

CITY OF MERCED

2010-2015 HUD CONSOLIDATED PLAN

INCLUDING
2010 HUD
ANNUAL PLAN



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CONSOLIDATED PLAN

The Consolidated Plan is a collaborative process whereby a community establishes a unified vision for community development actions. It offers local jurisdictions the opportunity to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of effort at the local level.

The Consolidated Plan approach is also the means to meet the submission requirements for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) formula programs. This process replaces prior Community Planning and Development (CPD) planning and submission requirements with a single document that satisfies the submission requirements of the four CPD formula programs for local jurisdictions.

The statutes for the formula grant programs set forth three basic goals against which the plan and the jurisdiction's performance under the plan will be evaluated by the U.S. Department of Housing and Urban Development (HUD). Each jurisdiction's plan must state how it will pursue these goals for all community development programs, as well as all housing programs. These statutory program goals are:

DECENT HOUSING - - which includes:

- assisting homeless persons obtain affordable housing;
- assisting persons at risk of becoming homeless;
- retaining the affordable housing stock;
- increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability;
- increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence; and
- providing affordable housing that is accessible to job opportunities.

A SUITABLE LIVING ENVIRONMENT - - which includes:

- improving the safety and livability of neighborhoods;
- eliminating blighting influences and the deterioration of property and facilities;
- increasing access to quality public and private facilities and services;
- reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods;
- restoring and preserving properties of special historic, architectural, or aesthetic value; and conserving energy resources and use of renewable energy sources.

EXPANDED ECONOMIC OPPORTUNITIES - - which includes:

- job creation and retention;
- establishment, stabilization and expansion of small businesses (including micro-businesses);
- the provision of public services concerned with employment;
- the provision of jobs to low-income persons living in areas affected by those programs and activities, or jobs resulting from carrying out activities under programs covered by the plan;
- availability of mortgage financing for low-income persons at reasonable rates using non-discriminatory lending practices;
- access to capital and credit for development activities that promote the long-term economic and social viability of the community; and
- empowerment and self-sufficiency for low-income persons to reduce generational poverty in federally assisted housing and public housing.

A complete consolidated plan contains information required by §91.200 through §91.230 submitted according to instructions prescribed by HUD (including tables and narratives), or in such other format as jointly agreed upon by HUD and the jurisdiction. The complete consolidated plan is due every three to five years no less than 45 days prior to the start of the grantee's program year start date. A summary of the citizen participation and consultation process, the action plan, and the certifications must be submitted on an annual basis. HUD does not accept plans between August 15 and November 15.

CITY OF MERCED

Table of Contents

I.	MANAGING THE PROCESS	7
A.	CONSULTATION	7
B.	CITIZEN PARTICIPATION	8
	Citizen Comments.....	10
II.	HOUSING AND HOMELESS NEEDS.....	11
A.	HOUSING NEEDS	11
	Five Year Housing Needs.....	11
	Housing Needs by Income Category	12
	Housing Needs by Tenure	13
	Elderly (Senior) Housing Needs.....	14
	Female Headed Households	16
	Persons with Disabilities	16
	Persons with Alcohol and/or Other Drug Addictions.....	19
	Persons with AIDS and Other Related Illnesses	19
	Victims of Domestic Violence.....	19
	Large Families and Overcrowding	19
	Farm Workers	21
	Households with Disproportionate Needs	22
	Public Housing	26
	Cost Burden	28
	Condition of Housing Stock	30
B.	HOMELESS NEEDS.....	32
C.	NON-HOMELESS SPECIAL NEEDS	33
	CONCLUSION OF HOUSING NEEDS ANALYSIS.....	33
D.	LEAD-BASED PAINT.....	34
III.	HOUSING MARKET ANALYSIS	35
A.	MARKET ANALYSIS.....	36
	Units at Risk of Conversion.....	37
B.	PUBLIC AND ASSISTED HOUSING.....	37
	Section 8 (Housing Choice Voucher) Assistance.....	38
C.	HOMELESS INVENTORY.....	38
D.	SPECIAL NEED FACILITIES AND SERVICES.....	41
	Transitional Housing Programs	41
	Day shelters and soup Kitchens.....	41
	Homeless.....	42

