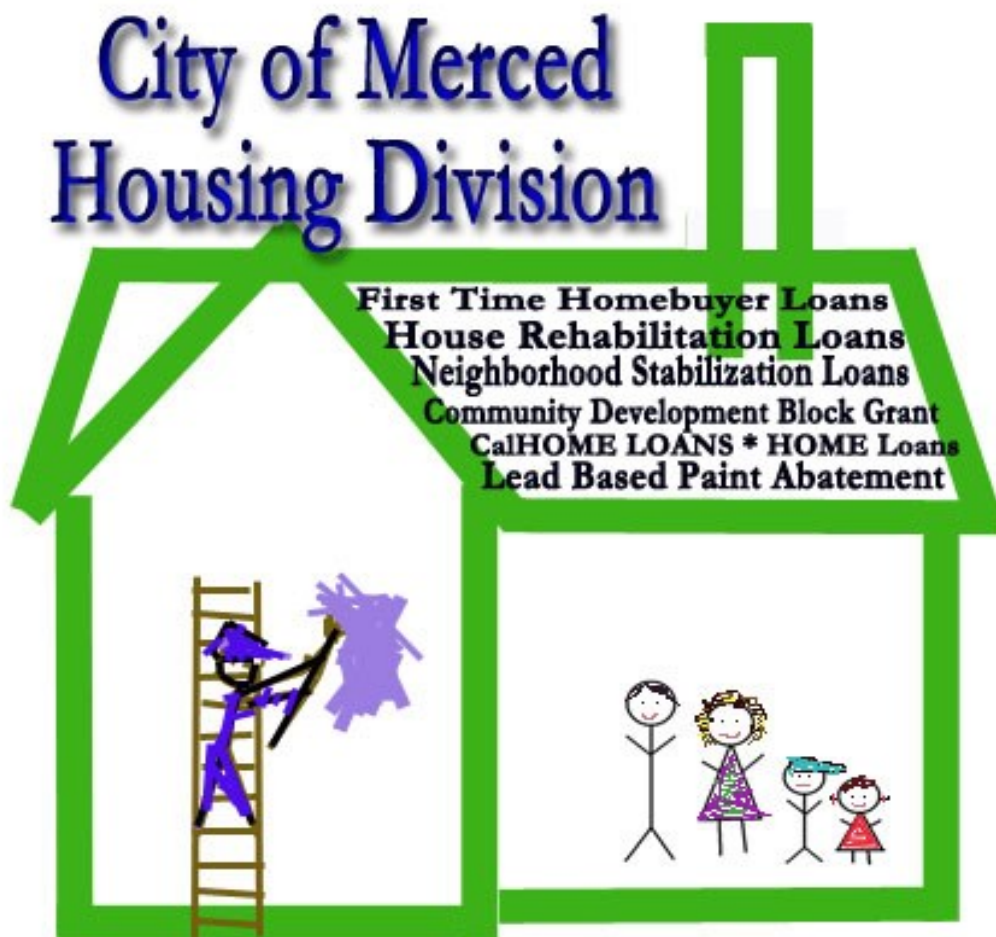


# CITY OF MERCED

## 2014-15 CDBG

### ANNUAL ACTION PLAN



ADOPTED  
May 5, 2014  
Revised - June 2014

# TABLE OF CONTENTS

- I. Executive Summary ..... 4**
  - Objectives & Outcomes ..... 8
  - Outcomes..... 9
  - Lead Agency ..... 10
  - Public Review and Comment ..... 10
- II. Introduction ..... 10**
  - Resources ..... 11
- III. Activities to be Undertaken ..... 11**
  - Target Areas ..... 12
  - Proposed CDBG Activities..... 14
  - Proposed HOME Activities ..... 18
- IV. Other Information ..... 20**
  - Homeless and Other Special Needs Populations ..... 20
  - Addressing Obstacles to Meeting Under-served  
Needs ..... 21
  - Efforts to Foster and Maintain Affordable  
Housing ..... 22
  - Remove Barriers to Affordable Housing ..... 22
  - Resale/Recapture of Loans ..... 22
  - First Time Homebuyer Program..... 24
  - Affirmative Marketing ..... 24
  - Minority/Women’s Business Enterprise Policy and Procedure..... 27
- V. CDBG-Specific Requirements ..... 29**
  - Institutional Structure..... 29
  - Effective Coordination ..... 29
  - Public Housing Needs ..... 29
  - Anti-Poverty Strategy ..... 29
  - Lead-Based Paint Hazards..... 29
  - Monitoring Plan ..... 30

## **TABLES**

<b>Table 1</b>	Program Funding for FY 2014-15
<b>Table 2</b>	Program Activities for FY 2014-15
<b>Table 3</b>	Objectives and Outcomes
<b>Table 4</b>	Proposed CDBG Activities and Projects Program Year 2014-15
<b>Table 5</b>	Proposed HOME Activities and Projects Program Year 2014-15

## **MAPS**

<b>Map 1</b>	– Areas of Low Income Concentration
<b>Map 2</b>	– Targeted Areas

## **APPENDICES**

<b>Appendix A</b>	– Form SF424 Application for Federal Assistance
<b>Appendix B</b>	– Certifications
<b>Appendix C</b>	– City Council Resolution
<b>Appendix D</b>	– Public Participation
<b>Appendix E</b>	– 2014 HUD Annual Plan Review of Submitted Activities
<b>Appendix F</b>	– Continuum of Care Application
<b>Appendix G</b>	– Fair Housing Service Application
<b>Appendix H</b>	– Capital Improvement Project Applications
<b>Appendix I</b>	– Public Service Applications
<b>Appendix J</b>	– 5 – Year Consolidated Action Plan Application

## I. EXECUTIVE SUMMARY

The 2014-15 Action Plan is a one-year plan to address housing and community development needs in the City of Merced, with a particular focus on the needs of low-income households. This is the fifth year of the implementation of the five-year Consolidated Plan. Both the Consolidated Plan and the Action Plan are implemented by the Neighborhood Services Division in the Community Development Department.

The City has been awarded \$949,593 from the federal Community Development Block Grant (CDBG) program and \$350,123 from the federal HOME program. Unexpended prior year funds to be used in the 2014-15 program year are estimated to be \$349,013. This amounts to total resources of \$1,648,729 for the 2014-15 program year.

The City plans to meet its community development and housing needs by also applying for other grant funding sources, including grants available through the California Department of Housing and Community Development.

City staff encouraged citizen participation throughout the Action Plan process. This included consulting local organizations, holding public meetings, and encouraging public comment during the public review period. Using research and input from the public, City staff formulated the objectives and outcomes that are briefly described below.

### **FY 2013/14 Snapshot**

In FY 2013-14 the City accomplished many of the goals identified in the Consolidated Plan. The City also worked with HUD to bring several areas into compliance. Below is a list of accomplishments and improvements to the Annual Action Plan

- Rehabilitation projects to provide suitable housing for low-income households
- First-time home buyer's assistance through the NSP Programs
- Purchased homes using Neighborhood Stabilization Programs (NSP) funds
- Provided funding for Graffiti Intervention
- Provided Public Service funds to the Boys and Girls Club
- Provided Public Service funds for Warming Tent for local homeless
- Provided Public Service funds for Job Training Program
- Service of the Section 108 Loan for the Grove Apartment complex
- Abated single family residences of Lead Based Paint through the rehabilitation program

- Acquired a property to be used as a safe house in joint partnership with Valley Crisis Center
- Participation and funding for the enhancement of the Merced County Continuum of Care and 10-Year Plan to End Homelessness
- Provided funding for a Fair Housing Hotline operated by the Central Valley Coalition for Affordable Housing.

