

2024 Annual Action Plan

Preliminary Housing and Public Infrastructure Projects*

How can the City's annual CDBG and HOME allocations be use strategically to build affordable housing? CDBG funds can be used as loan to a qualified and willing non-profit organization to purchase dilapidated existing market rate housing stock, including multi-family units, and then rehabilitate them for eventual renting by Low- to Moderate-Income (LMI) families. Typically, there is an "affordability period" of at least 30 years that is built into the loan that requires the units to remain affordable for that period of time. CDBG can also be used towards owner-occupied rehabilitation projects, when the current owner is LMI and resides in the home, but generally cannot be used for new construction of housing. HOME funds can also be used to acquire and rehab property and units for rent to LMI tenants, but it can also be used for new construction of rental housing. CDBG and HOME can also be combined on a project; for instance, the use of CDBG to purchase the land for a new rental housing complex that will use HOME funds for construction. Combining sources for mixed-use developments are also generally possible, when CDBG is used for commercial and HOME is used for the affordable housing portion of the project. CDBG funds may also be used towards public improvements such as new sidewalks or improved disabled accessibility or new construction of neighborhood, youth, or senior centers.

* The amounts in the right-hand column below reflect City Council direction provided at the June 3, 2024, public hearing. At this meeting, the Council requested staff to look for other options for use of the CDBG and HOME funds for the proposals shown in the right-hand column. Housing staff continues to look into other alternatives, as per Council direction. This spreadsheet may be updated during the Public Review and Comment Period to reflect any alternatives that staff determines feasible and able to complete within the program year. **Staff encourages residents and interested stakeholders to provide their own recommendations and suggestions. Thank you for your input.**

Organization	Description	Funding Source	Eligible Project Type	Consolidated Plan Goal/Category/Strategic Plan Need Addressed	Organization's Requested Amount	Associated Administrative % Activity Delivery	Council Direction 6/3/2024	Amount Available for Alternative Project(s) for Each Funding Source
Habitat for Humanity Merced/Stanslaus Counties	Completion of rehab/reconstruction of 241 E Main Street. The property is owned by Habitat for Humanity. The project is partially started but has experienced several setbacks since it began, including material cost increases due to the Pandemic, unexpected ADA-related costs, and suspended prior funding as a result of a 2020 Environmental Monitoring by HUD. This project had received prior environmental clearance prior to the monitoring. The original scope of the project has also changed from a simple rehab to a reconstruction after full demolition of the structure was necessary in 2019. This project was removed from the 2023 Annual Plan, and is being re-instated with 2024 funding.	CDBG	Housing: 14A- Rehabilitation: Single-Unit Residential	Goal 2A- Increase Owner Occupied Rehab Opportunities/Affordable Housing/Preserve & Develop Affordable Housing	\$150,000	\$30,000	N/A	
Sierra Saving Grace Homeless Project	Acquisition of existing single family 1-4 unit residential property for rehabilitation and subsequent conversion to affordable rental housing. Benefits of this activity include: 1) vacant and blighted marketrate properties are converted to LMI/permanant supportive housing for formerly homeless families; 2) neighborhoods and adjacent property values are improved by the rehab and occupancy of the units; 3) preserved the City's housing stock, as units often need extensive repairs and are located in older neighborhoods.	CDBG	Housing: 14G - Rehabilitation: Acquisition	Goal 2B - Increase Affordable Housing Opportunities/ Affordable Housing/ Preserve & Develop Affordable Housing	\$511,938	\$102,387	Find alternative use for funds	

Community Housing Development Organization (CHDO) - Required Minimum 15% "Set Aside" Reserve	The City is required to set aside a minimum of 15% of its HOME funding for Community Housing Development Organization (CHDO) projects that are owned, developed, or sponsored by a CHDO. A CHDO is a private nonprofit service organization that has the capacity to develop affordable housing, and are required to meet certain requirements pertaining to legal status, organizational structure, and capacity and experience to be certified as a CHDO. Eligible CHDO projects include: acquisition and/or rehab or new construction of rental housing; acquisition/rehab or new construction of homebuyer properties; and direct financial assistance to purchasers of HOME-assisted housing sponsored or developed by a CHDO with HOME funds. <i>The amount shown to the right is the combined 15% set-aside for years 2023/24 and 2024/25. 2023/24 CHDO funds have not yet been used.</i>	HOME	Housing: CHDO Set-Aside Reserve	Goal 2B - Increase Affordable Housing Opportunities/ Affordable Housing/ Preserve & Develop Affordable Housing	\$153,565	\$30,713	N/A	
CHDO project by Central Valley Coalition for Affordable Housing (CVCAH)	CVCAH is the City of Merced's only certified CHDO. CVCAH has identified a duplex in downtown Merced that it owns and that is in need of rehabilitation work. Estimated project costs of \$444,523 are needed for the project scope. The amount shown on the right is the total request minus the 15% CHDO set-aside reserve on the line above	HOME	Housing: Rehab of existing rental housing 1-4 units	Goal 2B - Increase Affordable Housing Opportunities/ Affordable Housing/ Preserve & Develop Affordable Housing	\$290,958	\$58,191	Find alternative use for funds	
To be determined	TBD project limited to new rental housing construction, rehab of existing rental housing, and/or acquisition of vacant property for construction of rental housing.	HOME	Housing: TBD new construction, rehab, or land acquisition for affordable rental housing	Goal 2B - Increase Affordable Housing Opportunities/ Affordable Housing/ Preserve & Develop Affordable Housing	\$803,728	\$160,744	Find alternative use for funds	
Alternative use?	Per Council direction on 6/3/2024, find alternative eligible uses for these funds. Regarding ADC percentages: up to 20% can be charged for rehab projects, and only 10% can be charged for acquisition only projects.	CDBG	To be determined		N/A	TBD (% determined by type of activity)		\$614,325
Alternative use?	Per Council direction on 6/3/2024, find alternative eligible uses for these funds. Regarding ADC percentages: up to 20% can be charged for rehab projects, and only 10% can be charged for acquisition only projects.	HOME						\$1,313,621
Totals:					\$1,910,189	\$382,035		\$1,927,946