E. BARRIERS TO AFFORDABLE HOUSING.....	43
Relevant Public Policies and Assessment	43
Achievements in Response to 2003 AI.....	43
Other Land Use Controls	44
Open Space Requirements.....	45
School Facilities Dedication and Impact Fees.....	45
Off-site Improvements.....	46
Permit Fees and Other Exactions.....	46
Permit Processing Times	48
IV. STRATEGIC PLAN.....	50
A. GENERAL PRIORITY NEEDS ANALYSIS AND STRATEGIES	50
Areas of Low-Income Concentration	51
Areas of Racial/Ethnic Minority Concentration.....	52
Basis for Assigning Priorities	56
Obstacles to Meeting Underserved Needs.....	56
B. SPECIFIC OBJECTIVES.....	56
Housing Rehabilitation and Reconstruction	58
Joint Development Agreements.....	58
Priority Review and Permitting	59
Housing to Meet Special Needs.....	59
Code Enforcement	59
Lead Based Paint Hazard Reduction	59
Down Payment Assistance	59
Police Officers	59
Police Community Aide	59
Summary of Goals and Objectives	60
V. HOUSING	64
A. PRIORITY HOUSING NEEDS.....	64
Low, Moderate, and Poverty Level Income Housing Needs.....	64
Summary of Housing Needs.....	64
Basis for Assigning Priorities	64
Barriers to Meeting Underserved Needs.....	65
Effects of Existing Market.....	65
Explanation of Disproportionate Needs.....	66
B. SPECIFIC OBJECTIVES/AFFORDABLE HOUSING	67
Avaliability/Accessibility to Decent Housing (Objective A)	68
Affordability of Decent Housing (Objective B)	73
Availability of Decent Housing (Objective C).....	78
C. PUBLIC HOUSING STRATEGY	80
VI. HOMELESS.....	81
A. PRIORITY HOMELESS NEEDS	81
B. HOMELESS STRATEGY	84

Homelessness.....	84
Chronic Homelessness.....	86
Homelessness Prevention	86
Institutional Structure	87
Discharge Coordination Policy.....	87
C. SPECIFIC OBJECTIVES/HOMELESS	88
VII. NON-HOMELESS SPECIAL NEEDS	91
A. PRIORITY NON-HOMELESS NEEDS.....	91
Elderly	91
Frail Elderly.....	92
Persons with Mental Illness.....	92
Persons with Disabilities	93
Persons with Alcohol and/or Other Drug Addictions.....	93
Persons with AIDS and Other Related Illnesses	93
Victims of Domestic Violence.....	93
Farm Workers	93
B. SPECIFIC SPECIAL NEEDS OBJECTIVES.....	95
VIII. COMMUNITY DEVELOPMENT	97
A. PRIORITY COMMUNITY DEVELOPMENT	97
B. PUBLIC FACILITIES OBJECTIVES	98
C. PUBLIC IMPROVEMENT OBJECTIVES.....	100
D. PUBLIC SERVICES OBJECTIVES	101
E. ECONOMIC DEVELOPMENT OBJECTIVES	105
F. NEIGHBORHOOD REVITALIZATION STRATEGY	108
G. BARRIERS TO AFFORDABLE HOUSING.....	108
Cost	108
Foreclosures.....	108
Homelessness.....	109
Lack of Community Support	109
Governmental Policies/Fees	109
H. LEAD BASED PAINT.....	110
I. ANTI-POVERTY STRATEGY	110
J. INSTITUTIONAL STRUCTURE.....	112
K. COORDINATION	113
L. MONITORING	114
Housing Opportunities for People with AIDS (HOPWA)	115
Specific HOPWA Objectives	116

