

CITY OF MERCED NEIGHBORHOOD STABILIZATION PROGRAM NSP3



Adopted by the Merced City Council on
February 7, 2011



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Appendix: NSP3 Action Plan Contents Checklist

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1. NSP3 Grantee Information

NSP3 Program Administrator Contact Information	
Name (Last, First)	Masoud Niroumand
Email Address	niroumandm@cityofmerced.org
Phone Number	209-385-6850
Mailing Address	678 W. 18 th Street Merced CA 95340

2. Areas of Greatest Need

Map Submission

The map generated at the HUD NSP3 Mapping Tool for Preparing Action Plan website is included as an Attachment.

The City has selected smaller area of greatest need compared to the target area that was selected for the NSP1. The area includes the Low/Mod census tracts in Central and South part of the City: 13.01, 13.02, 14.01, 14.02, 15.02, 15.03, 16.01, 16.02, and 17. The City has been highly impacted in the foreclosure crisis. RealtyTrac, the online marketplace for foreclosure properties, in its July 2008 report, listed Merced at number 2 in the nation with one in every 73 households receiving a foreclosure filing during the month, about 7 times the national average. Foreclosure in the City is widespread and according to HUD and other foreclosure data of October 8, 2008, the City of Merced had an estimated foreclosure rate of 12.2% compared to the average of 6.7% for the State. As of March 2009, the City has a total of over 1,300 foreclosures.

HUD's data of 2008, shows every Census Block Group and whether or not it qualifies as an area of low-moderate and middle-income benefit, where more than 51% in the area had incomes of less than 120% of the Area Median Income according to 2000 Census. Included in HUD's data is the predicted 18-month underlying problem foreclosure rate and Hi-cost loan rate; Foreclosure Abandonment Risk Score that shows whether or not a neighborhood has a "high" or "low" risk for foreclosed and abandoned home (0 indicates low risk and 10 is a very high risk); HUD data on home price decline, unemployment rate, and residential vacancy rate are all included in the attached Exhibits A through G).

Data Sources Used to Determine Areas of Greatest Need

Describe the data sources used to determine the areas of greatest need.

Response:

The data sources used to determine the area of greatest need was obtained from HUD website NSP3 mapping tool. The City has used HUD's foreclosure needs score to determine the area of greatest needs. This is the minimum score that each grantee's target area must have. It is based on the state's minimum score, which is no less than 17 or the twentieth percentile most needy census tracts. The State of California's minimum score is 17. The City of Merced NSP3 average score is 19.46. See attachment for the data.

The needs scores were also derived from the following data, provided by HUD for NSP1, to determine the areas of greatest need:

- City of Merced foreclosure data
- Predicted 18-month foreclosure rate
- Homes 90+days vacant in greatest need neighborhoods
- Percent high cost loan rate
- Foreclosure abandonment risk score
- Decline in home prices since peak
- Unemployment rate

Determination of Areas of Greatest Need and Applicable Tiers

Describe how the areas of greatest need were established and whether a tiered approach is being utilized to determine the distribution of funding.

Response:

According to U.S. News, in April 2010, "America's top 10 Underwater Housing Markets" Merced, CA was ranked number 2 amongst top 10 in the Nation. The article includes: The housing crisis that has rocked Merced, California, was initially linked to rising property values in relatively nearby metropolitan areas like San Francisco. As real estate became increasingly unaffordable in the bigger cities, many would-be homebuyers started exploring options in smaller markets, such as Merced. Although this trend increased real estate demand in Merced, prices appreciated even faster as exotic mortgage products and investor interest hit the market. Area home prices jumped nearly 129% from 2002 to 2006. But after the euphoria subsided, home prices crashed more than 72% through the third quarter of 2009. This rapid deflation dragged about 64% of single-family home mortgages underwater by the fourth quarter of 2009, according to Zillow.

Merced's foreclosure problem is widespread throughout the community and the allocation of \$1,196,182 will not be enough to begin to address the needs of the community. All low/mod eligible census tracts in the City have high foreclosure rates and Nine (9) of them are considered areas with greatest needs. In order to meet the NSP3 statutory deadlines to expedite commitment and expenditure of program funds, the City will focus on all eligible census tracts in Central and South parts of the City. The City of Merced will use a program model similar to its NSP 1 program. The primary areas of greatest need were established on the basis of their conformity to the NSP3 threshold (i.e. need) score of 19.46 and percentage of low-income persons in the area. The City will focus on the acquisition-rehabilitation and re-sale activity in the target areas. These properties will be sold to qualified homebuyers, which are based on the City's past experience with NSP1.

All of the neighborhood areas in Merced have foreclosure need scores of 19 to 20. The City looked at all the areas and narrowed it down to Central and South part of Merced as listed in "Areas of Greatest Needs". These areas contain a large number of foreclosures. Although HUD requires that grantees select target areas that are small

enough to make an impact, there are no small areas in the City that cover the majority of foreclosures. The NSP3 area is, however, a smaller area compared to NSP1 and the City plans to take the same approach as its NSP1 program which has been very successful. The City primarily uses the funding for acquisition/rehabilitation, re-sale, and homebuyer's assistance programs. Including Central and South Merced, which contain several census tracts, gives more flexibility to the City in acquiring foreclosed properties and flexibility to the homebuyers looking for homes. Taking into consideration the amount of funds available, the following activities are considered to be the most practical way to utilize the funds:

- 1) Purchase and rehabilitation of abandoned or foreclosed homes in need of rehabilitation or demolition, in order for re-sale to low and moderate-income homebuyers. Amount of funds: \$650,000; Number of homes: 10
- 2) Down payment assistance, including soft-seconds and shared-equity loans for low and moderate-income homebuyers for the purchase of foreclosed homes. Amount of funds: \$127,518; Number of loans: 6
- 3) Redevelopment or demolition of vacant properties. Amount of funds: \$299,046; Number of units: 4-8 (depending on developer's plan)

The third category will be primarily for those with the income of 50% or below AMI. This will include construction or rehabilitation of rental multi-family residential for very low income individuals and households. This amount may also be used for acquisition and down payment assistance for those clients. In order to comply with HUD guidelines, all NSP3 project contractors will be required to hire new workers from the targeted areas.

3. Definitions and Descriptions

Definitions

Term	Definition
Blighted Structure	<p>In general, a structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.</p> <p>In the October 19, 2010 Notice, HUD has defined a blighted structure when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. The Notice also indicates that grantees must define blighted structure in the context of state or local law. As such, the following provides the definition of blighted structure under the Amended State of California Health and Safety Code (Effective January 1, 2007):</p> <p>Section 33030</p> <p>(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of health, safety, and</p>

general welfare of the people of these communities and of the state.

(b) A blighted area is one that contains BOTH of the following:

(1) An area that is predominately urbanized, as the term is defined in section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.

(2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031.

(c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer facilities.

Section 33031

(a) This subdivision describes physical conditions that cause blight:

(1) Buildings which are unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities.

(2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. This condition may be caused by buildings of a substandard, defective or obsolete design or construction given the present general plan, zoning or other development standards.

(3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.

(4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given the present general

	<p>plan, and zoning standards and present market conditions.</p> <p>(b) This subdivision describes economic conditions that cause blight:</p> <p>(1) Depreciated or stagnant property values.</p> <p>(2) Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459).</p> <p>(3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings.</p> <p>(4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions.</p> <p>(5) Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of regulations.</p> <p>(6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems.</p> <p>(7) A high crime rate that constitutes a serious threat to the public safety and welfare.</p>
Affordable Rents	<p>The Department of Housing and Urban Development (HUD) defines "affordable housing" as housing which consumes no more than 30% of a household's monthly income, including utilities. This is the maximum a family should spend. Generally, when families or individuals spend more than 30% of their income on housing they do not have enough income to weather financial setbacks or meet other basic needs such as food, clothing and medical insurance.</p> <p>The City of Merced will use the HOME Program Rent definition for persons 50% or below of area median income, which is 30% of 50% of area median income.</p>

Descriptions

Term	Definition
Long-Term Affordability	For homebuyers, the City of Merced will use the standards of its HOME Homebuyer program where the homebuyer repays the loan upon transfer, sale or refinancing of the home. Such

	<p>covenants are recorded against the property.</p> <p>For rental, the City will use the terms of its HOME Infill Sites Rental Program for acquisition and rehabilitation. The City will record affordability covenants requiring affordable rents for the low-income occupants for a period of 55 years.</p>
Housing Rehabilitation Standards	<p>The City will apply the Federal Housing Administration (FHA) property Standards, and comply with all applicable state and local laws, codes, and other requirements. To the extent feasible, the City will incorporate modern, green building, and energy-efficiency improvements. In instances where gut rehabilitation is performed, the City will design to meet the standard for Energy Star standards. More information on Energy Star Qualified New Homes standards at: http://www.energystar.gov/index.cfm?c=new_homes.hm_index.</p>

4. Low-Income Targeting

Low-Income Set-Aside Amount

Enter the low-income set-aside percentage in the first field. The field for total funds set aside will populate based on the percentage entered in the first field and the total NSP3 grant.

Identify the estimated amount of funds appropriated or otherwise made available under the NSP3 to be used to provide housing for individuals or families whose incomes do not exceed 50 percent of area median income.

Response:

Total low-income set-aside **percentage** (must be no less than 25 percent): 25%
 Total funds set aside for low-income individuals = \$299,046

Meeting Low-Income Target

Provide a summary that describes the manner in which the low-income targeting goals will be met.

Response:

The City will receive \$1,196,182 in NSP3 funding and will use 25% of this funding, or \$299,046, for housing individuals and families whose incomes do not exceed 50% of area median income. The NSP3 Rental Program will be designed to provide financial assistance for the creation of affordable rental housing for low-income households. Housing developers, when involved, will receive secured zero interest deferred loans, to acquire and rehabilitate properties, and must agree to operate the housing at affordable rents for a period of 55 years. The properties must have between 1 and 4 units that were foreclosed upon or abandoned pursuant to program guidelines.

5. Acquisition and Relocation

Demolition or Conversion of LMI Units

Does the grantee intend to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income)?	No
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If yes, fill in the table below.

Question	Number of Units
The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.	
The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).	
The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.	

6. Public Comment

Citizen Participation Plan

Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment or abbreviated plan.

