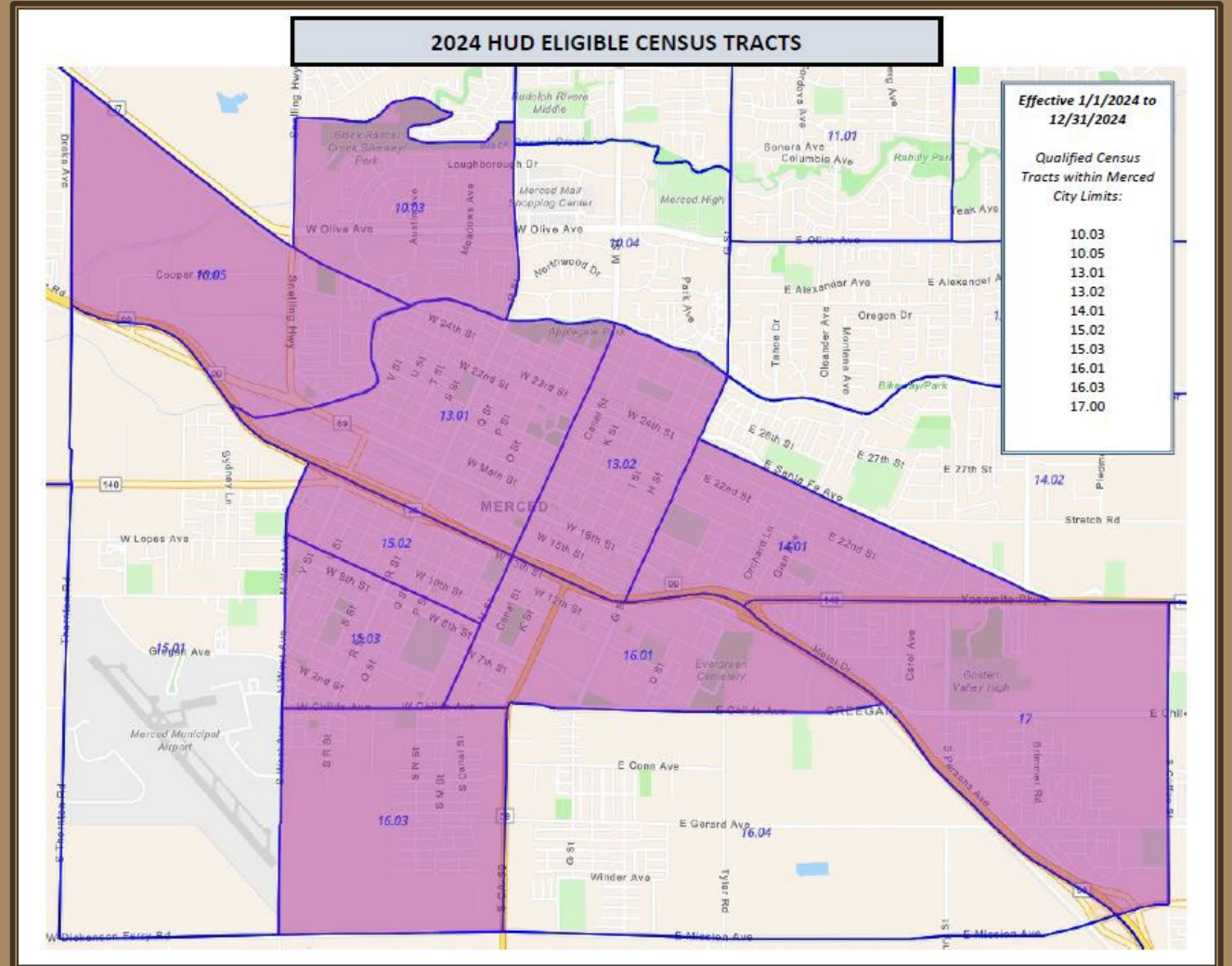
- **Compliance with CDBG/HOME Regulations:** City and Subrecipient
- **Compliance with the Primary Objective:** City
  - Not less than 70% of CDBG expenditures shall be for activities to benefit LMI persons [570.208(a)]
- **Compliance with environmental review procedures:** City, as “Responsible Entity”
- **Compliance with cost principles:** City and Subrecipient
- **Compliance with basic eligible activities:** City and Subrecipient
- **Compliance with one of the three National Objectives:** City and Subrecipient
  - **1. Activities benefitting LMI persons:**
    - **LMA - Area Benefit Activities:** Census Tract or Specified Area - Residential 51% LMI
    - **LMC - Limited Clientele Activities:**
      - (A) “Presumed Benefit:” HUD has predetermined eight specific groups are 51% or more LMI: abused children, battered spouses, elderly persons, severely disabled adults, homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers: or,
      - (B) require income documentation to prove 51% are LMI; or,
      - (C) have income eligibility requirements which limit the activity exclusively to LMI persons; or,
      - (D) be of such nature and such location that it can be concluded that the activity’s clientele will primarily be LMI persons