IX. OTHER NARRATIVES AND ATTACHMENTS	117
Neighborhood Stabilization Program	117
Homelessness Prevention and Rapid Re-Housing Program (HPRP)	118
CDBG-R	118
Section 108 Loan	119
Accomplishments/Outcomes	119
X. 2010 ANNUAL ACTION PLAN	120
EXECUTIVE SUMMARY	120
ANNUAL PLAN.....	135
A. Citizen Participation	135
B. Resources.....	136
Funding	136
Statement of Support for Funding Applications of Other Entities.....	136
Leveraging of Federal Funds and Matching Requirements	136
Summary of Low-Income Housing Tax Credits.....	137
Competitive McKinney Vento Homeless Assistance Act Funds.....	137
Neighborhood Stabilization Program Funds	137
Homelessness Prevention and Rapid Re-Housing Program (HPRP).....	138
Energy Efficiency and Conservation Block Grant.....	139
Community Action Agency Energy Efficiency Program	139
C. Annual Objectives	141
D. Description of Activities.....	142
E. Geographic Distribution/Allocation Priorities.....	150
F. Obstacles to Meeting Underserved Needs	151
G. Annual Affordable Housing Goals	154
Homelessness	155
Special Needs Households	155
Non-Homeless Special Needs	155
Rental Housing.....	155
Rehabilitation/Reconstruction Program.....	155
First Time Home Buyers Program	156
Neighborhood Stabilization Program.....	156
H. Public Housing.....	156
I. Homeless And Special Needs	157
J. Barriers To Affordable Housing.....	158
K. Other Actions.....	159
Actions to Address Obstacles to Meeting Underserved Needs and to Foster and Maintain Affordabel Housing.....	160
Activities to Prevent Homelessness & to Address the Specials Needs Person Who Are Not Homeless	160

XI. PROGRAM SPECIFIC REQUIREMENTS 166

- A. CDBG 166**
- B. HOME 167**
 - Resale Provisions 167
 - First Time Home Buyers Assistance Program 168
 - Affirmative Marketing 168
 - Minority/Women’s Business Enterprise Policy Procedures 171
- C. HOPWA 172**
- D. MONITORING 172**

XII. OTHER NARRATIVES 173

2010–2015 HUD CONSOLIDATED PLAN

I. MANAGING THE PROCESS

A. CONSULTATION 91.200(b)

1. Identify the lead agency or entity for overseeing the development of the plan and the major public and private agencies responsible for administering programs covered by the consolidated plan.
2. Identify agencies, groups, and organizations that participated in the process. This should reflect consultation requirements regarding the following:
 - **General** §91.100 (a)(1) - Consult with public and private agencies that provide health services, social and fair housing services (including those focusing on services to children, elderly persons, persons with disabilities, persons with HIV/AIDS and their families, homeless persons) during the preparation of the plan.
 - **Homeless strategy** §91.100 (a)(2) – Consult with public and private agencies that provide assisted housing, health services, and social services to determine what resources are available to address the needs of any persons that are chronically homeless.
 - **Lead lead-based paint hazards** §91.100 (a)(3) – Consult with State or local health and child welfare agencies and examine existing data related to lead-based paint hazards and poisonings.
 - **Adjacent governments** §91.100 (a)(4) -- Notify adjacent governments regarding priority non-housing community development needs.
 - **Metropolitan planning** §91.100 (a)(5) -- Consult with adjacent units of general local government, including local government agencies with metropolitan-wide planning responsibilities, particularly for problems and solutions that go beyond a single jurisdiction, i.e. transportation, workforce, etc.
 - **HOPWA** §91.100 (b) -- Largest city in EMSA consult broadly to develop metropolitan-wide strategy for addressing needs of persons with HIV/AIDS and their families.

The City of Merced Housing Division was responsible for overseeing the development of the 2010 Consolidated Plan. The 2010 Consolidated Plan covers a five-year period, beginning on July 1, 2010 and ending June 30, 2015. The City of Merced 2010 Consolidated Plan covers the Community Development Block Grant (CDBG) funding and Home Investment Partnerships Program (HOME) only. The City does not utilize Emergency Shelter Grant (ESG) or Housing Opportunities for Persons with AIDS (HOPWA) funds.