Response:

The City of Merced, as a local government, makes every effort to encourage its citizens in engaging in community affairs. The City has been carrying out similar housing activities for many years. As an entitlement jurisdiction, the City has a sound success record of timely and effective programs in the community. To encourage citizen participation in the preparation of the substantial amendment to the FY 2010 Action Plan, the City has taken the following actions in accordance with NSP 3 requirements:

- Placing public notices on City's website and in local newspaper *Merced Sun Star* on January 5, 2011, and Merced County Times (another other local newspaper with weekly circulation), on January 6, 2011, inviting the public to attend a meeting for plan development regarding the NSP3 funding from HUD.
- Held a public meeting on January 20, 2011, in the Housing office at City Hall, to introduce the program and provided information to receive input from the citizens on development of the NSP3 plan.
- Made the substantial amendment draft information available at the City Housing office and City's website on January 19, 2011, at: <http://www.cityofmerced.org/civica/filebank/blobdload.asp?BlobID=9565> giving City's residence 15 calendar days to review and comment on it.
- A 15-day public notice was published on January 19, 2011, on City's website and

in local newspaper, *Merced Sun Star*, advertising that the draft substantial amendment is available for review. The notice was also published in the legal section of *Merced County Times*, on January 20, 2011. Notices were also posted on other City building owned locations about the public hearing and advised the citizens for their participation and comments. The notice invited citizens to review the proposed substantial amendment to the Action Plan and advised the availability of translators upon request. Citizens were invited to submit written comments to the Housing office by February 4, 2011. The notice also advised the public on the adoption of the amendment by the City Council on February 7, 2011.

- Lastly, the City Council of the City of Merced held a public hearing on February 7, 2011, to approve and adopt the substantial amendment to the Annual Action Plan fiscal year 2010, prior to its submission of the NSP3 application to HUD.
- No Public Comments were received.

Summary of Public Comments Received.

The summary of public comments received is included as an attachment.

7. NSP Information by Activity

Activity Number 1	
Activity Name	Acquisition and Rehabilitation
Uses	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	Acquisition, 24 CFR 570.201 (a); Eligible rehabilitation and preservation activities for homes and other residential properties, 24 CFR 570.202 (a)(1)(b)(1)(2)(4)(5)(6)(7)(iv)(9)(ii); and Disposition, 24 CFR 570.201 (b).
National Objective	Benefiting low- and moderate-income persons (providing Low-Income Housing)
Activity Description	<p>The NSP3 Program Activity Number 1 has been designed for acquisition, rehabilitation of foreclosed properties and re-sale to eligible home buyers. The properties must have been foreclosed upon or abandoned pursuant to program guidelines. Eligible properties must be located in the target areas. This target area has the greatest need based on the extent of foreclosures in the community.</p> <p>The purchase price must be at least 1% below the current market appraised value of the property pursuant to an appraisal dated within 60 days of the offer to purchase. The appraisal must conform to the requirements of 49 CFR 24.103. In order to meet</p>

	the NSP3 statutory deadlines to expedite commitment and expenditure of program funds, the NSP3 Program will be administered the same way as the City's NSP1 Program. This will include all relevant aspects that comply with 24 CFR 92.252, including continued affordability ensured by recorded covenants, affordability term, rehabilitation standards, low interest, five-year deferred payment loans, affirmative marketing, environmental clearance, rehabilitation standards, and lead-based paint abatement. All NSP3 project contractors will be required to hire new workers from the targeted areas.	
Location Description	Central and South Merced; census tracts: 13.01, 13.02, 14.01, 14.02, 15.02, 15.03, 16.01, 16.02, and 17.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$650,000
	(Other funding source)	\$0
	(Other funding source)	\$0
Total Budget for Activity	\$650,000 Any Program Income received will be expended first.	
Performance Measures	An estimated 10 housing units will be acquired and rehabilitated for re-sale to qualified homebuyers.	
Projected Start Date	Contract agreement date with HUD.	
Projected End Date	As required by HUD, at least 50% within 2 years of the date funds become available and 100% of such funds within 3 years of such date.	
Responsible Organization	Name	City of Merced
	Location	678 W. 18 th Street, Merced CA 95340
	Administrator Contact Info	Masoud Niroumand 209-385-6863 niroumandm@cityofmerced.org

Activity Number 2	
Activity Name	Homebuyer's Financial Assistance
Use	Select all that apply: <input type="checkbox"/> Eligible Use A: Financing Mechanisms <input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation <input type="checkbox"/> Eligible Use C: Land Banking <input type="checkbox"/> Eligible Use D: Demolition <input type="checkbox"/> Eligible Use E: Redevelopment
CDBG Activity or Activities	Homebuyer's assistance, 24 CFR 570.201 (n)
National Objective	Benefiting low- and moderate-income persons (providing Low-Income Housing).
Activity Description	The NSP3 Program Activity Number 2 has been designed to

	<p>provide financial assistance to qualified homebuyers. The Program will provide financial assistance through secured loans. All loans will have three (3) percent simple interest and will be secured by a First Deed of Trust.</p> <p>All repayments to the City are deferred for the first five (5) years or until sale, transfer, refinancing or full repayment of the first mortgage. The Program will allow for the home buyers to acquire foreclosed properties in order to stabilize the community, but more importantly, provide housing opportunities for low-income persons.</p>	
Location Description	Central and South Merced; census tracts: 13.01, 13.02, 14.01, 14.02, 15.02, 15.03, 16.01, 16.02, and 17.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$127,518
	(Other funding source)	\$0
	(Other funding source)	\$0
Total Budget for Activity	\$127,518	
Performance Measures	An estimated 6 homebuyer's assistance loans will be provided.	
Projected Start Date	Contract agreement date with HUD.	
Projected End Date	As required by HUD, at least 50% within 2 years of the date funds become available and 100% of such funds within 3 years of such date.	
Responsible Organization	Name	City of Merced
	Location	678 W. 18 th Street, Merced CA 95340
	Administrator Contact Info	Masoud Niroumand 209-385-6863 niroumandm@cityofmerced.org

Activity Number 3	
Activity Name	Acquisition, Rehabilitation, and/or Redevelopment
Use	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input checked="" type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input checked="" type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Acquisition, 24 CFR 570.201 (a); Eligible rehabilitation and preservation activities for homes and other residential properties, 24 CFR 570.202 (a)(1)(b)(1)(2)(4)(5)(6)(7)(iv)(9)(ii); and Disposition, 24 CFR 570.201 (b).
National Objective	Benefiting low- and moderate-income persons (Low-Income

	Housing to Meet 25% Set-Aside)	
Activity Description	The NSP3 Program Activity Number 3 is designed to redevelop abandoned or vacant properties in order to construct or rehabilitate rental units for those at 50% or below area median income. No project or land has been considered at this time. The project can also include collaboration with non-profit agencies and other funds. If no such projects develop, funds will also be used for homebuyer's program for those at 50% or below AMI. All NSP3 project contractors will be required to hire new workers from the targeted areas.	
Location Description	Central and South Merced; census tracts: 13.01, 13.02, 14.01, 14.02, 15.02, 15.03, 16.01, 16.02, and 17.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$299,046
	(Other funding source)	\$0 (unknown at this time)
	(Other funding source)	\$0
Total Budget for Activity	\$299,046	
Performance Measures	There will be about 4 rental units or more developed for those with the income of 50% or below AMI.	
Projected Start Date	Contract agreement date with HUD.	
Projected End Date	As required by HUD, at least 50% within 2 years of the date funds become available and 100% of such funds within 3 years of such date.	
Responsible Organization	Name	City of Merced
	Location	678 W. 18 th Street, Merced CA 95340
	Administrator Contact Info	Masoud Niroumand 209-385-6863 niroumandm@cityofmerced.org

Activity Number 4	
Activity Name	NSP3 Administration
Use	Select all that apply:
	<input type="checkbox"/> Eligible Use A: Financing Mechanisms
	<input type="checkbox"/> Eligible Use B: Acquisition and Rehabilitation
	<input type="checkbox"/> Eligible Use C: Land Banking
	<input type="checkbox"/> Eligible Use D: Demolition
<input type="checkbox"/> Eligible Use E: Redevelopment	
CDBG Activity or Activities	Eligible CDBG planning and administration activities are included under 24 CFR 570.205(a)(b), 570.206(a)(1)(2)(3)(4)(b)(c)(e)(f)(g), and pre-award costs under 24 CFR 570.200(h) for permissible costs incurred as of September 29, 2008 for items such as development of the Action Plan amendment and other administration actions necessary to receive the NSP3 grant.
National Objective	Not applicable.

Location Description	The NSP Program Area includes: Majority of Central and South Merced; census tracts: 13.01, 13.02, 14.01, 14.02, 15.02, 15.03, 16.01, 16.02, and 17.	
Budget	Source of Funding	Dollar Amount
	NSP3	\$119,618
	(Other funding source)	\$0
	(Other funding source)	\$0
Total Budget for Activity	\$119,618	
Performance Measures	Not applicable.	
Projected Start Date	Contract agreement date with HUD.	
Projected End Date	As required by HUD, at least 50% within 2 years of the date funds become available and 100% of such funds within 3 years of such date.	
Responsible Organization	Name	City of Merced
	Location	678 W. 18 th Street, Merced CA 95340
	Administrator Contact Info	Masoud Niroumand 209-385-6863 niroumandm@cityofmerced.org

8. Certifications

Certifications for State and Entitlement Communities

(1) **Affirmatively furthering fair housing.** The jurisdiction certifies that it will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.

(2) **Anti-displacement and relocation plan.** The applicant certifies that it has in effect and is following a residential anti-displacement and relocation assistance plan.

(3) **Anti-lobbying.** The jurisdiction must submit a certification with regard to compliance with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.

(4) **Authority of jurisdiction.** The jurisdiction certifies that the consolidated plan or abbreviated plan, as applicable, is authorized under state and local law (as applicable) and that the jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.

(5) **Consistency with plan.** The jurisdiction certifies that the housing activities to be undertaken with NSP funds are consistent with its consolidated plan or abbreviated plan, as applicable.

(6) **Acquisition and relocation.** The jurisdiction certifies that it will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the notice for the NSP program published by HUD.

(7) **Section 3.** The jurisdiction certifies that it will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.