### **COMPLIANCE ISSUES**

- Worked with City Departments to remove activities that no longer meet CDBG eligibility and established new programs that meet the National Objectives and are considered to be eligible activities.
- Worked within the Housing Division to improve processes, monitoring and reporting to meet HUD standards.
- Improved Public Outreach including additional meetings and media use.
- Increased funds for training of staff for: HUD allowable processes, reporting, recording, financing, housing and building compliance, and eligible activities.
- Dissolved the Economic Development and Code Enforcement programs.

Details regarding these accomplishments will be found in the City's 2013-2014 Consolidated Annual Performance Evaluation Report (CAPER), due for completion by September 2014. Upon completion the CAPER will be available on the City's website at [www.cityofmerced.org](http://www.cityofmerced.org).

**Table 1 – CDBG  
Program Funding for FY 2014-15**

<b>Source of Funds</b>	<b>Total CDBG</b>
<b>Grant FY 2014/15</b>	\$949,593
<b>Program Income FY 2014 (estimate)</b>	\$252,000
<b>2013 Carryover (estimate)</b>	\$183,616
<b>Total CDBG Revenue 2014-15</b>	<b>\$1,385,209</b>
<b>HUD Funding Limits – CDBG</b>	
<b>Formula Start Amount:</b> FY 2014 CDBG Grant Allocation + FY 2014 Program Income	<b>\$1,201,593</b>
<b>Administrative &amp; Indirect Administrative:</b> FY 2014 CDBG Grant Allocation + FY 2014 Program Income x 20%. The 20% may also include a max of 10% toward Indirect Admin costs. <b>Administrative Agreements:</b> Continuum of Care (\$38,000)	- \$240,318
<b>Public Service:</b> Amount Available for Public Services	- \$50,000
<b>CDBG FY 2014 Funding Available for Activities</b>	= \$911,275
<b>Add 2013 Carryover Funding</b>	+ \$183,616
<b>Total 2014-15 Funding Available for Activities - CDBG</b>	<b>\$1,094,891</b>
<b>CDBG - Public Service</b>	
<b>Formula Start Amount:</b> <b>Amount Available for Non-Profit Programs</b>	<b>\$50,000</b>
Center of Vision Enhancement	\$5,000
Potter’s Place - Hands Up Training Program	\$12,000
Healthy House within a MATCH Coalition	\$4,000
Isaiah Community Project	\$6,710
Merced County Arts Council	\$14,158
Merced Lao Family	\$8,132
<b>CDBG Activities</b>	
South Merced Right of Way Improvements Projects #1 & #2	\$103,438
Section 108 / Debt Service Payment	\$302,610
LMI House Acquisition/Rehab – City Properties	\$250,000
Property Acquisition/Rehabilitation	\$238,843
First Time Home Buyer Loans	\$100,000
Homeowner – Occupied Rehabilitation/Emergency Loan	\$100,000
<b>Total Amount Allocated to CDBG Activities</b>	<b>\$1,094,891</b>
<i>Note: All Activities include Activity Delivery Cost.</i>	

**Table 2 – HOME  
Program Funding for FY 2014-15**

<b>Source of Funds</b>	<b>Total HOME</b>
<b>Grant FY 2014/15</b>	\$350,123
<b>Program Income FY 2014 (estimate)</b>	\$85,000
<b>2013 Carryover (estimate)</b>	\$165,397
<b>Total CDBG-HOME Revenue 2014-15</b>	<b>\$600,520</b>
<b>HUD Funding Limits – HOME</b>	
<b>Formula Start Amount:</b> FY 2014 HOME Grant Allocation	<b>\$350,123</b>
<b>Comm. Housing Development Organization (CHDO):</b> FY 2014 HOME Grant Allocation x 15%	- \$215,000
<b>HOME Administration:</b> FY 2014 HOME Grant Allocation + FY 2014 Program Income x 10% 1. Fair Housing Services 2. HUD 5-Year Consolidated Plan, Analysis of Impediments to Fair Housing Choice & HUD Annual Action Plan	- \$43,512
<b>HOME FY 2014 Funding Available for Activities</b>	= \$91,611
<b>Add FY 2013 Carryover Funding + FY 2014 Program Income</b>	+ \$250,397
<b>Total 2014-15 Funding Available for Activities - HOME</b>	<b>\$342,008</b>
<b>HOME Activities</b>	
Valley Crisis Center – Transitional Housing Program	\$100,000
Home Owner Occupied Rehabilitation / Emergency Loans	\$142,008
First Time Homebuyer Loans	\$100,000
<b>Total Amount Allocated to HOME Activities</b>	<b>\$307,008</b>
<i>Note: This also includes Activity Delivery Cost.</i>	

## Objectives and Outcomes

Each year the U.S. Department of Housing and Urban Development (HUD) assesses the City of Merced’s management of CDBG program funds, the City’s compliance with the 5-year Consolidated Plan, and the extent to which the City is preserving and developing decent affordable housing, creating a suitable living environment and expanding economic opportunities.

The chart below shows the objectives and outcomes assigned to activities the City will undertake during program year 2014-2015 utilizing HUD’s number system for the OPMS.

### OBJECTIVES AND OUTCOMES OF 2014-2015 ACTIVITIES

	Access/Availability	Affordability	Sustainability
<b>Decent Housing</b>	DH-1	DH-2	DH-3
<b>Suitable Living Environment</b>	SL-1	SL-2	SL-3
<b>Economic Opportunity</b>	EO-1	EO-2	EO-3

**Table 3** (next page) describes the objectives of this Annual Plan and the expected outcomes. Details of each objective and activities to be undertaken to meet the objectives in the Annual Plan.

**Table 3**  
**Objectives and Outcomes**

OBJECTIVE /OUTCOME	LOCATION	OBJECTIVE CATEGORY	ACTIVITY
DH-1, DH-2 Loans to homeowners for rehab.	Citywide	Decent Housing - Housing Rehabilitation	<b>Provide loans to Owner Occupied Residences</b> for rehabilitation and Emergency Loans with CDBG, HOME and CalHome Funds.
DH-1, DH-2, DH-3, SL-2, SL-3 LMI Acquisition	Qualified Census Tracts	Decent Housing - Housing Affordability	<b>CDBG and NSP Funds will be used</b> to acquire program eligible property’s and rehabilitate them to be resold to qualified households.
DH-1, DH-2 Partner with local CHDO to construct new low income housing on city-owned parcels.	Designated Sections A, B, C,	Decent Housing - Housing Affordability	<b>Work with local non-profit CHDO to rehabilitate seven low income units.</b>
DH-1, DH-2, DH 3 Loans to homeowners for rehab	Citywide	Decent Housing - Housing Affordability	<b>Provide loans to qualified First Time Homebuyers</b> with CDBG, HOME and CalHome Funds.