The City consulted with surrounding entities and groups and agencies that participate in housing developments and related efforts in the City including:

- The Housing Authority of the County of Merced
- Merced County Community Action Agency (Homeless Services)

- Central Valley Coalition for Affordable Housing
- Merced County Human Services Agency
- **Merced County Mental Health Department**
- Merced County Area Agency on Aging
- Merced County Office of Education
- The Merced Family Lao Program
- Love INC.
- Sierra “Saving Grace”
- The Merced Center for Independent Living
- Merced County Environmental Health Division (Lead-based Paint Issues)

B. Citizen Participation 91.200 (b)

3. Based on the jurisdiction’s current citizen participation plan, provide a summary of the citizen participation process used in the development of the consolidated plan. Include a description of actions taken to encourage participation of all its residents, including the following:
 - low- and moderate-income residents where housing and community development funds may be spent;
 - minorities and non-English speaking persons, as well as persons with disabilities;
 - local and regional institutions and other organizations (including businesses, developers, community and faith-based organizations);
 - residents of public and assisted housing developments and recipients of tenant-based assistance;
 - residents of targeted revitalization areas.
4. Provide a description of the process used to allow citizens to review and submit comments on the proposed consolidated plan, including how the plan (or a summary of the plan) was published for review; the dates, times and locations of a public hearing, or hearings; when and how notice was provided to citizens of the hearing(s); the dates of the 30 day citizen comment period, and if technical assistance was provided to groups developing proposals for funding assistance under the consolidated plan and how this assistance was provided.
5. Provide a summary of citizen comments or views received on the plan and explain any comments not accepted and reasons why these comments were not accepted.

*Please note that Citizen Comments and Responses may be included as additional files

Because the City of Merced is also in the process of updating our Housing Element, and there are many areas that overlap between the Housing Element and the Consolidated Plan, we used the Housing Element Task Force to address issues in both plans.

The Task Force members represented a wide range of personal experience, incomes, special needs and professional knowledge of the housing industry and housing availability in the City of Merced and surrounding region. In addition to time devoted to workshop discussions and review of the document as it was developing, they also provided a great deal of local insight to identify needs and avenues of resolution. Members and organizations, groups, or interests they represented were:

Name	Title	Organization
Brenda Callahan-Johnson	CEO	Merced County Community Action Agency
Brett Baker		Building Industry Association (BIA)
Carole McCoy	Planning Commissioner	City of Merced Planning Commission
Christie Hendricks	Coordinator	Merced County Office of Education, Child Care Support Services
Chris Alley	CEO	Central Valley Coalition for Affordable Housing
Freya Foley	Asst Vice Chancellor of Human Resources	UC Merced
Gina Thexton	Director of Housing Programs	Housing Authority of Merced County
Greg Bradford	Developer	Envision Homes
Leslie Santos	Dir. Of Hsng & Res Life	UC Merced
Lila McIver	Research & Communications Specialist	Great Valley Center
Maria Nava	Program Director	Merced County Agency on Aging
Mary Ward	Planning Commissioner	City of Merced Planning Commission
Michele Woodburn	CEO	The Independence Resource
Milt Mc Dowell	citizen	
Paul Thao		Merced Lao Family Community
Rennise Ferrario	Executive Director	Housing Authority of Merced County
Tamala Fields	Manager	Center for Independent Living
Theresa Langford	Alternate for Greg Bradford	Envision Homes

In addition, consultation was sought from City residents who would directly benefit from the various grant programs addressed in this Consolidated Plan. The Plan was circulated for a 30-day public review period from April 20, 2010, to May 20, 2010. Three separate public input workshops were conducted. Two of these were held in Central Merced and one South Merced. These are the areas where the majority of the qualified Census Tracts are located. These meetings were held March 22, 23, and April 7, 2010. All workshops, meetings, hearings, and review periods were noticed in the *Merced Sun-Star* and were conducted in accordance with the Citizen Participation Plan as adopted by the Merced City Council. In addition to the required public notices, the City ran a special article in the *Merced Sun-Star* on April 2, 2010 to provide further notice. An official public hearing before the City Council was held on May 3, 2010.

Citizen Comments:

No written comments were received. The City received several inquiries on the homebuyer's and owner-occupied rehab/reconstruction programs. Throughout the year, the public has also emphasized the needs for development of affordable rental housing, neighborhood stabilization, and public facilities needs. We had also inquiries on how the funding process worked and what types of programs could be funded using CDBG and HOME funds. No other comments were provided regarding the plan.