(8) **Citizen participation.** The jurisdiction certifies that it is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.

(9) **Following a plan.** The jurisdiction certifies it is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD. [Only States and entitlement jurisdictions use this certification.]

(10) **Use of funds.** The jurisdiction certifies that it will comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act and Title XII of Division A of the American Recovery and Reinvestment Act of 2009 by spending 50 percent of its grant funds within 2 years, and spending 100 percent within 3 years, of receipt of the grant.

(11) **The jurisdiction certifies:**

- a. that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income; and
- b. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive force.** The jurisdiction certifies that it has adopted and is enforcing:

- a. A policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations; and
- b. A policy of enforcing applicable state and local laws against physically barring entrance to, or exit from, a facility or location that is the subject of such nonviolent civil rights demonstrations within its jurisdiction.

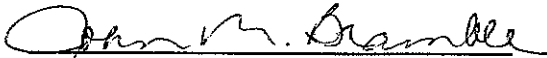
(13) **Compliance with anti-discrimination laws.** The jurisdiction certifies that the NSP grant will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The jurisdiction certifies that its activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction certifies that it will comply with applicable laws.

(16) **Vicinity hiring.** The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

(17) **Development of affordable rental housing.** The jurisdiction certifies that it will abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.


Signature/Authorized Official

02-14-11
Date

City Manager
Title

Neighborhood ID: 5581298

NSP3 Planning Data

Grantee ID: 0622500E,0604700C

Grantee State: CA

Grantee Name: MERCED, MERCED COUNTY

Grantee Address: 678 W. 18th Street Merced CA 95340

Grantee Email: niroumandm@cityofmerced.org

Neighborhood Name: merced

Date: 2010-12-30 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.46

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 26497

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 66.59

Percent Persons Less than 80% AMI: 50.47

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 30636

Residential Addresses Vacant 90 or more days (USPS, March 2010): 1246

Residential Addresses NoStat (USPS, March 2010): 2050

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 12796

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 22.9

Percent of Housing Units 90 or more days delinquent or in foreclosure: 20.99

Number of Foreclosure Starts in past year: 1283

Number of Housing Units Real Estate Owned July 2009 to June 2010: 725

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 254

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -61.6

Place (if place over 20,000) or county unemployment rate June 2005: 9.41

Place (if place over 20,000) or county unemployment rate June 2010: 18.01

*Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-120.510406 37.275146 -120.510406 37.348872 -120.436592 37.348872 -120.435562 37.275965

NSP3 Planning Data

NSP3close

Project Name : Merced

Block Group	Neighborhood Housing Units	Block Group Housing Units	Block Group Score	State Min	USPS	HMDA
060479196046898001002R1	552	577	19	17	1082	423
060479196046898001002U1	259	259	19	17	486	190
060479196046898001002U2	798	798	19	17	1497	585
060479196046898001002U3	639	639	19	17	1198	468
060479196046898001002U4	701	701	19	17	1315	514
060479196046898001003U1	237	237	20	17	246	89
060479196046898001003U2	665	665	20	17	689	250
060479196046898001003U3	596	596	20	17	618	224
060479196046898001004U1	717	717	19	17	698	66
060479196046898001004U2	439	439	19	17	428	40
060479196046898001004U3	777	777	19	17	757	71
060479196046898001005U1	859	859	20	17	927	232
060479196046898001101U1	568	568	19	17	563	309
060479196046898001101U2	676	676	19	17	670	368
060479196046898001101U3	531	531	19	17	526	289
060479196046898001101U4	433	433	19	17	429	236
060479196046898001102U1	608	608	18	17	983	402
060479196046898001200U1	312	312	19	17	309	163
060479196046898001200U2	201	201	19	17	199	105
060479196046898001200U3	498	498	19	17	494	261
060479196046898001200U4	321	321	19	17	318	168
060479196046898001301U1	249	249	20	17	248	101
060479196046898001301U2	591	591	20	17	590	239
060479196046898001301U3	572	572	20	17	571	232
060479196046898001302U1	294	294	20	17	295	85
060479196046898001302U2	518	518	20	17	520	149
060479196046898001302U3	533	533	20	17	535	153
060479196046898001401U1	759	759	20	17	759	564
060479196046898001401U2	711	711	20	17	711	528
060479196046898001402U1	374	374	19	17	372	172
060479196046898001402U2	472	472	19	17	469	217
060479196046898001402U3	472	472	19	17	469	217
060479196046898001501R1	2	14	20	17	14	10
060479196046898001501U1	360	664	20	17	649	491
060479196046898001502U1	446	446	20	17	423	139
060479196046898001502U2	377	377	20	17	357	118
060479196046898001503U1	407	407	20	17	408	106
060479196046898001503U2	387	387	20	17	388	101
060479196046898001503U3	460	460	20	17	461	120
060479196046898001601U1	439	439	20	17	474	83
060479196046898001601U2	339	339	20	17	366	64
060479196046898001601U3	325	325	20	17	351	61
060479196046898001602R2	0	0	20	17	0	0
060479196046898001602U1	486	486	20	17	680	278

060479196046898001602U2	359	359	20	17	503	205
060479196046898001700U1	1181	1181	20	17	1237	738
060479196046898001700U2	348	348	20	17	365	217
060479196046898001700U3	429	429	20	17	449	268
060479196046898001801U1	8	8	18	17	9	5
060479196046898001801U2	665	665	18	17	712	441
060479196099999001002R1	277	316	19	17	593	232
060479196099999001003U1	26	26	20	17	27	10
060479196099999001102U1	174	243	18	17	393	161
060479196099999001200U1	260	309	19	17	306	162
060479196099999001200U2	318	318	19	17	315	167
060479196099999001200U4	54	54	19	17	54	28
060479196099999001401U2	99	99	20	17	99	74
060479196099999001402R4	5	88	19	17	87	40
060479196099999001402U2	46	46	19	17	46	21
060479196099999001402U3	146	146	19	17	145	67
060479196099999001402U4	102	102	19	17	101	47
060479196099999001601U2	9	9	20	17	10	2
060479196099999001602R2	387	387	20	17	542	221
060479196099999001602U1	107	107	20	17	150	61
060479196099999001602U2	156	156	20	17	218	89
060479196099999001700U1	33	33	20	17	35	21
060479196099999001700U2	94	94	20	17	98	59
060479196099999001801R1	19	130	18	17	139	86
060479196099999001801U1	77	100	18	17	107	66
060479196099999001801U2	158	158	18	17	169	105

Total Neighborhood Housing Units: 26497

Merced Neighborhood NSP3 Score: 19.46

State Minimum Threshold NSP3 Score: 17

Neighborhood ID: 1528442

NSP3 Planning Data

Grantee ID: 0622500E,0604700C

Grantee State: CA

Grantee Name: MERCED, MERCED COUNTY

Grantee Address: 678 W. 18th Street Merced CA 95340

Grantee Email: niroumandm@cityofmerced.org

Neighborhood Name: merced option 2

Date: 2011-02-02 00:00:00

NSP3 Score

The neighborhoods identified by the NSP3 grantee as being the areas of greatest need must have an individual or average combined index score for the grantee's identified target geography that is not less than the lesser of 17 or the twentieth percentile most needy score in an individual state. For example, if a state's twentieth percentile most needy census tract is 18, the requirement will be a minimum need of 17. If, however, a state's twentieth percentile most needy census tract is 15, the requirement will be a minimum need of 15. If more than one neighborhood is identified in the Action Plan, HUD will average the Neighborhood Scores, weighting the scores by the estimated number of housing units in each identified neighborhood.

Neighborhood NSP3 Score: 19.91

State Minimum Threshold NSP3 Score: 17

Total Housing Units in Neighborhood: 7783

Area Benefit Eligibility

Percent Persons Less than 120% AMI: 83.59

Percent Persons Less than 80% AMI: 68.5

Neighborhood Attributes (Estimates)

Vacancy Estimate

USPS data on addresses not receiving mail in the last 90 days or "NoStat" can be a useful measure of whether or not a target area has a serious vacancy problem. For urban neighborhoods, HUD has found that neighborhoods with a very high number vacant addresses relative to the total addresses in an area to be a very good indicator of a current for potentially serious blight problem.

The USPS "NoStat" indicator can mean different things. In rural areas, it is an indicator of vacancy. However, it can also be an address that has been issued but not ever used, it can indicate units under development, and it can be a very distressed property (most of the still flood damaged properties in New Orleans are NoStat). When using this variable, users need to understand the target area identified.

In addition, the housing unit counts HUD gets from the US Census indicated above are usually close to the residential address counts from the USPS below. However, if the Census and USPS counts are substantially different for your identified target area, users are advised to use the information below with caution. For example if there are many NoStats in an area for units never built, the USPS residential address count may be larger than the Census number; if the area is a rural area largely served by PO boxes it may have fewer addresses than housing units.

USPS Residential Addresses in Neighborhood: 7857

Residential Addresses Vacant 90 or more days (USPS, March 2010): 454

Residential Addresses NoStat (USPS, March 2010): 92

Foreclosure Estimates

HUD has developed a model for predicting where foreclosures are likely. That model estimates serious delinquency rates using data on the leading causes of foreclosures - subprime loans (HMDA Census Tract data on high cost and highly leveraged loans), increasing unemployment (BLS data on unemployment rate change), and fall in home values (FHFA data on house price change). The predicted serious delinquency rate is then used to apportion the state total counts of foreclosure starts (from the Mortgage Bankers Association) and REOs (from RealtyTrac) to individual block groups.

Total Housing Units to receive a mortgage between 2004 and 2007: 3148

Percent of Housing Units with a high cost mortgage between 2004 and 2007: 26.94

Percent of Housing Units 90 or more days delinquent or in foreclosure: 22.87

Number of Foreclosure Starts in past year: 342

Number of Housing Units Real Estate Owned July 2009 to June 2010: 192

HUD is encouraging grantees to have small enough target areas for NSP 3 such that their dollars will have a visible impact on the neighborhood. Nationwide there have been over 1.9 million foreclosure completions in the past two years. NSP 1, 2, and 3 combined are estimated to only be able to address 100,000 to 120,000 foreclosures. To stabilize a neighborhood requires focused investment.