OBJECTIVE /OUTCOME	LOCATION	OBJECTIVE CATEGORY	ACTIVITY
<b>DH-1, DH-2, DH-3</b>	Designated Sections A, B, C.	Decent Housing – Apartment Rehabilitation Loans	<b>Work with apartment owners in designated areas</b> to provide loans to rehabilitate sub-standard structures. Owners would guarantee restricted rental rates.
<b>DH-1, DH-2, DH-3, SL-1, SL-2, SL-3</b>  Provide grants to non-profit organizations for various public services and for improvements to Public Facilities.	Citywide	Decent Housing & Suitable Living Environment	<b>Provide grants to non-profit organizations for various public services.</b> Services include rental assistance, job training, and youth activities.  <b>Provide grants for Public Facilities</b> for ADA improvements to existing public Facilities.  <b>Provide a rehabilitated property to non-profit organizations</b> for victims of domestic violence.
<b>EO-1</b>  Determine viable time, monitor for effectiveness.	Citywide	Economic Development	Continue to work with Building and Planning to <b>decrease time needed for plan and inspection approval.</b>
<b>EO-1</b>  Determine viable time decrease and monitor for effectiveness.	Citywide	Economic Development -	<b>Continue the “fast-track” permit review</b> from Inspection Services and Planning Departments to decrease time for permit issuance.

## OUTCOMES

### Housing

The outcomes the Housing Division is looking to accomplish this fiscal year is funding the acquisition and/or rehabilitation of multi-family and single family residential projects; working with a community and a local consultant to complete the 5 – Year Consolidated Action Plan; and, continue providing Fair Housing and Continuum of Care Services to the community.

### Public Facilities

Barriers to the disabled and elderly will be removed as part of right – of - way improvement projects. These improvements will benefit low-income areas and target populations (elderly, homeless and disabled).

**Public Services**

Public service programs will reduce blight, reduce hazards to health and safety, and meet basic human needs.

**LEAD AGENCY**

The Housing Division, within the Department of Economic Development, serves as the lead agency for the administration of CDBG and HOME funds. Questions regarding this Action Plan should be directed to the staff within this division at:

Housing Program  
City of Merced  
678 W. 18th Street  
Merced, CA 95340  
209-385-6863

**PUBLIC REVIEW AND COMMENT**

This plan was made available for public review during a public comment period from April 7, 2014 to May 5, 2014. A public notice announcing its availability was published in the Merced Sun-Star on February 6, 2014. Public Meeting for Public Services and Annual Plan were held on February 11th, 12th, and 13th, and April 21, 2014 with Public hearing on the Action Plan held on May 5, 2014 at the City of Merced Council meeting. Public comment received is summarized in Appendix D.

**II. INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD) requires all government entities receiving federal Community Development Block Grant (CDBG) funds to prepare an annual Action Plan. The Action Plan outlines funding priorities and discusses how activities will meet the community needs identified in the 2010-2015 Consolidated Plan. The activities described in this Action Plan are proposed to be undertaken during the period between July 1, 2014 and June 30, 2015. Some activities such as facility and right-of-way improvements may take longer to complete.

The major objectives of activities undertaken during the 2014-2015 funding year will be to:

- Grants for Youth Services, Rental Assistance & Job Training programs.
- Improvements to the City's Infrastructure
- Partnerships with Local Non-Profit Organizations
- Continue the Continuum of Care Program
- Begin the 5-Year Consolidated Action Plan Process

## RESOURCES

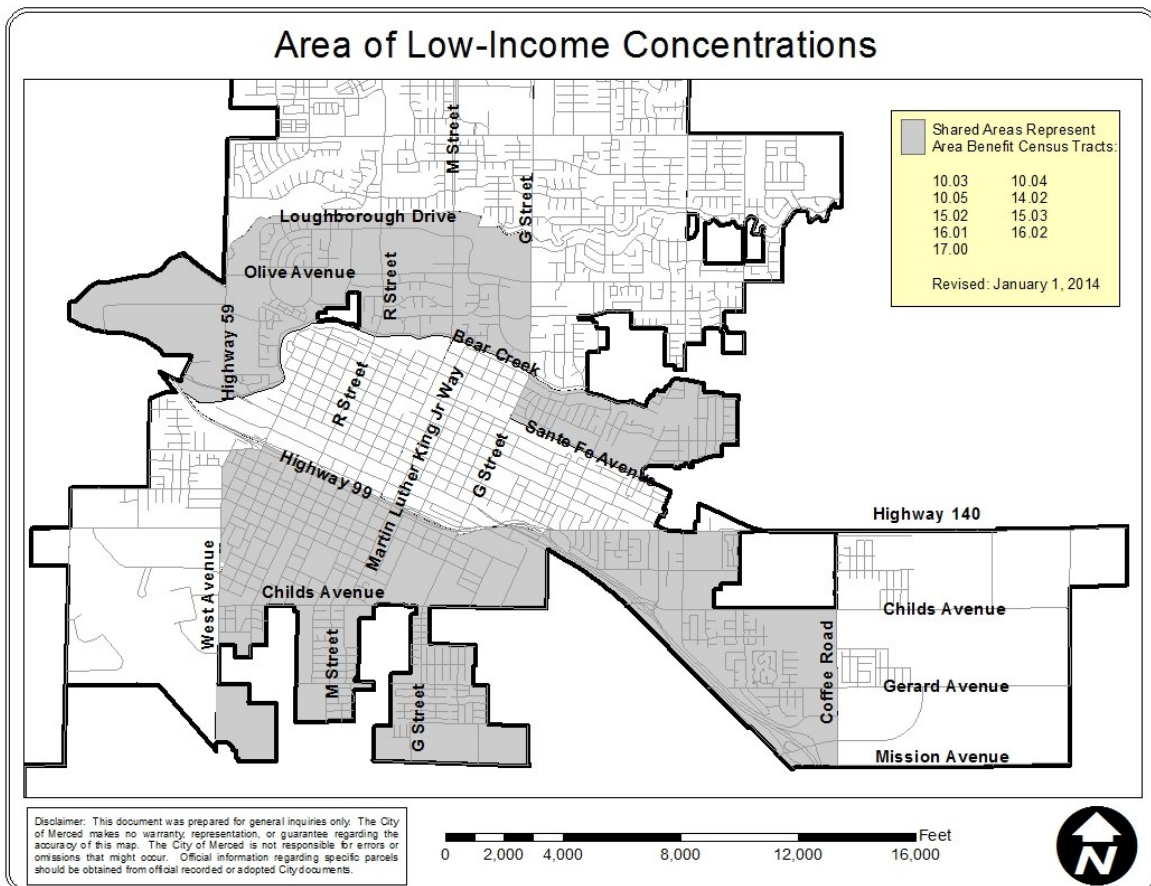
The City was informed by the Department of Housing and Urban Development that we will receive \$949,593 from the federal Community Development Block Grant (CDBG) program. Unexpended prior year funds to be used in the 2014-15 program year are estimated to be \$183,616. This amounts to total resources of \$1,133,209 for the 2014-15 program year. The City is setting aside the remaining un-allocated funds as a project contingency for cost overruns as permitted under 24 CFR 91.220(l)(1)(i). Please see Table 1.

Previously allocated unexpended prior year funds to be used in the 2014-15 program year are estimated to total \$125,000. This consists of prior year projects that are currently underway but planned to be completed in 2014-15. No prior year funds are being re-allocated under this Action Plan. The City will complete a mid-year re-allocation and substantial amendment to re-allocate un-expended and otherwise un-allocated funds.

The City also plans to meet its community development and housing needs by administering other grant funding sources, such as Neighborhood Stabilization Program through the Department of Housing and Community Development and CalHome funds through the California Department of Housing and Community Development.