II. HOUSING AND HOMELESS NEEDS

A. HOUSING NEEDS 91.205

**If not using the CPMP Tool: Complete and submit CHAS Table from:
<http://socds.huduser.org/scripts/odbic.exe/chas/index.htm>*

**If using the CPMP Tool: Complete and submit the Needs/Housing Table*

6. In this narrative, describe the estimated housing needs projected for the next five year period for the following categories of persons: extremely low-income, low-income, moderate-income, and middle-income families, renters and owners, elderly persons, persons with disabilities, including persons with HIV/AIDS and their families, single persons, large families, public housing residents, victims of domestic violence, families on the public housing and section 8 tenant-based waiting list, and discuss specific housing problems, including: cost-burden, severe cost-burden, substandard housing, and overcrowding (especially large families) and substandard conditions being experienced by extremely low-income, low-income, moderate-income, and middle-income renters and owners compare to the jurisdiction as a whole. The jurisdiction must define the terms "substandard condition" and "substandard condition but suitable for rehabilitation."
7. To the extent that any racial or ethnic group has a disproportionately greater need for any income category in comparison to the needs of that category as a whole, the jurisdiction must provide an assessment of that specific need. For this purpose, disproportionately greater need exists when the percentage of persons in a category of need who are members of a particular racial or ethnic group is at least ten percentage points higher than the percentage of persons in the category as a whole.

Five Year Housing Needs

The best available data regarding Merced's five-year housing needs comes from the 2007-2014 Regional Housing Needs Assessment (RHNA) as determined by the California Department of Housing and Community Development (HCD). The RHNA determines the number of housing needed for the population as of 2007, as well as that needed for future growth through 2014. HCD provides an estimate for the entire Merced County region. The Merced County Association of Governments (MCAG) then calculates the housing need for each city and the unincorporated county areas. These calculations are based on several factors affecting housing in each jurisdiction.

Although these projections only extend to 2014 and the Consolidated Plan covers the period through Fiscal Year 2015, the City does not anticipate the housing needs to vary significantly between 2014 and 2015. The total new housing units needed to adequately house Merced's projected population in units that are affordable, in good (habitable) condition, and not overcrowded is 3,076 (*source: 2007-2014 RHNA*).

As previously stated, this is the best information the City has to use to determine housing needs. However, the recently updated Analysis of Impediments (AI) points out that the number determined by MCAG is much less than the estimate provided by the California Department of Finance.

The Analysis of Impediments TO Fair Housing (June 2010) raises a concern with the method of calculation used by MCAG in determining the needs for each jurisdiction. The AI points out that the same percentage allocation of units by income group is applied to every city and the county. Based on the 2000 Census data, the AI finds that this method of calculation does not accurately represent the needs for very low and low-income housing. The AI concludes that the method of calculation done by MCAG significantly undercounts the needs of Merced’s very low and low-income households.

Housing Needs by Income Category:

The City’s housing needs allocations are determined for several income categories, including very low, low, moderate, and above moderate-income levels. The City’s total housing need for the projected planning period is 3,076 units. *Figure 1* below provides the allocations for the different groups for the period from 2007 to 2014.

Figure 1
Regional Housing Needs Assessment (RHNA)

Income Group	Number	Percent
Very Low	918	23.0
Low	574	17.0
Moderate	540	19.0
Above Moderate	1,044	41.0
Total	3,076	100.0

According to the City’s 2009 Draft Housing Element, it is safe to assume 50 percent of the allocation for very low-income households can be allocated to extremely low-income households. In this case, the allocation for very low-income households is 918 units (23 percent). Therefore, 459 of those units (50 percent) would be needed to accommodate extremely low-income households.

The number of housing units gained in the City of Merced over the last several years is significant. From April 2000 to June 2009, 6,022 units were constructed in the City of Merced (*City of Merced Building Permits*). In addition, according to the City of Merced Draft Housing Element, the inventory of vacant parcels available for residential units is 2,768.9 acres. With this inventory, the overall number of housing units could easily be constructed. This, however, does not guarantee that affordable housing would be constructed, but the City will continue to pursue development of affordable housing.

The City continues to work with other agencies and private developers to provide affordable housing. In recent years, the City has partnered with private developers to construct two new apartment complexes (the Grove and Sunny View Apartments). In addition, the Sunnyside Apartments were also recently constructed providing affordable units. With all three apartment complexes, 436 affordable rental units have been added to the City’s inventory within the last several years.