Estimated number of properties needed to make an impact in identified target area (20% of REO in past year): 67

Supporting Data

Metropolitan Area (or non-metropolitan area balance) percent fall in home value since peak value (Federal Housing Finance Agency Home Price Index through June 2010): -61.6

Place (if place over 20,000) or county unemployment rate June 2005: 9.4

Place (if place over 20,000) or county unemployment rate June 2010: 18

Bureau of Labor Statistics Local Area Unemployment Statistics

Market Analysis:

HUD is providing the data above as a tool for both neighborhood targeting and to help inform the strategy development. Some things to consider:

1. Persistent Unemployment. Is this an area with persistently high unemployment? Serious consideration should be given to a rental strategy rather than a homeownership strategy.
2. Home Value Change and Vacancy. Is this an area where foreclosures are largely due to a combination of falling home values, a recent spike in unemployment, and a relatively low vacancy rate? A down payment assistance program may be an effective strategy.
3. Persistently High Vacancy. Are there a high number of substandard vacant addresses in the target area of a community with persistently high unemployment? A demolition/land bank strategy with selected acquisition rehab for rental or lease-purchase might be considered.
4. Historically low vacancy that is now rising. A targeted strategy of acquisition for homeownership and rental to retain or regain neighborhood stability might be considered.
5. Historically high cost rental market. Does this market historically have very high rents with low vacancies? A strategy of acquiring properties and developing them as long-term affordable rental might be considered.

Latitude and Longitude of corner points

-120.504570 37.288121 -120.495644 37.314066 -120.455132 37.307649 -120.454273 37.288531

Blocks Comprising Target Neighborhood

060470014012036, 060470014012035, 060470014012009, 060470014012006, 060470014012007,
060470014012008, 060470014021000, 060470014021003, 060470014021005, 060470014021007,
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060470017003004, 060470017003001, 060470012002011, 060470012004018, 060470016012014,
060470016012015, 060470016012017,

Niroumand, Masoud

From: helpdesk@huduser.org
Sent: Monday, January 03, 2011 4:01 PM
To: Niroumand, Masoud
Subject: NSP3 Project Summary for niroumandm@cityofmerced.org
Attachments: Project Summary.pdf

	Project Summary for NSP3	
Project Name	Total Housing Units	NSP3Need Score
city of merced	0	0
merced	26497	19.46

Total Housing Units for All Shapes: 26497
Total NSP3 Need Score: 19.46

NSP 3 Allocation with Supporting Data

State	CA	NSP3 Grantee	MERCED	NSP 3 Allocation Amount	\$1,196,182	Estimated Greater of Foreclosure Starts or REO completions in greatest need neighborhoods (3+ years)	3,680	Homes 90+ days vacant in greatest need neighborhoods (USPS, March 2010)	1,138	Unemployment Change June 2005-June 2010 (BLS)	8.6%	Percent Loans Low Cost/High Leverage 2004-2007 (HMDA)	19.7%	Percent Loans High Cost/High Leverage 2004-2007 (HMDA)	14.4%	Percent Loans High Cost/Low Leverage 2004-2007 (HMDA)	8.0%	Metro Area Decline in Home Price Since Maximum (FHFA)	-61.6%
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WEDNESDAY, JANUARY 19, 2011



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Neighborhood Stabilization Program Grants

The Neighborhood Stabilization Program (NSP) provides grants to address the problems associated with homes that have been foreclosed upon and are creating economic problems for their communities.

Enter an Address, city or state Go California Merced Go

Map Options : Clear | Reset

Click Mode: Zoom | Info

NSP3 Legend (%): — Tract Outline

LOG OUT

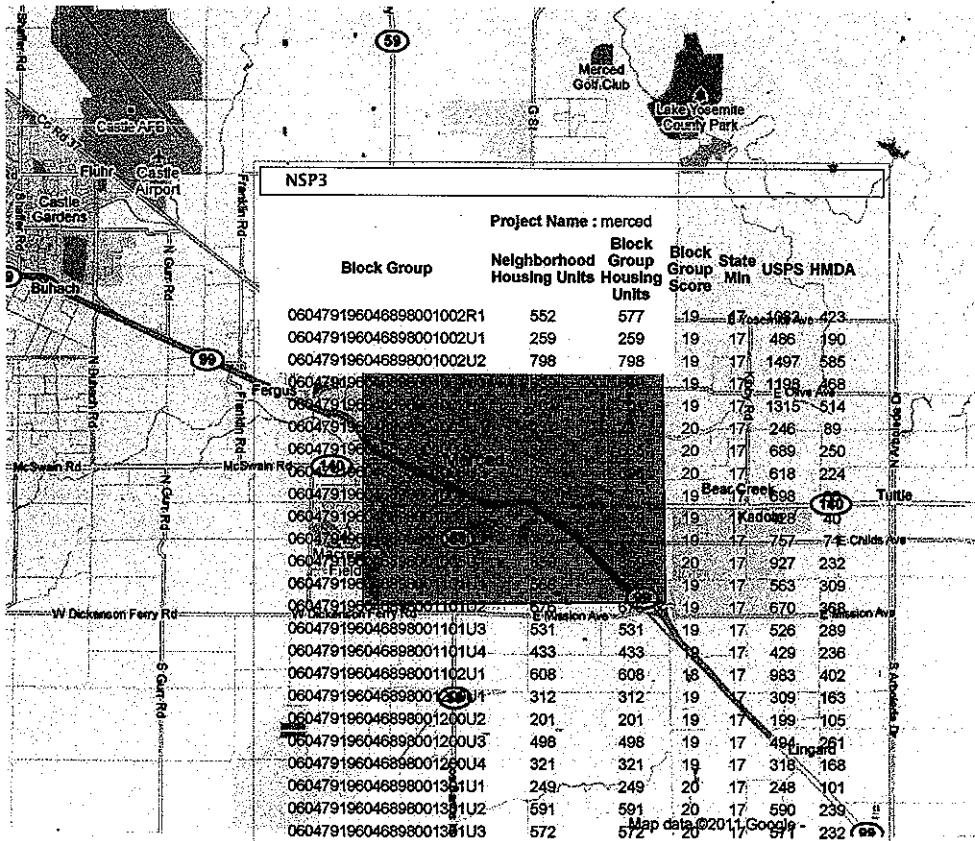
Click here for an Overview

NSP3 Options

12 Current Zoom Level

Show Tracts Outline (Zoom 11+)

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee should delete, add, or revise target areas. Note that if you delete or add, the tool only recalculates after you close the "View Projects" box and reopen it. HUD also advises grantees to think carefully about the size of their target areas in total. If those target areas have a very large number of total housing units relative to the dollars available, HUD will likely ask that the grantee reduce the number and/or size of their target areas.



Block Group	Neighborhood Housing Units	Block Group Housing Units	Block Group Score	State Min	USPS HMDA
Project Name : merced					
060479196046898001002R1	552	577	19	17	423
060479196046898001002U1	259	259	19	17	190
060479196046898001002U2	798	798	19	17	585
060479196046898001002U3	1100	1100	19	17	668
060479196046898001002U4	1315	1315	19	17	514
060479196046898001101U1	201	201	20	17	246
060479196046898001101U2	689	689	20	17	89
060479196046898001101U3	618	618	20	17	224
060479196046898001101U4	698	698	19	17	224
060479196046898001102U1	400	400	19	17	200
060479196046898001102U2	757	757	19	17	400
060479196046898001102U3	927	927	20	17	232
060479196046898001102U4	563	563	19	17	309
060479196046898001102U5	670	670	19	17	288
060479196046898001101U3	531	531	19	17	289
060479196046898001101U4	433	433	19	17	429
060479196046898001102U1	608	608	19	17	236
060479196046898001102U2	312	312	19	17	163
060479196046898001200U2	201	201	19	17	105
060479196046898001200U3	498	498	19	17	261
060479196046898001200U4	321	321	19	17	168
060479196046898001301U1	249	249	20	17	101
060479196046898001301U2	591	591	20	17	239
060479196046898001301U3	572	572	20	17	232
060479196046898001302U1	294	294	20	17	85
060479196046898001302U2	518	518	20	17	149
060479196046898001302U3	533	533	20	17	153
060479196046898001401U1	759	759	20	17	564
060479196046898001401U2	711	711	20	17	528
060479196046898001402U1	374	374	19	17	172
060479196046898001402U2	472	472	19	17	217
060479196046898001402U3	472	472	19	17	217
060479196046898001501R1	2	14	20	17	10
060479196046898001501U1	360	664	20	17	491
060479196046898001502U1	446	446	20	17	139
060479196046898001502U2	377	377	20	17	118
060479196046898001503U1	407	407	20	17	106
060479196046898001503U2	387	387	20	17	101
060479196046898001503U3	460	460	20	17	120
060479196046898001601U1	439	439	20	17	83
060479196046898001601U2	339	339	20	17	64
060479196046898001601U3	325	325	20	17	61
060479196046898001602R2	0	0	20	17	0
060479196046898001602U1	486	486	20	17	278

060479196046898001602U2	359	359	20	17	503	205
060479196046898001700U1	1181	1181	20	17	1237	738
060479196046898001700U2	348	348	20	17	365	217
060479196046898001700U3	429	429	20	17	449	268
060479196046898001801U1	8	8	18	17	9	5
060479196046898001801U2	665	665	18	17	712	441
060479196099999001002R1	277	316	19	17	593	232
060479196099999001003U1	26	26	20	17	27	10
060479196099999001102U1	174	243	18	17	393	161
060479196099999001200U1	260	309	19	17	306	162
060479196099999001200U2	318	318	19	17	315	167
060479196099999001200U4	54	54	19	17	54	28
060479196099999001401U2	99	99	20	17	99	74
060479196099999001402R4	5	88	19	17	87	40
060479196099999001402U2	46	46	19	17	46	21
060479196099999001402U3	146	146	19	17	145	67
060479196099999001402U4	102	102	19	17	101	47
060479196099999001601U2	9	9	20	17	10	2
060479196099999001602R2	387	387	20	17	542	221
060479196099999001602U1	107	107	20	17	150	61
060479196099999001602U2	156	156	20	17	218	89
060479196099999001700U1	33	33	20	17	35	21
060479196099999001700U2	94	94	20	17	98	59
060479196099999001801R1	19	130	18	17	139	86
060479196099999001801U1	77	100	18	17	107	66
060479196099999001801U2	158	158	18	17	169	105
Total Neighborhood Housing Units: 26497						
Neighborhood NSP3 Score: 19.46						
State Minimum Threshold NSP3 Score: 17						