# CDBG- Responsibilities / Requirements (continued)

- **LMH - Housing Activities:** housing that will be occupied by 51% LMI households
- **LMJ - Job Creation/Retention Activities:** at least 51% of Full Time Equivalent (FTE) jobs involve the employment of LMI persons (Economic Development activities)
- **2. Activities which aid in the prevention or elimination of slums or blight**
- **3. Activities designed to meet community development needs having a particular urgency**
- **HUD CDBG Performance Measurement System:** Subrecipient
  - **Objectives:** Broadly framed -- Creating Suitable Living Environments; Providing Decent Housing; or Creating Economic Opportunities
  - **Outcomes:** Asks the question - "What is the type of change sought?"
    - Three categories: 1) Availability/Accessibility; 2) Affordability; or, 3) Sustainability
  - **Indicators:** - Units of changes/outcomes --- the data parameters you will report:
    - Number of persons, households, businesses, units, beds, etc. assisted; and,
    - Income level (30%, 50%, 80% of AMI); and,
    - Race, ethnicity, and disability data for all LMC categories (not LMA, slum/blight, or urgent need national objectives)
- **Reporting** - end of the year (June); summarizing all above + narrative of accomplishments
- **Recordkeeping is VERY important** - minimum five year retention; time sheets, payroll, client docs
- **Monitoring** - Remote / Site: Income documentation; recordkeeping; housing/safety standards

# HUD Eligible Census Tracts

- **HUD Eligible Census Tract:**
  - At least 51% of the residential households have incomes at or below 80% of the Area Median Income (AMI)
  - U.S. Census Data
- **LMA (Low Mod Area)**
  - National Objective
  - Income levels predetermined
  - Income level data collection not required for LMA projects



# What is a Subrecipient? \*

- **Defined by 24 CFR 570.500(c) as:**

- A public or private nonprofit agency, authority, or organization receiving CDBG funds to undertake activities eligible for such assistance under subpart C - Eligible Activities (570.200)
- In special circumstances covered under 24 CFR 570.201(o), a subrecipient can be a for-profit agency, but only when carrying out authorized economic development activities.

- **Private Nonprofits** - usually, but not always, corporations, associations, agencies, or faith-based organizations with nonprofit status under the Internal Revenue Code section 501(c)(3)
- **Community-based Development Organizations (CBDOs)** - may be designated as a subrecipient to carry out special activities such as economic development or new housing construction on behalf of the City.
- **Governmental Agencies** - quasi-governmental public agencies, commissions, or authorities, such as a public housing authority, independent from the City and carrying out authorized CDBG activities.
- **Entitlement Grantee/City departments** - interdepartmental agreement/memorandum of understanding (MOU)

\* Each Subrecipient is subject to the requirements of 24 CFR 570.503 - Agreements with Subrecipients

# Pre-Award Assessment

Important! - to reduce risk of problems, develop effective agreements, and to establish special procedures/monitoring to ensure mutual goals are met.

- ✓ Assess the nature of the activity,
- ✓ Whether the proposed plan for carrying out the activity is realistic,
- ✓ Whether the organization's ability to do the work in a timely manner; and,
- ✓ Whether there is a possibility of any potential conflicts of interest.

## **Conflict of Interest (24 CFR 570.611) - main points:**

- Covered person(s): any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient (City), or of any designated public agencies, **or of subrecipients** that are receiving funds under this part.
- Conflicts prohibited: no covered person(s) who exercise or have exercised any functions or responsibilities with respect to CDBG assisted activities, or who are in a position to participate in a decisionmaking process or gain inside information regarding such activities, may obtain a financial interest or benefit from a CDBG-assisted activity; or have a financial interest in any CDBG contract, subcontract, or agreement; or with respect to the proceeds of the CDBG-assisted activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year after.