The Central Valley Coalition for Affordable Housing (the Coalition) offers several programs to assist low-income households become self-sufficient. In addition, they have partnered with several apartment complexes to help provide affordable rental units to the community. The table at *Figure 2* shows the apartment complexes partnering with the Coalition and the number of units available.

Figure 2
Apartments coordinating with the Central Valley Coalition for Affordable Housing

Apartment Complex	Number of Units
Laurel Glen Apartments	129
Sierra Meadows Seniors Apartments	100
The Grove	204
Childs Avenue Apartments	27
Merced Golden Senior Apartments	50
TOTAL	509

Housing Needs by Tenure

The number of housing units in Merced grew dramatically over the last 10 years. However, the number of owner-occupied housing units has not grown concurrently with the housing supply. In 2000, only 46.5 percent of Merced’s households lived in owner-occupied housing units. A clear majority of housing units, 53.5 percent, were occupied by renters. As the number of housing units increased, the number of owner-occupied housing units seemed to decrease. By 2007, the percentage of rental housing had increased to 61.3 percent and owner-occupied housing had decreased to just 38.7 percent (*2007 American Community Survey*). This trend can in part be contributed to the high cost of housing over the last several years. For many, home ownership was simply out of reach. *Figure 3* below shows the comparison of owner-occupied units versus renter-occupied units for Merced, the state, and the nation for 2000 and 2007.

Figure 3
Owner vs. Renter Occupied Units

Comparative Percentage of Owner-Occupied and Renter-Occupied Housing Units Merced - California - U.S.A.				
	Owner-Occupied		Renter-Occupied	
	2000	2007	2000	2007
Merced	46.5%	38.7%	53.5%	61.3%
California	56.9%	58.0%	43.1%	42.0%
U.S.A	66.2%	67.2%	33.8%	32.8%

Source: 2000 U.S. Census; 2007 ACS 1-Year Estimates

Special Housing Needs: Within Merced’s general population there are several subpopulations with special housing needs. Housing for this segment of the population is not only affected by the low-income of many in this category, but also by their special needs. It is often difficult to find housing that is affordable and is suitable for their special needs. These subpopulations consist of several different groups as listed below:

- Elderly (Senior) Households
- Female-Headed Households
- Persons with Disabilities

- Persons with Alcohol and/or other Drug Addictions
- Persons with AIDS and other related illnesses
- Victims of Domestic Violence
- Large Families and overcrowding
- Farm workers
- Households with Disproportionate Needs

Elderly (Senior) Housing

Senior households are defined as households with one or more persons over the age of 65 years old. Figure 4 below shows the number of people age 65 or older living in the City of Merced in 2000 compared to the number from the American Community Survey (ACS) estimates for 2006-2008.

Figure 4
Households with Persons Age 65 or Older

	2000		2006-2008	
	Number	Percentage	Number	Percentage
Number of Persons 65 years and over	6021	9.4%	6376	8.6%
Number of Persons 85 years and over	798	1.2%	890	1.2%
Total Senior Population	6021	9.4%	6376	8.6%
Males 65 years and over	2358	3.7%	2603	3.5%
Females 65 years and over	3663	5.7%	3822	5.2%
Total City Population	63893		74135	

According to these numbers 798 seniors (1.2%) 85 years or older were living in Merced in 2000. This number increased slightly according to the 2006-2008 estimates to 890 (1.2%) seniors 85 years or older. Although the percentage remains the same for both time periods (1.2%), the actual number of seniors and the overall population increased from 2000 to 2008. The overall population increased by approximately 16 percent and the number of seniors increased by approximately 10 percent.

The ACS recorded a total of 23,600 housing units in the City of Merced. Of that number, 9,545 units were owner-occupied and 14,055 were rentals. Approximately 14 percent of the total number of rental units were occupied by individuals 65 years old or older. Approximately 33 percent of the total number of owner-occupied units were occupied by individuals 65 years old or older. This compares to 90.1 percent of individuals younger than 65 years old are renters and 75.4 percent are owners.

Many seniors rely on social security as their only source of income. Because many seniors are on a limited income, housing costs are often difficult to meet, especially with the added burden of medical expenses, food, and other necessities. The ACS estimates for 2006-2008, 20,305 individuals (28.1 percent) of the total population are living below poverty level. Of that number 1,087 (5.4 percent) of those are seniors 65 years or older.