INCOME DATA
Merced County Fiscal Year 2010

Income Limits for 50% of HUD Area Median Income

Number of Persons in Household							
	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
<u>1</u>	\$19,750	\$22,550	\$25,350	\$28,150	\$30,450	\$32,700	\$34,950
							\$37,200

Income Limits for 120% of HUD Area Median Income

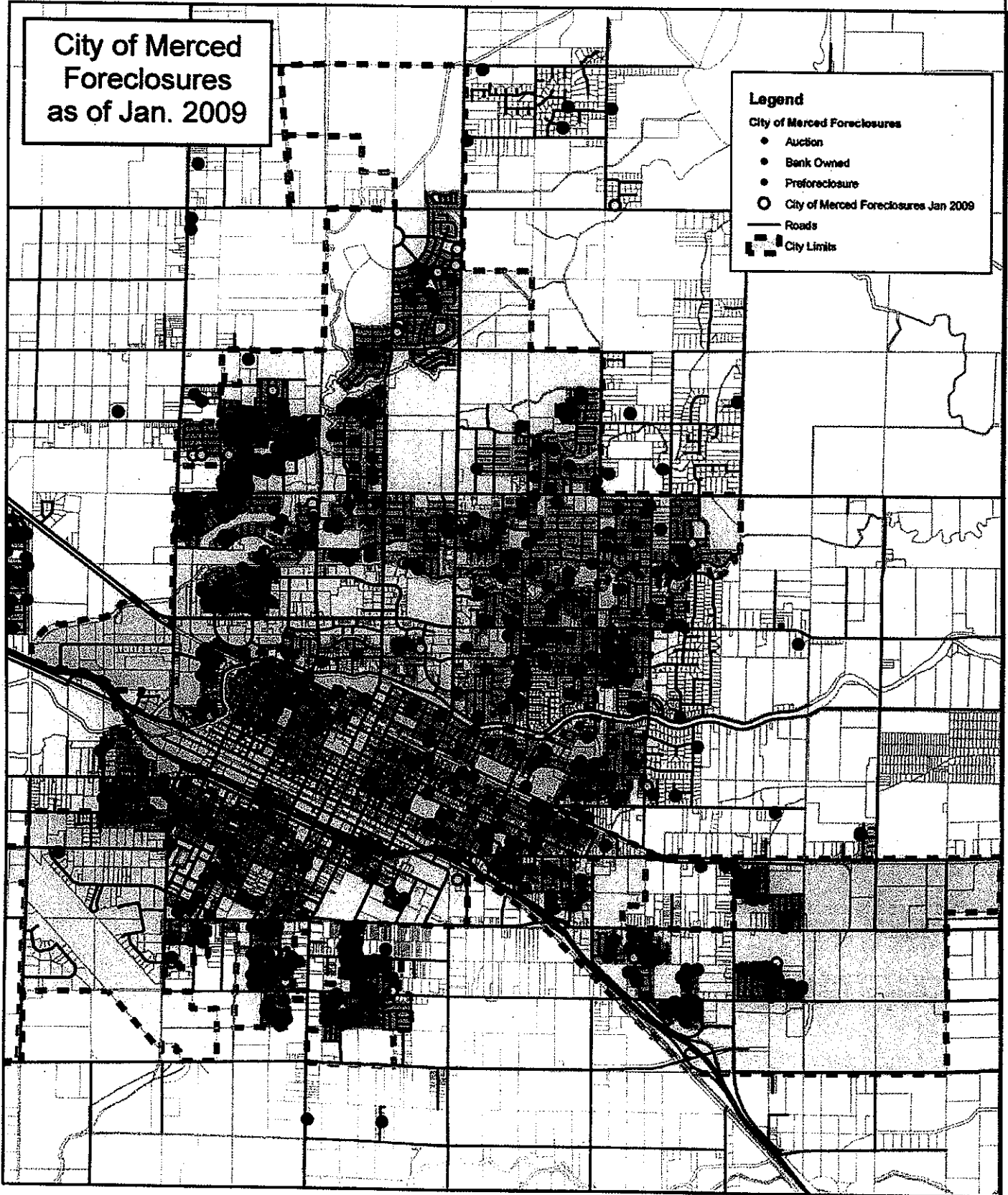
Number of Persons in Household							
	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
<u>1</u>	\$47,300	\$54,050	\$60,800	\$67,550	\$72,950	\$78,350	\$83,750
							\$89,200

**City of Merced
Foreclosures
as of Jan. 2009**

Legend

City of Merced Foreclosures

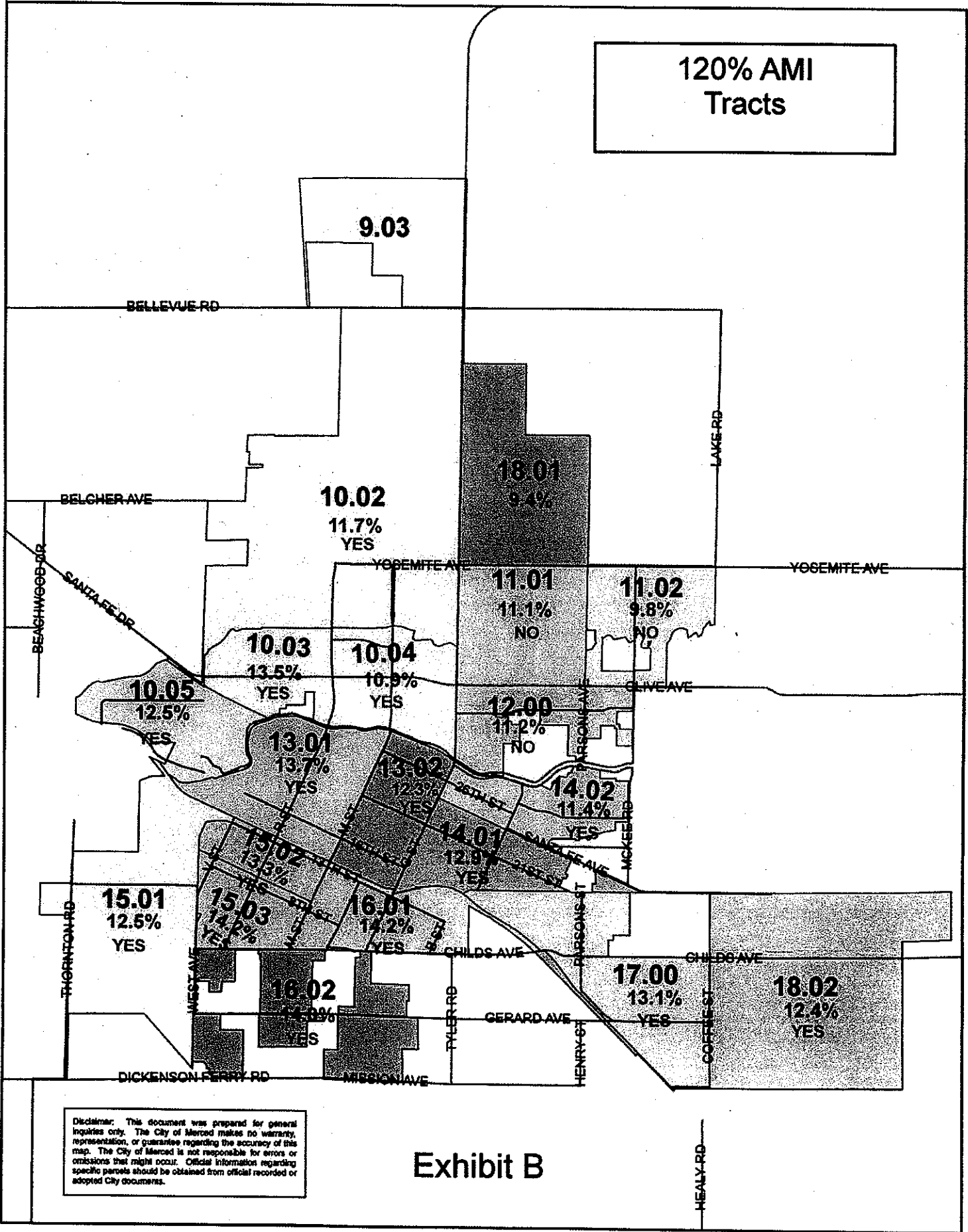
- Auction
- Bank Owned
- Preforeclosure
- City of Merced Foreclosures Jan 2009
- Roads
- City Limits



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.