## III. ACTIVITIES TO BE UNDERTAKEN

### Area Benefit Census Tracts



**Map 1** (previous page) shows the sections of Merced located north of Bear Creek and south of Highways 99 and 140 have a disproportionate number of households in the Low and Very Low-income categories. Of the 9 Census Tracts identified as low and very low-income on **Map 1**, five (5) are located south of Highways 99 and 140. Of those, HUD reports approximately 60 percent of the households fall into the low, very low, and extremely low-income categories.

### **Deteriorated/Deteriorating**

**A deteriorated** structure is defined as one that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

**A deteriorating** structure is defined as one that, without intervention, would constitute a threat to human health, safety and public welfare.

**A deteriorated area** is defined as a Census tract in which more than 25% of the homes are visually identifiable as deteriorated or deteriorating.

### **Target/Benefit Areas:**

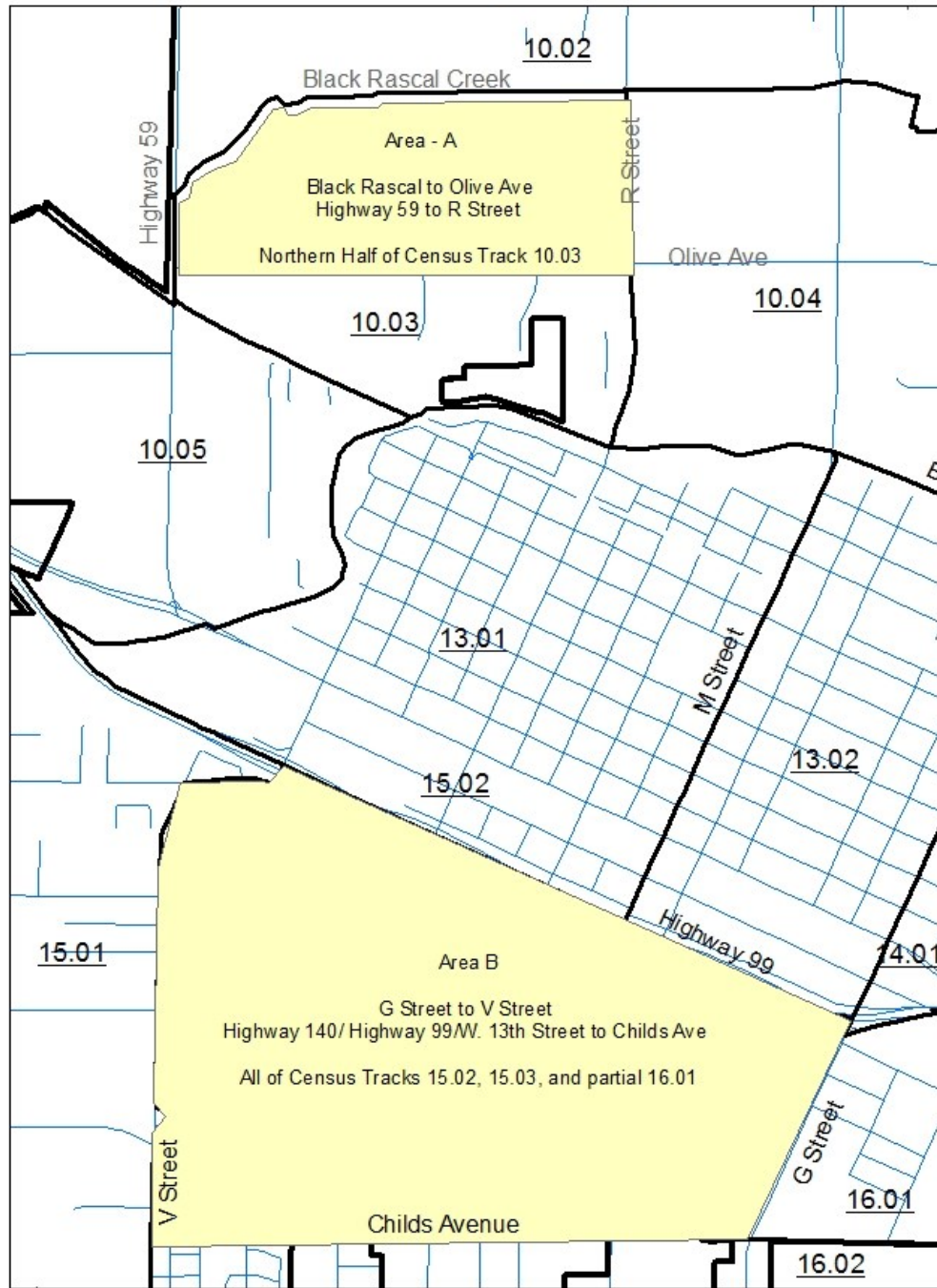
**Northwest Section A:** from R Street to Black Rascal Creek; Olive Avenue to Black Rascal Creek

**Southeast Section B:** from G Street to V, 13<sup>th</sup> Street to Childs

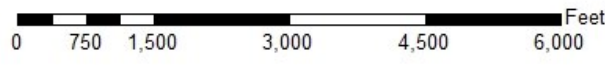
**Central Section C:** Removed due to HUD's revised area of low-income concentrations. HUD updated their data in January of 2014, removing this area from area benefit eligibility.

- Housing rehabilitation and repair assistance to extremely low, very low, low, and moderate income households through the City's Rehabilitation/Re-construction Program using CDBG, HOME, CalHOME 12 funds in the Target Areas.
- Increase homeownership opportunities for extremely low, very low, low, and moderate income households using CDBG, HOME, CalHome 12 and the City's Neighborhood Stabilization Program funding;
- Improve the suitable living environment in target areas. Both sections have an abundance of graffiti (See Manager).
- Increase outreach of City loan programs by hosting more Community Meetings in areas highly populated with low to very-low income residents.

### City of Merced - Project Target Areas



Disclaimer: This document was prepared for general inquiries only. The City of Merced makes no warranty, representation, or guarantee regarding the accuracy of this map. The City of Merced is not responsible for errors or omissions that might occur. Official information regarding specific parcels should be obtained from official recorded or adopted City documents.



**Citywide:**

- Increase homeownership opportunities for extremely low, very low, low, and moderate income households using CDBG, HOME, and the City’s Neighborhood Stabilization Program funding;
- Work with the City’s CHDO to create programs that help provide housing for individuals with special needs within the community;
- Continue to have public meetings with community stakeholders and residents. Community outreach this year has shown a great need for Foster Youth, Special Needs Adults, and Single Mothers.
- Activities to be undertaken using new funding during fiscal year 2014-15 are summarized in **Table 4**. For each activity, the one-year accomplishment and the amount of CDBG funding allocated are identified. The majority of activities identified are expected to be completed no later than June 30, 2015.

**TABLE 4**  
Proposed CDBG Activities and Projects Program Year 2014-15

<b>Agency</b>	<b>Title</b>	<b>Funding</b>	<b>CDBG Eligible Criteria</b>
Housing Division	Property Acquisition	\$238,843	Low-Moderate Households
Housing Division	First Time Home Buyer Loans	\$100,000	Low-Moderate Households
Housing Division	Homeowner Occupied Rehabilitation/ Emergency Loans	\$100,000	Low-Moderate Households
LMI House City Properties	Acquisition/Rehab	\$250,000	Area Benefit - 51% below LMI
Engineering Department Application #1	South Merced Right of Way Improvements	\$50,462	Area Benefit - 51% below LMI
Engineering Department Application #2	South Merced Right of Way Improvements	\$52,976	Area Benefit - 51% below LMI
Public Service Activities	See Table 2 - Public Service Activities	\$50,000	Area Benefit and LMI Households
CDBG Housing Rehab Reserved - HUD 108 Loan	TBD	\$302,610	<b>Originally Programmed</b> Low-Moderate Households
MCAG / Urban Initiatives	Continuum of Care	\$38,000	Administrative
Housing Division CDBG	Planning and Administration	\$202,318	Program Admin Costs
<b>Total Amount requested for CDBG Activities and Projects</b>		<b>\$1,385,209</b>	

## Housing Division – CDBG

### Property Acquisition/Rehabilitation

Property Acquisition and Rehabilitation of properties located within project target areas. Provide eligible First Time Homebuyers financial assistance to purchase these residences.