# Requirements for Project Selection

- ✓ **Applicant is a IRS-registered non-profit organization**
- ✓ **Sam.gov / UEI number (Unique Entity Identifier)**
  - ✓ Not required to completed full SAM registration to obtain a UEI, but must have the UEI number to apply for and receive federal funding.
  - ✓ HUD requirement of the City to ensure this (2 CFR 25.300)
- ✓ **Project is eligible and meets one of the three broad National Objectives**
- ✓ **Activity will benefit at least 51 percent of LMI persons, and which can be documented**
- ✓ **Fits into the community priorities set out by the ConPlan**
- ✓ **Project can be completed in a reasonable time frame**
- ✓ **Prior experience with CDBG - or - prior experience with other grants/similar projects**
- ✓ **Financial capacity**
- ✓ **Financial stability** - not completely reliant on CDBG funds over time
- ✓ **Adequate staffing**
- ✓ **Organizational strength** (recordkeeping, filing systems, financial systems, existence of written procedures manual for financial management and personnel/bylaws)
- ✓ **Cost reasonableness/effectiveness and risk analysis**
- ✓ **Passes the pre-award assessment**

# Eligible Costs

- **OMB Circular A-122 “Cost Principles for Non-Profit Organizations” (24 CFR 230.5)**
- **Costs - Basic Considerations:** 2 CFR 200.402-406
- **Indirect Costs:**
  - Costs of an organization that are not easily assignable to a particular project/program, but are necessary to the operation of the organization/performance, such as facility operation and maintenance, depreciation, and administrative salaries that cannot be considered direct costs.
  - Develop an indirect cost allocation plan for determining the appropriate share of administrative costs and submit plan to City for approval
  - Discouraged, so as to provide as much of the funds as possible to assisting residents/program
- **Direct Costs** - attributed directly to a specific cost objective and tracked in distinct categories such as personnel, travel, supplies, etc.
- **No personal items (generally) and no income to residents** - [24 CFR 570.207\(b\)\(4\)](#)
- **If ever in doubt if a cost is eligible before you pay it, please ASK!**



# Invoice Submittal and Payment

- **Invoicing** - City templates (staff hours, mileage, etc.)
  - **Importance of correctness** - ineligible expenses will be rejected.
    - Addition/subtraction errors and general disorganization will be sent back to fix/resubmit!
  - **Final invoice for program** - mark as "Final Invoice" to enable closeout of project in HUD system
    - Prior to June 30, 2024
    - Make sure required ethnicity/income/outcome reporting is submitted at least quarterly!
  - **Do not alter documents, and remember conflict of interest when requesting payments**
    - Suspicious documents/reimbursements will be rejected due to high risk expenditure
  - **Cash Management (2 CFR 200.305)** - Reimbursement method; based on actual/documented expenditures.
    - Backup: copy of bill/invoice/store receipt, description of expense & how it relates to program, photographs of use in project, evidence of payment (cancelled check, etc)
    - Cash advance method only under case-by-case special circumstances /dep upon project
  - **City internal processing** - allow approximately 6 weeks
    - Housing Division staff ↔ Corrections (return/resubmittal) → final recheck
    - → final approval & preparation for routing
    - → Finance check run schedule

# 2024 Annual Action Plan – Project Funding

- **Technical Assistance Appointments available - March 4, 5, 6, 7, & 8**
  - Email: [housing@cityofmerced.org](mailto:housing@cityofmerced.org)
  - Phone: 209-388-8988
- **Applications can be found at:** [www.cityofmerced.org/housing](http://www.cityofmerced.org/housing)
  - **NOFO page:**
    - Application forms
    - Guideline books
    - CDBG / HOME and Administrative Regulations
- **Fill-in PDF forms:**
  - Application Submittal Checklist
  - Application
  - Appendix C-1 - total project funding (all sources and amounts used in project)
  - Appendix C-2 - project detailed budget
    - *NEW* - different C-2 forms for public service and housing/capital improvement projects
  - Appendix C-3 - supplemental questions (*NEW*)

# Questions?

Thank you for attending - we are grateful for your partnership and interest!