Exhibit A

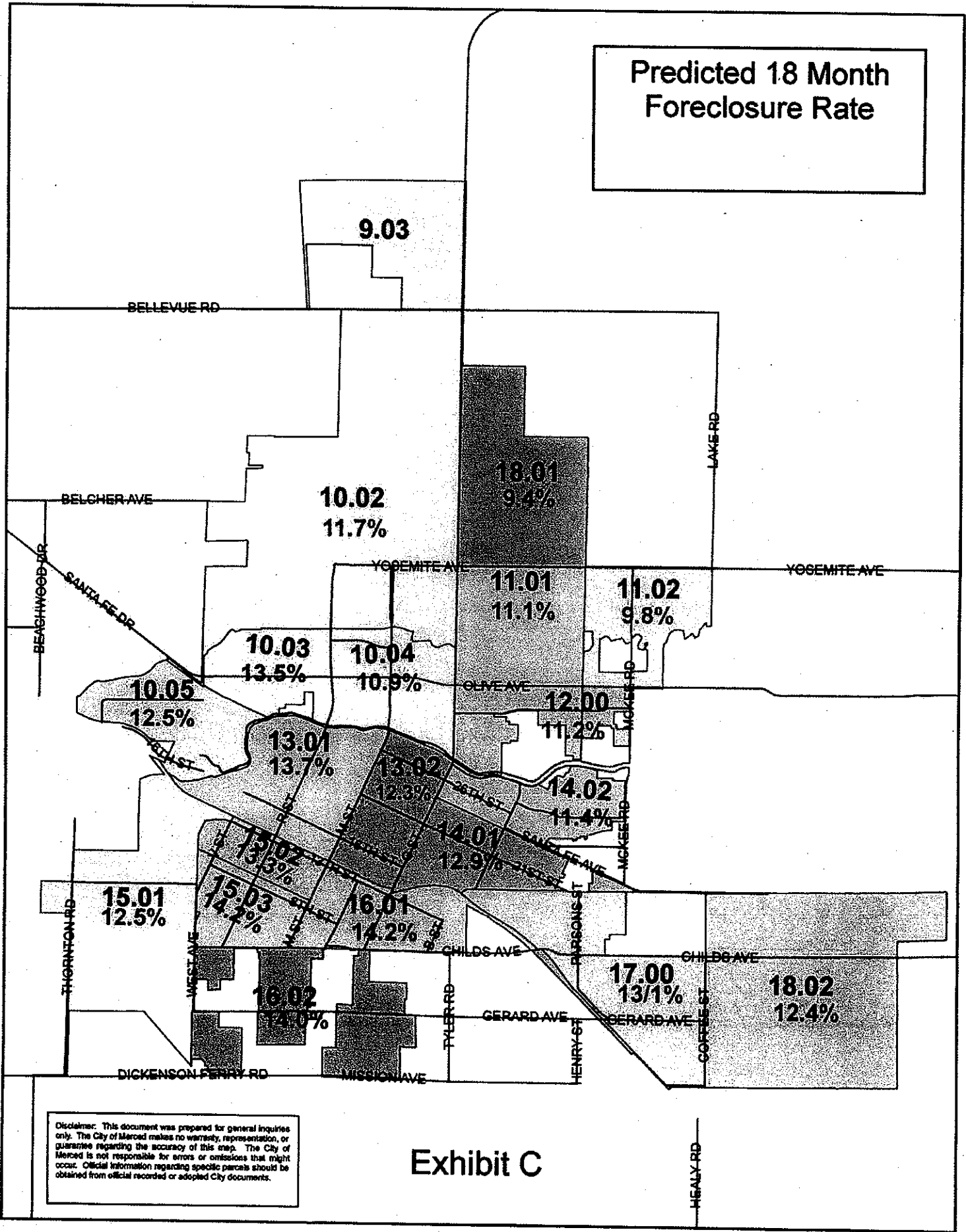
120% AMI
Tracts



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Exhibit B

Predicted 18 Month Foreclosure Rate

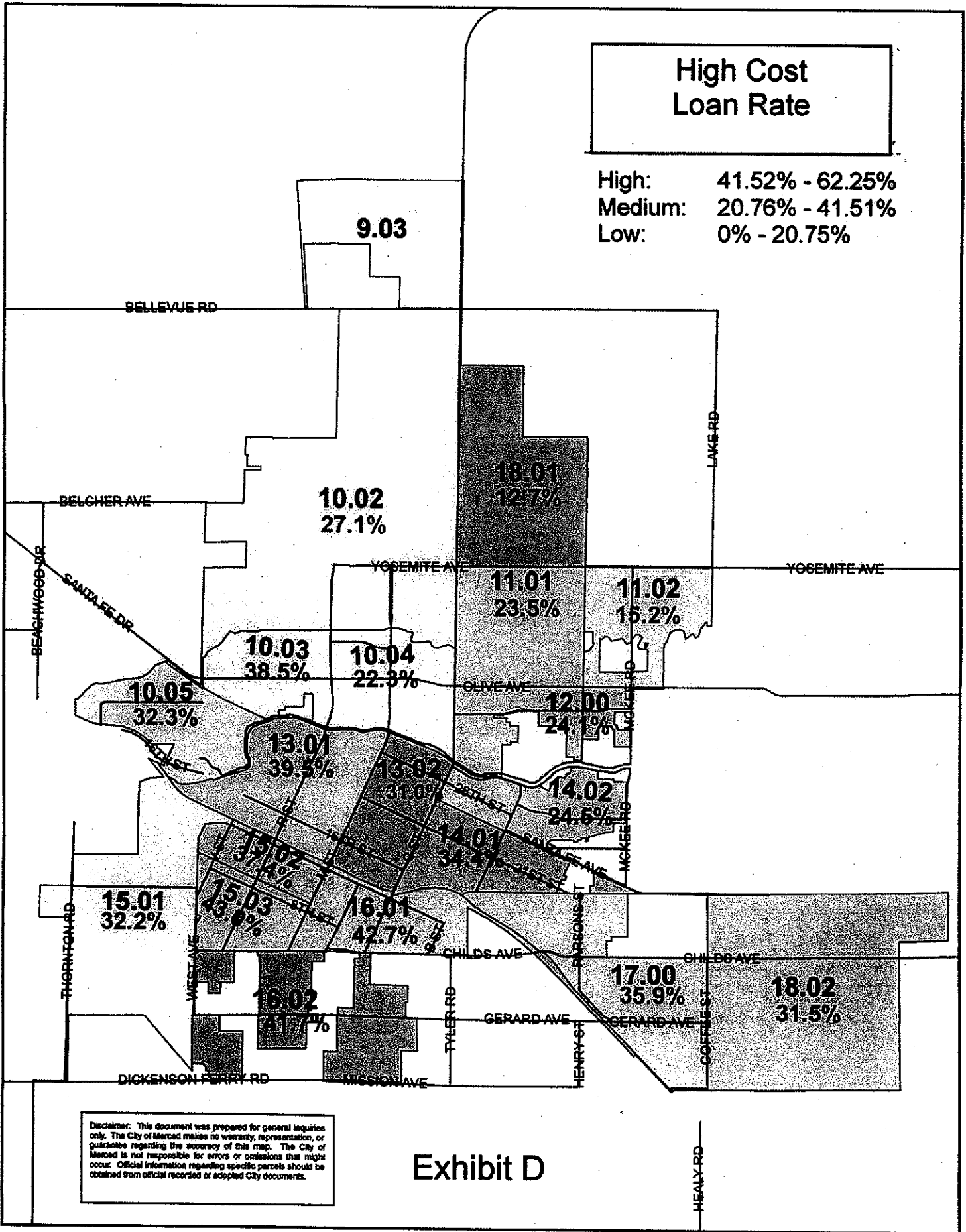


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Exhibit C

High Cost Loan Rate

High: 41.52% - 62.25%
 Medium: 20.76% - 41.51%
 Low: 0% - 20.75%

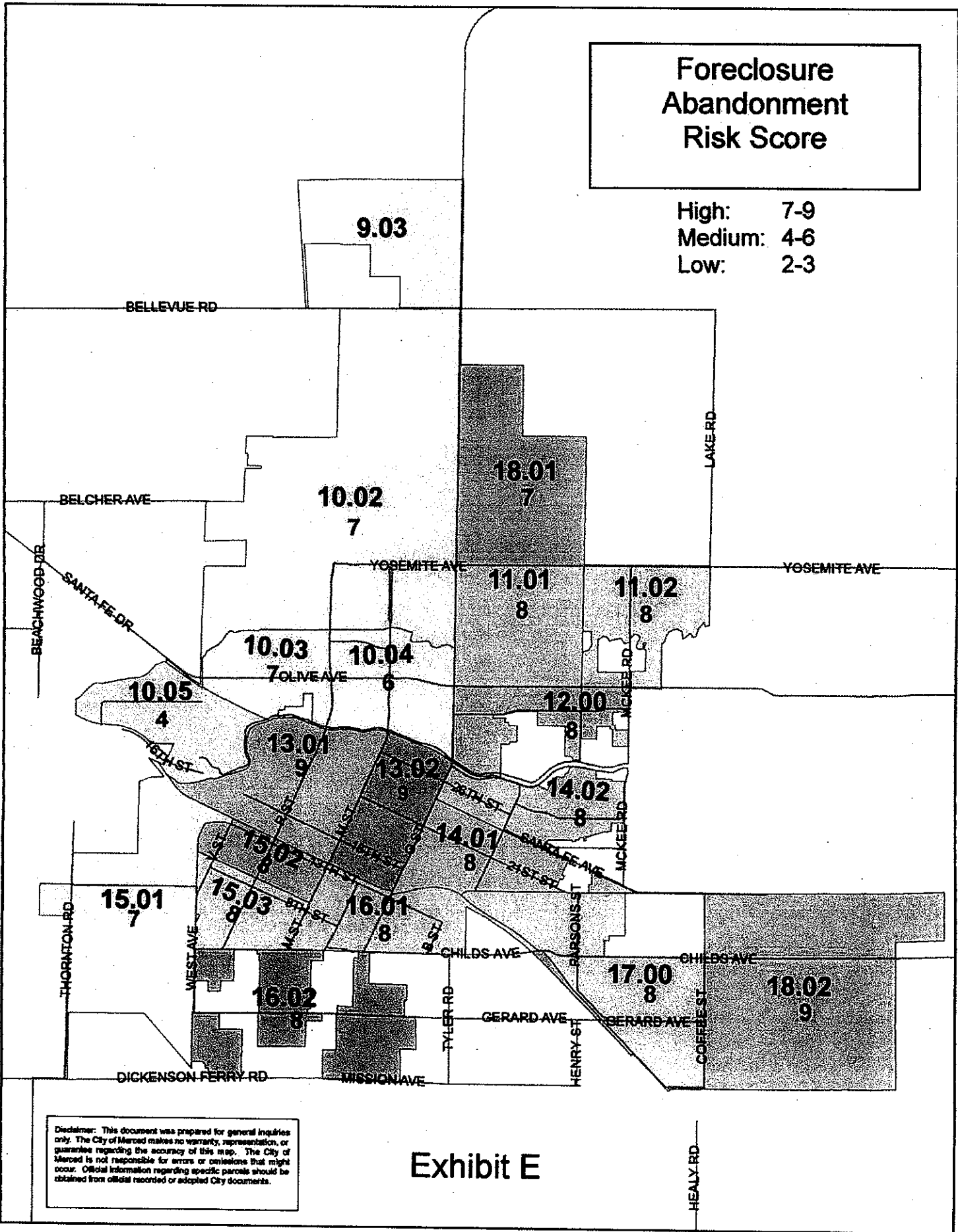


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Exhibit D

Foreclosure Abandonment Risk Score

High: 7-9
 Medium: 4-6
 Low: 2-3



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Exhibit E

CITY OF MERCED FORECLOSURE DATA

Census Tract	Low/mod Eligible	120.0% AMI	Foreclosure Risk Score	Homeprice Decline Since Peak	Unemployment Rate	Hi-cost Loan Rate	predicted 18 mo. Foreclosure Rate	Residential Vacancy Rate	Statewide Foreclosure Rate
10.02	NO	44.9%	7	-40.5%	11.7%	27.1%	11.7%	0.6%	6.7%
10.03	YES	80.2%	7	-40.5%	11.7%	38.5%	13.5%	0.4%	6.7%
10.04	YES	63.3%	6	-40.5%	11.7%	22.3%	10.9%	0.3%	6.7%
10.05	YES	78.3%	4	-40.5%	11.7%	32.3%	12.5%	0.0%	6.7%
11.01	NO	40.3%	8	-40.5%	11.7%	23.5%	11.1%	1.5%	6.7%
11.02	NO	26.5%	8	-40.5%	11.7%	15.2%	9.8%	3.2%	6.7%
12.00	YES	54.6%	8	-40.5%	11.7%	24.1%	11.2%	1.3%	6.7%
13.01	YES	82.0%	9	-40.5%	11.7%	39.5%	13.7%	2.0%	6.7%
13.02	YES	75.1%	9	-40.5%	11.7%	31.0%	12.3%	2.3%	6.7%
14.01	YES	75.9%	8	-40.5%	11.7%	34.4%	12.9%	1.6%	6.7%
14.02	YES	54.0%	8	-40.5%	11.7%	25.0%	11.4%	1.1%	6.7%
15.01	YES	68.4%	7	-40.5%	11.7%	32.2%	12.5%	0.3%	6.7%
15.02	YES	86.5%	8	-40.5%	11.7%	37.4%	13.3%	1.7%	6.7%
15.03	YES	91.0%	8	-40.5%	11.7%	43.0%	14.2%	0.7%	6.7%
16.01	YES	88.5%	8	-40.5%	11.7%	42.7%	14.2%	1.2%	6.7%
16.02	YES	62.6%	8	-40.5%	11.7%	41.7%	14.0%	1.0%	6.7%
17.00	YES	77.5%	8	-40.5%	11.7%	35.9%	13.1%	0.8%	6.7%
18.01	NO	14.7%	7	-40.5%	11.7%	12.7%	9.4%	0.9%	6.7%
18.02	YES	72.9%	9	-40.5%	11.7%	31.5%	12.4%	5.5%	6.7%
CITY'S AVERAGE		65.1%	8	-40.5%	11.7%	31.0%	12.3%	1.4%	6.7%

EXHIBIT F

MERCED COUNTY/CITIES FORECLOSURE DATA

County Name	City Name	Estimated # of Foreclosures	Estimated # of Mortgages	Estimated Foreclosure Rate	90-day Vacant	# of Residential Addresses	90-day Vacancy Rate	Hi-cost Loans 2004-2006	Total Loans 2004-2006	Hi-cost Loan Rate	Housing Price Change
Merced County	Atwater	667	5,354	12.5%	275	9,001	3.1%	1,535	4,817	31.9%	-40.5%
Merced County		257	2,020	12.7%	117	2,533	4.6%	609	1,817	33.5%	-40.5%
Merced County	Dos Palos	129	922	14.0%	94	1,601	5.9%	347	829	41.9%	-40.5%
Merced County	Gustine	116	914	12.7%	80	1,871	4.3%	275	822	33.5%	-40.5%
Merced County		74	697	10.6%	29	1,568	1.8%	129	627	20.6%	-40.5%
Merced County		26	202	12.9%	13	387	3.4%	64	182	35.2%	-40.5%
Merced County	Livingston	191	1,575	12.1%	28	3,234	0.9%	419	1,417	29.6%	-40.5%
Merced County	Los Banos	1,435	10,707	13.4%	696	11,504	6.1%	3,643	9,633	37.8%	-40.5%
Merced County		75	532	14.1%	14	325	4.3%	200	479	41.8%	-40.5%
Merced County		31	223	13.9%	23	387	5.9%	84	201	41.8%	-40.5%
Merced County		253	1,854	13.6%	60	2,085	2.9%	653	1,668	39.1%	-40.5%
Merced County		1,320	10,977	12.0%	569	17,642	3.2%	2,878	9,877	29.1%	-40.5%
Merced County	MERCED	1,339	10,966	12.2%	278	25,644	1.1%	2,990	9,867	30.3%	-40.5%
Merced County Overall		5,913	46,943	12.8%	175	77,782	3.6%	13,826	42,236	34.3%	-40.5%
		(Total)	(Total)	(Avg.)	(Avg.)	(Total)	(Avg.)	(Total)	(Total)	(Avg.)	(Avg.)

EXHIBIT G

MERCED SUN-STAR
JANUARY 5, 2011

**Notice of Public Meeting for
HUD Annual Action Plan Fiscal Year 2010
Substantial Amendment to Apply for
Neighborhood Stabilization Program (NSP3) Funding**

The City of Merced will conduct a public meeting on Thursday, January 20, 2011, at 5:30 p.m. at City Hall, Housing Division, 678 W. 18th Street, Merced, CA, to discuss the opportunities for Neighborhood Stabilization Program (NSP3) funding from the U.S. Department of Housing and Urban Development (HUD).

The City of Merced is applying for a grant amount of up to \$1,196,182 under the NSP3 Allocation for rehabilitation and resale of abandoned foreclosed homes, redevelopment of abandoned or vacant lots, and down payment assistance toward the purchase of foreclosed homes, to be performed within the eligible census tracts in the City of Merced. In order to receive funding, the City must submit a substantial amendment plan to its Annual Action Plan for fiscal year 2010-2011. The purpose of this public meeting is to gain public input and comments on the proposed NSP3 plan. A final public hearing will be held before the City Council on February 7, 2011, in the Council Chambers at 7:00 p.m. at the above address.

If you are unable to attend the public meeting, you may direct written comments prior to the date of the hearing to: City of Merced Housing Division, 678 W. 18th Street, Merced, CA 95340, by January 24, 2011. Information may be obtained, or a public file on NSP3 activities may be reviewed, at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays or on the Housing Website at http://www.cityofmerced.org/depts/cd/housing_division/default.asp. The Housing staff can be contacted at 209-385-6863 or by email at niroumandm@cityofmerced.org.

If you plan on attending the public meeting and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please contact the Housing Division at 209-385-6863 to arrange for those accommodations to be made. The City of Merced promotes fair housing and makes all programs available to low- and moderate-income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or disability.