Output: 2-4 Units  
 Outcome Category: Affordability for the purpose of providing decent affordable housing  
 Matrix Code/National Objective Code: 14G – LMH  
 Funding: \$238,843

### First Time Home Buyer Loans

Provide eligible First Time Homebuyers with financial assistance to purchase a residence within the community.

Output: 4-5 Units  
 Outcome Category: Affordability for the purpose of providing decent affordable housing  
 Matrix Code/National Objective Code: 13– LMH  
 Funding: \$100,000

### Homeowner – Occupied Rehabilitation/Emergency Loan

Provide Housing Rehabilitation and Emergency Loans to to eligible households and property owners. Eligible improvements include but are not limited to window and HVAC replacements; sewer and water line repairs; and, ADA improvements.

Output: 2-4 Units  
 Outcome Category: Affordability for the purpose of providing decent affordable housing  
 Matrix Code/National Objective Code: 14A – LMH  
 Funding: \$100,000

### LMI House Acquisition/Rehabilitation – City Properties

Work with local service provider to provide affordable units to qualified households.

Output: 1-2 Units  
 Outcome Category: Affordability for the purpose of providing decent affordable housing  
 Matrix Code/National Objective Code: 14G– LMH  
 Funding: \$250,000



## **PUBLIC FACILITIES**

### **ADA Accessibility Improvements, Engineering Department**

The Engineering Department will make improvements in the public right of way and at public facilities to remove barriers to accessibility. 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 LMC although within an LMI block group area because the area is not primarily residential.)

Output: 15 Improvements  
Outcome Category: Suitable Living Environment  
Matrix Code/National Objective Code: 03L - LMA  
Funding: \$103,438

## **PUBLIC SERVICES**

### **Center of Vision Enhancement, Access to Work**

Job Training for adults that are dealing with the on-set of blindness. At least two individuals would be trained per session.

Output: 150 persons assisted (low-income households)  
Outcome Category: Accessibility for the purpose of creating suitable living environments  
Matrix Code/National Objective Code: 05B - LMC  
Funding: \$5,000

### **Potter’s Place, Hands Up Training Program**

Provides Job Training Skills to 20 Individuals

Output: 20 individuals trained  
Outcome Category: Suitable Living Environment  
Matrix Code/National Objective Code: 05H - LMC  
Funding: \$12,000

### **Healthy House within a MATCH Coalition, Ethnic Elders Project**

Provide transportation and education services to senior members of the community.

Output: 30 individuals assisted  
Outcome Category: Accessibility for the purpose of creating suitable living environments  
Matrix Code/National Objective Code: 05A - LMC  
Funding: \$4,000





**Isaiah Community Project, Youth Tutoring and Computer Lab**

The funds would be used to setup a computer lab for youth residing in South Merced. The lab would consist of 8 computers with 2 printers. Organization will need to track age of youth being served.

Output: 50 individuals assisted  
 Outcome Category: Availability/Accessibility of Suitable Living Environment  
 Matrix Code/National Objective Code: 05L (Ages 1-12) & 05D (Ages 13-19) - LMC  
 Funding: \$6,710

**Merced County Arts Council, Enrichment Center Media Class**

Allows for the Merced County Arts Council to expand their services with funding for disabled adults with a media arts program.

Output: 24 Individuals assisted  
 Outcome Category: Availability/Accessibility of Suitable Living Environment  
 Matrix Code/National Objective Code: 05B - LMC  
 Funding: \$14,423

**Merced Lao Family – Youth Cultural Program**

The funds would be used to engage at-risk youth by engaging them in positive and healthy after school cultural activities to ensure they are participating in positive outlets. The project will serve a minimum of 60 youth: 40 in the Qeej class and 20 in the dance class.

Output: 60 youth assisted  
 Outcome Category: Availability/Accessibility of Suitable Living Environment  
 Matrix Code/National Objective Code: 05L (Ages 1-12) & 05D (Ages 13-19) - LMC  
 Funding: \$8,132

**PLANNING AND ADMINISTRATION****CDBG Administration**

The planning and administration funding is intended to provide funding for general staff administration of CDBG programs and activities, including Integrated Disbursement and Information System (IDIS) training, program set-up, reporting, planning, Continuum of Care, Consultant and Professional Agreements, sub-recipient training, and monitoring.

Output Category: Administration of the CDBG program  
 Matrix Code/National Objective Code: 21 (A-I)  
 Funding: \$240,318

**Reconstruction program reserved for HUD 108 Loan**

The Designated Local Authority has forwarded the request to assume the Section 108 Loan for the Grove Apartments. The funds were originally budgeted to be used for Homeless Individuals that are victims of domestic violence, which accounts for 30% of the Merced Homeless population. Since the City has yet to receive complete approval from the State Department of Finance regarding Loan, the City was required to re-appropriate these funds and budget them to cover the loan payment. Once approval is given, the funds will be re-appropriated to the Housing Rehabilitation, Reconstruction, and New Construction program.

Output: Administration of the CDBG program  
 Matrix Code/National Objective Code: 19F  
 Funding: \$302,610

**TABLE 5**

Proposed HOME Activities and Projects Program Year 2014-15

<b>HUD Funding – HOME</b>	
<b>Formula Start Amount:</b> FY 2014 HOME Grant Allocation	<b>\$350,123</b>
<b>Comm. Housing Development Organization (CHDO):</b> FY 2014 HOME Grant Allocation x 15%	- \$215,000
<b>HOME Administration:</b> FY 2014 HOME Grant Allocation + FY 2014 Program Income x 10% 1. Fair Housing Services 2. HUD 5-Year Consolidated Plan, Analysis of Impediments to Fair Housing Choice & HUD Annual Action Plan	- \$43,512
<b>HOME FY 2014 Funding Available for Activities</b>	= \$91,611
<b>Add FY 2013 Carryover Funding + FY 2014 Program Income</b>	+ \$250,397
<b>Total 2014-15 Funding Available for Activities - HOME</b>	<b>\$342,008</b>
<b>HOME Activities</b>	
Valley Crisis Center – Transitional Housing Program	\$100,000
Home Owner Occupied Rehabilitation / Emergency Loans	\$142,008
First Time Homebuyer Loans	\$100,000
<b>Total Amount Allocated to HOME Activities</b>	<b>\$342,008</b>
<i>Note: This also includes Activity Delivery Cost.</i>	

## **Housing Division – HOME**

### **Valley Crisis Center – Transitional Housing Program**

The funds would be used to rehabilitation a recently acquired property

Output: 2 – Units (Transitional Housing for Battered Spouses)  
Outcome Category: Availability/Accessibility of Suitable Living Environment  
Matrix Code/National Objective Code: 03C - LMC  
Funding: \$100,000

### **Homeowner Occupied Rehabilitation / Emergency Loans**

The funds would be used to rehabilitate properties currently owned and occupied to income eligible households