00064532

MERCED SUN-STAR
JANUARY 19, 2011

PUBLIC NOTICE

**HUD Annual Action Plan Fiscal Year 2010
Substantial Amendment**

The U.S. Department of Housing and Urban Development (HUD), in a Notice of Formula Allocation [Docket No. FR-5447-N-01], has announced that the City of Merced has been awarded \$1,196,182 of NSP 3 funding. In order to receive its allocation of NSP 3 funding, the City must submit a substantial amendment to the Annual Action Plan for fiscal year 2010. The Annual Action Plan Substantial Amendment allows the City of Merced to use NSP 3 funds for eligible costs associated with acquisition, rehabilitation, resale, down payment assistance, redevelopment of demolished or vacant properties, and administration. Proposed NSP 3 funds are as follows:

Administration (max. 10% of funds)	\$119,618
Housing for those with 50% or below AMI	\$299,046
Acquisition, rehabilitation, resale, redevelopment	\$650,000
Homebuyers down payment assistance	\$127,518
Total	\$1,196,182

The purpose of this public notice is to gain public input and comments on the proposed NSP 3 Substantial Amendment for a period of 15 days. Comments prior to the public hearing will be accepted and reviewed until February 4, 2011. A Public Hearing will be held before the Merced City Council at 7:00 P.M. on Monday, February 7, 2011, for final adoption of the Substantial Amendment to Annual Action Plan for fiscal year 2010-2011. To receive a copy of the Draft Plan you may either contact the City of Merced Housing Program at 385-6863 (TDD/TTY 385-6816) and ask that one be sent to you, or stop by the office on the First Floor of the Merced Civic Center, 678 W. 18th Street, Merced. The Draft Plan can also be viewed at the City of Merced's website:
http://www.cityofmerced.org/depts/cd/housing_division/housing_reports_n_plans.asp.

If you are unable to attend the public hearing, you may direct written comments prior to the date of the hearing to the above address by February 4, 2011. Spanish, Hmong, and Lao translation assistance of the document are also available upon request. Comments and questions may also be directed to the City of Merced Housing Program at the above address or to niroumandm@cityofmerced.org. If you plan on attending the public hearing and need a special accommodation because of a sensory or mobility impairment/disability, or have a need for an interpreter, please contact 209-385-6822 to arrange for those accommodations. The City of Merced promotes fair housing and makes all programs available to low- and moderate-income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or disability.

00085195

PROOF OF PUBLICATION

(2015.5 C.C.P)

Proof of Publication of

STATE OF CALIFORNIA)

)ss.

COUNTY OF MERCED

I am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years, and not a party to or interested in the above-entitled matter. I am the printer foreman or principal clerk of The Merced County Times, a newspaper of general circulation, printed and published in the City of Merced, County of Merced, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Merced, State of California, under the date of December 14, 1999, Case Number 143600; that the notice, of which the annexed is a printed copy has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

January 20, 2011

PUBLIC NOTICE

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Nike Frago

Date: January 20, 2011

Legal # 4393

PUBLIC NOTICE

HUD Annual Action Plan Fiscal Year 2010 Sub- stantial Amendment

The U.S. Department of Housing and Urban Development (HUD), in a Notice of Formula Allocation [Docket No. FR-5447-N-01], has announced that the City of Merced has been awarded \$1,196,182 of NSP 3 funding. In order to receive its allocation of

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Administration (max. 10% of funds)

\$119,618

Housing for those with 50% or below AMI

\$299,046

Acquisition, rehabilitation, resale, redevelopment

\$650,000

Homebuyers down payment assistance

\$127,518

Total \$1,196,182

The purpose of this public

notice is to gain public input and comments on the proposed NSP 3 Substantial Amendment for a period of 15 days. Comments prior to the public hearing will be accepted and reviewed until February 4, 2011. A Public Hearing will be held before the Merced City Council at 7:00 P.M. on Monday, February 7, 2011, for final

adoption of the Substantial Amendment to Annual Action Plan for fiscal year 2010-2011. To receive a copy of the Draft Plan you may either contact the City of Merced Housing Program at 385-6863 (TDD/TTY 385-6816) and ask that one be sent to you, or stop by the office on the First Floor of the Merced Civic Center, 678 W. 18th Street, Merced. The Draft Plan can also be viewed at the City of Merced's website:

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Publication Date: 1-20-11

CITY OF MERCED

"Gateway to Yosemite"



CITY CLERK'S CERTIFICATE

I, JOHN M. BRAMBLE, City Clerk of the City of Merced, California, do hereby certify that the attached document, entitled:

RESOLUTION 2011-8

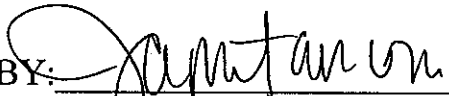
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR NEIGHBORHOOD STABILIZATION PROGRAM [NSP3];

is a true and correct copy of the original on file in the Office of the Merced City Clerk, Merced, California.

DATED: February 8, 2011

JOHN M. BRAMBLE, CITY CLERK



BY: 
JAMIE FANCONI
Deputy City Clerk

RESOLUTION NO. 2011-8

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MERCED, CALIFORNIA, APPROVING AN APPLICATION FOR FUNDING AND THE EXECUTION OF A GRANT AGREEMENT AND ANY AMENDMENTS THERETO FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR NEIGHBORHOOD STABILIZATION PROGRAM (NSP3)

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The City Council has reviewed and hereby approves an application and its contents for up to \$1,196,182 for the following activities:

- A. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low and moderate-income homebuyers;
- B. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties; and,
- C. Redevelop demolished or vacant properties.

If any additional NSP funding becomes available at a later date, the City of Merced is authorized to apply for, and/or accept funding, up to any additional amount available to the City or maximum allocation. Any additional NSP funding will be used in accordance with funding requirements established by the U. S. Department of Housing and Urban Development (HUD) Neighborhood Stabilization Program.

SECTION 2. The City has determined that Citizen Participation Plan requirements were met during the development of this application.

SECTION 3. The City Manager is hereby authorized and directed to act on the City's behalf in all matters pertaining to this application.

SECTION 4. If the application is approved, the City Manager is authorized to enter into and sign the grant agreement and any subsequent amendments thereto, with HUD for the purposes of this grant.

SECTION 5. If the application is approved, the City Manager is authorized to sign Funds Requests and other required reporting forms.

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PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the 7th day of February 2011, by the following vote:

AYES: Council Members: CARLISLE, PEDROZO, RAWLING, GABRIALT-ACOSTA, LOR, BLAKE

NOES: Council Members: NONE

ABSENT: Council Members: SPRIGGS

ABSTAIN: Council Members: NONE

APPROVED:


Mayor Pro Tempore


ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: 
Assistant/Deputy City Clerk

(SEAL)



APPROVED AS TO FORM:


City Attorney Date

APPLICATION FOR FEDERAL ASSISTANCE

OMB Approved No. 3076-0006

Version 7/03

1. TYPE OF SUBMISSION: Application		<input type="checkbox"/> Pre-application	2. DATE SUBMITTED February 14, 2011	Applicant Identifier	
<input checked="" type="checkbox"/> Construction		<input checked="" type="checkbox"/> Construction	3. DATE RECEIVED BY STATE	State Application Identifier	
<input type="checkbox"/> Non-Construction		<input type="checkbox"/> Non-Construction	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier FR-5447-N-01	
5. APPLICANT INFORMATION					
Legal Name: City of Merced			Organizational Unit: Department: Development Services		
Organizational DUNS: 169-211-554			Division: Housing Division		
Address: Street: 678 W. 18th Street			Name and telephone number of person to be contacted on matters involving this application (give area code)		
City: Merced			Prefix: Mr.	First Name: Masoud	
County: Merced			Middle Name		
State: CA			Last Name Niroumand		
Zip Code 95340			Suffix:		
Country: United States			Email: niroumandm@cityofmerced.org		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 80-0381770			Phone Number (give area code) 209-385-6863		Fax Number (give area code) 209-385-6810
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify) <input type="checkbox"/> <input type="checkbox"/>			7. TYPE OF APPLICANT: (See back of form for Application Types) C (Municipal) Other (specify)		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Neighborhood Stabilization Program (NSP3)			9. NAME OF FEDERAL AGENCY: U.S. Department of Housing and Urban Development		
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): City of Merced, County of Merced, California			11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Acquisition, rehabilitation, re-sale, home buyer's assistance, and development of demolished or vacant properties. All activities to be performed according to the Neighborhood Stabilization Program (NSP3) guidelines.		
13. PROPOSED PROJECT Start Date: Contract Agreement with HUD			14. CONGRESSIONAL DISTRICTS OF: a. Applicant 15		
Ending Date: 50% in 2 years and 100% in 3 years			b. Project 15		
15. ESTIMATED FUNDING:			16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?		
a. Federal	\$	1,196,182 ⁰⁰	a. Yes. <input type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON		
b. Applicant	\$	⁰⁰	DATE:		
c. State	\$	⁰⁰	b. No. <input checked="" type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372		
d. Local	\$	⁰⁰	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW		
e. Other	\$	⁰⁰	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?		
f. Program Income	\$	⁰⁰	<input type="checkbox"/> Yes If "Yes" attach an explanation. <input checked="" type="checkbox"/> No		
g. TOTAL	\$	⁰⁰			
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.					
a. Authorized Representative					
Prefix		First Name John		Middle Name M	
Last Name Bramble			Suffix		
b. Title City Manager			c. Telephone Number (give area code) 209-385-6834		
d. Signature of Authorized Representative <i>John M. Bramble</i>			e. Date Signed 02-14-11		

Appendix: NSP3 Action Plan Contents Checklist

The checklist below is an optional tool for NSP3 grantees to help to ensure that all required elements of the NSP3 Substantial Amendment or the Abbreviated Plan are submitted to HUD. This checklist only includes the minimum required elements that must be included in the NSP3 Action Plan and grantees may want to add additional details. This document must be protected, as described above, in order to use the checkboxes in this checklist.

1. NSP3 Grantee Information

Yes	
Did you include the Program Administrator's name, address, phone, and email address?	<input checked="" type="checkbox"/>

2. Areas of Greatest Need

Yes	
Does the narrative description describe how funds will give priority emphasis to areas of greatest need?	<input checked="" type="checkbox"/>
Does the narrative description specifically address how the funds will give priority emphasis to those areas:	
• With the highest percentage of home foreclosures?	<input checked="" type="checkbox"/>
• With the highest percentage of homes financed by subprime mortgage related loan?; and	<input checked="" type="checkbox"/>
• Identified by the grantee as likely to face a significant rise in the rate of home foreclosures?	<input checked="" type="checkbox"/>
Did you create the area of greatest needs map at http://www.huduser.org/NSP/NSP3.html ?	<input checked="" type="checkbox"/>
Did you include the map as an attachment to your Action Plan?	<input checked="" type="checkbox"/>
<i>ONLY Applicable for States:</i> Did you include the needs of all entitlement communities in the State?	<input type="checkbox"/>

3. Definitions and Descriptions

Yes	
Are the following definitions and topics included in your substantial amendment?:	
• Blighted structure in context of state or local law,	<input checked="" type="checkbox"/>

<ul style="list-style-type: none"> • Affordable rents, • Ensuring long term affordability for all NSP funded housing projects, • Applicable housing rehabilitation standards for NSP funded projects 	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>
	<input checked="" type="checkbox"/>

4. Low-Income Targeting

	Yes
Did you identify the estimated amount of funds appropriated to provide housing that meets the low-income set aside target?	<input checked="" type="checkbox"/>
Did you provide a summary describing how your jurisdiction will meet its low-income set aside goals?	<input checked="" type="checkbox"/>

5. Acquisition & Relocation

	Yes
For all acquisitions that will result in displacement did you specify:	
<ul style="list-style-type: none"> • The planned activity, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The number of units that will result in displacement, 	<input type="checkbox"/>
<ul style="list-style-type: none"> • The manner in which the grantee will comply with URA for those residents? 	<input type="checkbox"/>

6. Public Comment

	Yes
Did you provide your draft of the NSP3 substantial amendment for a minimum of 15 days for public comment?	<input checked="" type="checkbox"/>
Did you include the public comments you received on the NSP3 substantial amendment in your plan?	<input checked="" type="checkbox"/>

7. NSP Information by Activity

	Check all that apply
Did you include a description of all eligible NSP3 activities you plan to implement with your NSP3 award?	<input checked="" type="checkbox"/>
For each eligible NSP3 activity you plan to implement did you include:	

• Eligible use or uses?	<input checked="" type="checkbox"/>
• Correlated eligible CDBG activity or activities?	<input checked="" type="checkbox"/>
• Associated national objective?	<input checked="" type="checkbox"/>
• How the activity will address local market conditions?	<input checked="" type="checkbox"/>
• Range of interest rates (if any)?	<input checked="" type="checkbox"/>
• Duration or term of assistance?	<input checked="" type="checkbox"/>
• Tenure of beneficiaries (e.g. rental or homeowner)?	<input checked="" type="checkbox"/>
• If the activity produces housing, how the design of the activity will ensure continued affordability?	<input checked="" type="checkbox"/>
• How you will, to the maximum extent possible, provide for vicinity hiring?	<input checked="" type="checkbox"/>
• Procedures used to create affordable rental housing preferences?	<input checked="" type="checkbox"/>
• Areas of greatest need addressed by the activity or activities?	<input checked="" type="checkbox"/>
• Amount of funds budgeted for the activity?	<input checked="" type="checkbox"/>
• Appropriate performance measures for the activity (e.g. units of housing to be acquired, rehabilitated, or demolished for the income levels represented in DRGR)?	<input checked="" type="checkbox"/>
• Expected start and end dates of the activity?	<input checked="" type="checkbox"/>
• Name and location of the entity that will carry out the activity?	<input checked="" type="checkbox"/>

8. Certifications

	Yes
Did you sign and submit the certification form applicable to your jurisdiction?	<input checked="" type="checkbox"/>

9. Additional Documentation

	Yes
Did you include a signed SF-424?	<input checked="" type="checkbox"/>