Output: 6 – Units  
Outcome Category: Availability/Accessibility of Suitable Living Environment  
Matrix Code/National Objective Code: 14A - LMC  
Funding: \$142,008

### **First Time Homebuyer Loans**

The funds would be used to provide First Time Home Buyer Loans to income eligible households

Output: 4 – Units  
Outcome Category: Availability/Accessibility of Suitable Living Environment  
Matrix Code/National Objective Code: 13 - LMC  
Funding: \$100,000

### **Central Valley Coalition for Affordable Housing – Community Housing Development Organization (CHDO)**

The funds would be used to rehabilitate a 7-Unit Rental Property

Output: 7 – Units  
Outcome Category: Availability/Accessibility of Suitable Living Environment  
Matrix Code/National Objective Code: 014B - LMC  
Funding: \$215,000

## PLANNING AND ADMINISTRATION

### HOME Administration

The planning and administration funding is intended to provide funding for general staff administration of HOME programs and activities, including Integrated Disbursement and Information System (IDIS) training, program set-up, reporting, planning, Fair Housing Services, Consultant and Professional Agreements, sub-recipient training, and monitoring.

Output Category: Administration of the CDBG program

Matrix Code/National Objective Code: 21 (A-I)

Funding: \$43,512

## GEOGRAPHIC DISTRIBUTION

### Target Area Distribution

Geographic distribution is predicated, for the most part, on the nature of the activity to be funded. **Exhibit "A"** shows the proposed projects to be funded in program year 2014-15 in relation to the City's target areas. Not all of the activities funded through the CDBG program are shown in **Exhibit "A"**, since some are community-wide.

### Minority Area Distribution

The City of Merced strives to make all of its programs available to eligible target-income residents regardless of sex, race, religious background, disability, or other arbitrary factors. As a result, many programs, including fair housing, employment, youth, and senior services, will be available to residents citywide. Programs with a specific location are located in areas with varying levels of minority concentration. Table 1 details the proposed projects for the City of Merced; of these, the majority is available on a citywide basis.

## IV. OTHER INFORMATION

### HOMELESS AND OTHER SPECIAL NEEDS POPULATIONS:

The City's strategy related to the needs of the homeless, those at risk of homelessness, and other special needs populations involves the funding of supportive services in Merced or regional services, such as fair housing counseling or food assistance services. The City also assists with construction needs of emergency shelter and transitional housing facilities.

Currently, many homeless services are available in Merced through the Merced County Community Action Agency and the Merced Rescue Mission, and the City will continue to work closely with the Continuum of Care and other organizations to determine how the needs of the homeless population can be met. In recent years, the City assisted Merced County Mental Health, Central Valley Coalition for Affordable Housing and Merced County Community Action Agency with grants for rental assistance and transitional housing facilities.

In addition to facility improvement, the City will fund programs and services to assist its homeless and special needs populations in 2014-15. These include the following:

- Urban Initiatives will provide Continuum of Care services for the City.
- Valley Crisis Center will provide safe housing services as a public service.
- Analysis of Impediments will be started this fiscal year by a consultant through the Consolidated Action Plan Process.
- Fair housing services will be provided by Project Sentinel.

A City staff representative regularly attends “Continuum of Care” homeless committee, which brings together the region’s homeless service providers and advocates considering the best ways to address homelessness. The meetings help to ensure that there is little duplication of services, increasing the effectiveness of a limited amount of funding.



#### **ADDRESSING OBSTACLES TO MEETING UNDER - SERVED NEEDS:**

While there are several constraints to meeting the needs of target-income residents (please refer to the Consolidated Plan for a detailed list), the primary obstacle to meeting the needs of target- income residents is that there is a lack of funding to fully address all needs. The economic challenges facing the nation have forced many non-profits to cut services at a time when governmental entities and others are least able to provide them. The City attempts to address significant and rising levels of need by evaluating leveraged funds in the grant application review, as well as by directly funding several programs with widespread benefit. The City also supports non-profits’ efforts to raise private funds.

Another obstacle to meeting underserved needs is that the location of many available services is in the County of Merced. The City works closely with the transit agencies to improve access, and there are hourly public transportation linkages between Merced and other communities located within Merced County and the San Joaquin Region. The City has also encouraged non-profit agencies to operate “satellite” offices within the City of Merced.

**EFFORTS TO FOSTER AND MAINTAIN AFFORDABLE HOUSING:**

Although the current economy offers significant challenges to many households, housing is more affordable as a result of falling prices and historically low interest rates. In spite of this, low-income households continue to struggle because of high demand and limited inventory.



Many of the City's efforts to foster and

maintain affordable housing relate to the Housing Element. The City recently updated its General Plan Housing Element, which was certified in 2011. Community input from public meetings substantiated much of what the Housing Authority and Housing Element had reported, housing is still lacking for senior citizens, foster youth who are aging out, and special needs adults. With identified areas of need, this and future plans will work toward addressing these specific populations.

The five-year strategy plan of the Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Working with HUD staff, however, some institutional positions have been removed and or hours reduced as the Housing Program moves toward a program that is aligned with CDBG and HOME guidelines. The Housing Staff continue working to ensure compliancy of the City's Housing Programs and to identify community needs that meet HUD objectives.

**REMOVE BARRIERS TO AFFORDABLE HOUSING:**

The City is undertaking a number of actions to reduce potential barriers and constraints to affordable housing, as well as promote housing for special needs populations. These include providing regulatory incentives, density incentives, and several other measures to affordable housing developers. These are described in more detail in the City's Housing Element.

**RESALE/RECAPTURE OF LOANS:**

The HOME loan program is intended to assist developers with construction of new multi-family residential units and loans to eligible home owners for health and safety rehabilitation.

Applicants for multi-family units are required to enter into a Development Agreement and designate a specific number of units for income eligible residents. The program calls for funds to be loaned for a 30 – 55 year period with a three (3) percent interest rate. The full amount of the HOME Loan subsidy is recaptured and is utilized for other HOME Loans meeting the HOME program income guidelines. If the development is sold, repayment of the loan is required so funds can be reused as program income.

All HOME loans provided by the City Program (except State CalHome Loans) to First Time Home Buyers include conditions to insure compliance with requirements of 24 CFR 92.254:

The house must be owner-occupied and deed restricted against resale for a period of 10 years. Prepayment on the loan or a sale within 10 years from the date of loan origination results in the applicant obliged to pay the City a penalty of 4% on the original loan amount starting from the loan origination date and calculated on a per month basis. The loan is not assumable and must be paid in full upon sale or transfer of the property. Following the 10-year obligation the borrower may prepay the loan plus interest, in part or in whole, at any time without penalty. Funds collected are reused as program income.

If the home is sold or transferred within 10 years from the date of the loan origination the applicant shall also pay the City a percentage share of the difference between the price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in year 1, decreasing one percentage point each year to 1% in year 10.

All other HUD and State loan programs have covenants based upon the amount invested into each house/unit. The City may require each house/unit assisted to have a “period of affordability” covenant recorded. The length of the “period of affordability” is determined by the amount of financial assistance invested into each property. The amount per-house/unit and correlating period are as follows:

Assistance amount per-unit	Minimum period of affordability in years
Under \$15,000	5
\$15,000 to \$40,000	10
Over \$40,000	20

During the “period of affordability” the property is limited to household members of the same income level as the original household members that qualified for the loan. To ensure the loan terms are not breeched, a property that received a loan as a low-income household must have low-income members residing on the property for the duration of the loan. Annual reporting and bi-annual visits to the site will help ensure covenants remain in place and all properties meet health and safety code compliance.



**FIRST TIME HOME BUYER ASSISTANCE PROGRAM:**

This activity is covered with funding from CDBG, HOME, NSP, and CALHOME programs. Income eligible applicants must take an 8-hour HUD approved home ownership class, and dependent upon amount of loan, will have covenants placed upon the home from 5 to 15 years. Homes can only be purchased in Census Tracts approved by HUD that show a high number of low income residents. Program income received from sale of homes is reused for additional purchases, rehabilitation of purchased homes and as gap funding for eligible families. This program is designed to assist moderate to low income families gain housing as well as remove the number of foreclosed homes from the Merced market.

**AFFIRMATIVE MARKETING:**

The City of Merced Housing Division shall be responsible for implementing the Affirmative Marketing Policy and evaluating its effectiveness concurrently with the HOME Program:

- The Housing Division shall inform the public about the Affirmative Marketing Policy ensuring the Affirmative Action logo is on all handouts and application forms, periodic advertisements in general circulation newspapers, and displayed at regularly scheduled public meetings.
- The City shall display informational posters in the Merced City Hall Lobby.
- All graphic presentations concerning the HOME Program shall display the HUD Equal Housing Opportunity logo or slogan.
- The owners of buildings selected for rehabilitation will be informed about the City's Affirmative Marketing.
- The City shall provide tenants and rental property owners with copies of the "Landlord-Tenant Fact Sheet" produced by the State Department of Consumer Affairs.
- The City will continue its practice of providing general information and telephone reference numbers to persons contacting the Housing Division with questions regarding affirmative marketing, federal fair housing, tenant's rights, assisted housing, and correction of substandard conditions in tenant-occupied dwellings.





- The City shall continue services of the Fair Housing Services provider for all Merced residents. In addition to the toll-free hotline 1-888-MERCED8, services are to include free seminars, educational pamphlets, and counselors to assist renters and landlords with any fair housing questions or problems.

### **Requirements and Practices Each Owner MUST Follow:**

It is the City of Merced's policy to require that each owner of a rental project completed using funds from the HOME Program:

- Use the "Equal Housing Opportunity" logo type or slogan on all correspondence prepared relating to the HOME Program;
- Use ads in the Merced Sun-Star or Merced County Times that contain the Equal Housing Opportunity logo type or slogan;
- Notify the Housing Authority of the County of Merced when vacant units are available for renting;
- Notify the City's Housing Division when vacant units are available for renting.

### **Procedures and Policies:**

In order to solicit applications from persons in the housing market area who are not likely to apply for housing under the HOME Program without special outreach, each owner will be required to:

- Send notices of vacant units, or units that will become vacant within 30 days to churches in the area, Veterans Administrations Office, Social Security Office, Housing Authority of the County of Merced, various community temporary shelter services, and other agencies where these individuals may visit or assemble;
- Contact the Merced County Community Action Agency and outreach programs in the community of Merced and request that they make information available on vacant units available to their clients.

In addition, the City will be conducting outreach activities to help inform the community of these housing opportunities. The Housing staff will conduct meetings at least two times a year with the Merced Realtors Association and the Building Industry Association (BIA).

They will reach out to the Merced Chamber of Commerce, Hispanic Chamber of Commerce, and Merced Lao Family Community, and make use of radio and television to inform the public about housing opportunities.

Copies of brochures, radio announcements, flyers and other handouts will be required to be provided to the Housing Division as part of the reporting process.

**Records That Will be Kept Describing Actions Taken by the City of Merced and Owners to Affirmatively Market Units and Records to Assess Actions**

The City of Merced will keep records of the following:

- Copies of ads which the City of Merced Housing Program places in area newspapers on the City's website, and/or other area news media;
- Copies of correspondence of ongoing contracts and tenant surveys conducted before and after rehabilitation of the rental rehabilitation units;

Monthly reports from the fair housing services provider staff on fair housing activities, educational programs, information on clients seeking information or references pertaining to affirmative marketing, federal fair housing laws, or related cases.

The City shall also request owners of property assisted under the HOME Program to maintain records of how vacancies were advertised within ninety (90) days following completion of rehabilitation, and the responses received for applications by Hispanics, Blacks, and Asian/Pacific Islanders. The City shall request that the property owner release such information to the Housing Division staff member who conducts the annual compliance inspection as described under the "Assessment" section of this Affirmative Marketing Policy.

**The City of Merced's Assessment of Affirmative Marketing's Success and Corrective Actions where Affirmative Marketing Requirements are Not Met**

The City will assess the effectiveness of its Affirmative Marketing Policy on an annual basis and will include a summary of the good faith efforts taken by the City and by participant property owners. The City will compare the information compiled in the manner described above, "Record keeping", and will evaluate the degree to which statutory and policy objectives were met. If the required steps were taken, the City will determine that good faith efforts have, in fact, been made.

To determine results, the City or the designated Fair Housing Services provider, will examine whether or not persons from a variety of racial and ethnic groups in the City of Merced applied for or became tenants of units that were affirmatively marketed. If the City finds that a variety of ethnic groups is represented, particularly Hispanics, Blacks, Asians and Pacific Islanders, the City will assume that the affirmative marketing procedures were effective. If one or more groups are not represented within the context of existing neighborhood composition, the City will review its procedure to determine what changes, if any, might be made to make the affirmative marketing efforts more effective.

The City of Merced will take corrective action if it is determined that a participating property owner has failed to carry out affirmative marketing efforts as required by the participation agreement. If a participant property owner continues to neglect responsibilities made incumbent by the terms of the participation agreement, the City will consider taking one or both of the following actions:

- Declare the property owner disqualified from any further assistance made available under the Program; or,
- Notify the borrower of Program funds that he/she is in violation of the terms of the participation agreement and that the City may exercise the stipulation clause and require immediate repayment of the loan.

The Housing Division shall not proceed with corrective action without allowing sufficient time and effort by staff to counsel the property owner. The City of Merced will carry out assessment activities and complete a written assessment of affirmative marketing efforts in time to report results in the CAPER to HUD. This assessment will apply to units rehabilitated and first made available for occupancy during the program year.

### **MINORITY/WOMEN'S BUSINESS ENTERPRISE POLICY AND PROCUDURES:**

It is the policy of the City of Merced to provide an equal opportunity for the participation of licensed minority and female contractors in bidding and performing work that is financed by the CDBG, HOME, NSP or CALHOME funds. The Housing Division will conduct periodic outreach efforts to inform minority and women licensed contractors of opportunities offered by the Division. Direct mailing to minority and women-owned firms, public notices, and invitations to attend contractor meetings sponsored by the Housing Division and other agencies will be included in the outreach program.

The City of Merced will utilize state and federal governmental publications, which list minority and female licensed contractors, to stay informed of the availability of local minority and women-owned construction firms for inclusion on the Rehabilitation Contractors List. Staff will contact the listed businesses to invite their participation in CDBG and HOME activities administered by the Housing Program.

Contractors who perform work administered by the City of Merced and paid for by CDBG or HOME funds must comply with the equal opportunity requirements stated in the project general specifications, including certification of an employer Affirmative Action Plan. Such contractors are also required to furnish the City with records of employees by occupation, ethnicity, and sex. The information provided by the contractor on HUD form EE0-4 is transmitted to HUD Regional Offices for review by the offices of Fair Housing and Equal Opportunity.

Because minority and women contractors are often at a financial disadvantage when competing for large projects, or in some cases may not hear about upcoming contracting business opportunities, the following affirmative steps will be taken by the City of Merced, to the extent possible, to ensure those contractors who are interested receive a fair chance for bidding on projects:

- Including qualified Minority Business Enterprise (MBE) and Women Business Enterprise's (WBE) on all solicitation lists;

- Assure that small minority and women businesses are solicited whenever applicable;
- When economically feasible, divide total requirements into small tasks or quantities so as to permit maximum small minority and women business participation.
- Where the requirement permits, establish delivery schedules that will encourage participation by small minority and women businesses;
- Use the services of Small Business Administration, Minority and Women Business Development Agency, State Department of General Services, Office of Small and Minority Business, and any other agencies that are aware of small and minority and women business sources, qualifications and/or skills;
- Assist minority and women contractors with understanding cost estimating and/or bid procedures.

If applicable, the City will maintain centralized records with statistical data on the utilization and participation of MBE's and WBE's as contractors and subcontractors in all HUD-assisted programs by using HUD's Semi-Annual Minority Business Enterprise Report. This report will be revised to include Women Business Enterprise activities in HUD-assisted programs. It should be noted, there are currently no HUD recognized MBE/WBE contractors within the City even though education and outreach have been provided by staff. The Housing Division will work with any contractor interested in being recognized as a participating contractor by HUD.

## **V. CDBG-SPECIFIC REQUIREMENTS**

### **INSTITUTIONAL STRUCTURE:**

The Economic Development Department is responsible for the management, implementation, and monitoring of the Consolidated Plan documents, including the Action Plan. The Housing Division within the department is specifically charged with these tasks. The division works in close consultation with the City's advisory committees and the City Manager.

The City has designated staff positions to administer the programs and activities funded with CDBG funds. These staff members work with the individual City departments, such as Public Works, Development Services, and Parks and Recreation, to develop procedures and coordination for administering programs that will be carried out by these departments. The CDBG staff also provides technical assistance to non-profits on properly administering CDBG funds and developing CDBG-eligible activities.

### **EFFECTIVE COORDINATION:**

The City will continue to work closely with Merced County, which borders the City on all sides. The City will also continue to work with many of the non-profits in the community to address the regional issues that affect the needs of target-income persons, as well as special needs populations. A City staff representative will continue to regularly attend the Continuum of Care meetings to ensure homeless issues are being addressed.

### **PUBLIC HOUSING NEEDS:**

The Merced County Housing Authority serves as the housing authority for Merced County in addition to the City of Merced. This is because the City does not have its own local housing authority. Any proposed residential initiatives are handled directly by the Merced County Housing Authority.

### **ANTI-POVERTY STRATEGY:**

The City's anti-poverty strategy is based on funding and supporting a range of housing, employment, and family service opportunities aimed at enabling those in poverty to move into the workforce. During the 2014-15 program year, the City will also continue to support activities that preserve and expand the supply of housing that is affordable to target-income households.

### **LEAD-BASED PAINT HAZARDS**

Since most housing units in the City of Merced were built before 1978 in Merced, the City routinely inspects all rehabilitation projects using CDBG, HOME, NSP or CALHOME grant funds to be tested for lead based paint. If lead based paint is detected within the project area, the Housing Division will have the lead based paint properly abated prior to project closeout. As required by Federal and State funding sources, housing rehabilitation programs will comply with the Residential Lead Based Paint Hazard Reduction Act of 1992 (Title X) and subsequent changes in September 1999.

The procedures regarding lead-based paint in both rehabilitation programs will include:

- Notification of potential lead-based paint hazards;
- Identification; and
- Treatment (if necessary).

### **MONITORING PLAN**

The City of Merced has developed a monitoring system to ensure that the activities carried out in furtherance of the Plan are done so in a timely manner in accordance with the federal monitoring requirements of 24 CFR 570.501(V) and 24 CFR 85.40 and all other applicable laws, regulations, policies, and sound management and accounting practices. The objectives of the monitoring plan are described in more detail in the Consolidated Plan.

As part of its affordable housing efforts, the City of Merced will undertake an annual evaluation of the housing programs included in the Consolidated Plan. To ensure that the City is meeting the long-term comprehensive planning requirements, a Consolidated Annual Performance and Evaluation Report (CAPER) will be compiled for submittal to HUD for review and approval. When bidding and performing work financed by HOME and CDBG funds, it is the adopted policy of the City of Merced to conduct outreach efforts to provide an equal opportunity for the participation of licensed minority and female contractors. This includes presentations to the Merced Building Industry Association, advertising, radio announcements, and flyers in an effort to increase contractors and sub-contractors from these respective areas.

### **Multi-Family Housing Program Monitoring**

City Housing staff conducts site visits annually to multi-family housing sub-recipients to review record keeping, upkeep of facility, and ensure eligibility requirements are being maintained. A City inspector is part of this tour and if discrepancies are found, the sub-recipient will be informed during the on-site tour, provided a formal letter, and provided 30-days to correct the problem; and or work with staff for a reasonable timeline.

Annual audits are required by these sub-recipients for their programs. If discrepancies in this area are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to ensure understanding of requirements and to achieve compliance. Once compliance has been achieved, the sub-recipient receives a closure letter from the City. The City Council is informed of any unresolved problems during the budget process. These same procedures will be followed with non-housing sub-recipients.

Recipients that were sent deficiency notices will be inspected the following year to ensure continued compliance.

**Single Dwelling Housing Program Monitoring**

Homes rehabbed or purchased with HOME funds for use as rental properties for moderate to low income families are monitored annually by staff. The owner is provided a letter requesting information and income verification of the renter. With a shortage of staffing, housing visitations to all sites is unmanageable. Staff members have been instructed instead to visit "at least" one site per owner. A City Inspector is taken on site to ensure housing meets codes. Renters are interviewed to ensure compliance of HUD requirements. If discrepancies are found the home owner will be informed during the on-site tour, provided a formal letter, and provided 30-days to correct the problem; and or work with staff for a reasonable timeline.

Recipients that were sent deficiency notices will be inspected the following year to ensure continued compliance.

**Activity/Public Service Monitoring**

The City Housing Division has established monitoring procedures for its Sub-recipients in order to ensure compliance with all CDBG requirements and objectives. Those procedures include written contracts and invoicing before funds are distributed; workshops with applicants and new sub-recipients to ensure an understanding of reporting requirements; clear timelines for measured success; reporting forms that include hours, task, client demographic information, and income range. Reports are required with each invoice, and year-end evaluations are required. All sub-recipients receive one on-site visit.

City sub-recipients are responsible to make modifications to program deficiencies identified during monitoring visits. Sub-recipients found to be out of compliance will be sent a formal letter and have 30 days to correct the problem. Staff will do on-site visits to document and ensure compliance as been met. Those sub-recipients unable to meet requirements will be terminated and not allowed to participate in applying for future funding until they can prove their ability to meet compliance.

**Application Process**

All entities applying must provide a check list of items to validate eligibility for the National HUD funding. Items include an annual audit of existing program, non-profit status, names of board members (to ensure no conflict of interest), insurance and bylaws. Agencies unable to satisfy contract requirements, complete their program, or who fail to correct deficiencies identified during monitoring will have 10 points deducted for their next application.

The 2010 – 2015 Consolidated Plan can be found on the City's website at: [www.cityofmerced.org](http://www.cityofmerced.org)