According to the 2000 CHAS data, 67.5 percent of all “Extra Elderly” 1 and 2 member renter households have housing problems. One hundred percent of those households with an income of 30 percent or less of the median family income (MFI) have housing problems. Elderly 1 and 2 member renter households” report 63.5 percent of all those households have housing problems. Of those reporting an income of 30 percent or less of the MFI, 73.9 percent report housing problems. Owner-occupied households have fewer housing problems. “Extra Elderly” 1 and 2 member owner-occupied households report 22.2 percent have housing problems. Those with an income of 30 percent or less of the MFI 72.5 percent report housing problems. Owner-occupied elderly households report 35.9 percent have housing problems. Those with an income of 30 percent or less of the MFI report 72.7 percent have housing problems.

According to the 2000 Census data, 220 elderly or frail individuals were receiving supportive housing services in a private nursing home. The 2006-2008 American Community Survey estimates, 9.2 percent of the overall population (6,849) in the City of Merced is age 65 or older. Of those individuals, 1,716 are still living alone and 555 are living in group-quarters.

There are five nursing homes in Merced providing 446 beds. In addition to traditional nursing homes, Merced also has two assisted-living facilities providing 177 units. There are also a number of residential care facilities providing care and housing for the elderly and frail. We have 33 licensed facilities offering care for six people on average, providing approximately 198 additional units for the elderly or frail population.

The Housing Authority of the County of Merced (HACM) is the primary provider of affordable housing for elderly individuals not requiring special assistance. The HACM has 473 units in their low-rent inventory and 2,705 units in their Section 8 Housing Choice Voucher program. Approximately 20 percent of their recipients are age 62 or older.

As previously mentioned, the Central Valley Coalition for Affordable Housing partners with certain apartment complexes to help provide affordable housing for the City’s residents. *Figure 2* on page 12 indicates that two of the complexes are specifically for seniors and provides 150 affordable units.

The Merced County Area Agency on Aging (MCAAA) also provides many services to the elderly. The MCAAA provides services to assist the elderly in remaining independent and living in their homes as long as possible. In addition, they offer many counseling services and programs to assist the elderly in taking advantage of all the services available to assist them in their day to day lives.

Based on the number of units available through assisted living facilities, skilled nursing facilities, HACM housing, and private ownership housing, it appears Merced has enough total units for the elderly population. However, based on the overall number of individuals living in poverty, it is likely that more affordable housing units may be needed. The City is committed to working with public and private developers to help provide these units.

Female-Headed Households:

Because women typically earn less than men, it is sometimes difficult for female-headed households to provide decent housing for their families. According to 2009 US Department of Labor Statistics, men earn, on average, 23 percent more than women. The high unemployment rate in Merced (22.1 percent in March 2009), adds to the difficulties females with families have in obtaining decent jobs to provide for their families.

In 2000, 43.2% of all female-headed households in Merced were below the poverty level, compared to 25% in California, and 26.5% nationally. Poverty levels for female-headed families with children in Merced were also one and a half times the State and national levels. By 2007, the picture had worsened with 45.4% of all female-headed families in Merced living below the poverty line, even as the percentage declined State wide to 23.9%. And for female-headed families with children the percentages rose to 53% for those with children under 18, and an astronomical 79.8% for those with children under 5 years of age. The corresponding state-wide percentages were 31.8% and 37.8%, respectively. (*Source: 2009 Analysis of Impediments*)

American Community Survey (ACS) one-year estimates show the poverty statistics for female-headed families with children comprise a much larger component of the total population in Merced than they do in California or nation-wide. Female-headed families with children represent 21.7% of all families in Merced, almost double the percentages for the State (10.7%) and the U.S. (11.1%).

Based on 2008 estimates, forty-one percent of the 201 housing units receiving public housing support in Merced are female-headed households with children. Fifty-two percent of the 1,910 households in the Housing Choice Voucher Program are female-headed households with children. This equates to 1,075 female-headed households (22 percent) living in subsidized housing. Female-headed households with a family make up 20.9 percent of the total number of households receiving some type of public assistance.

Persons with Disabilities:

The Census Data does not specify the type of disability or the housing characteristics of the disabled population other than this number is not institutionalized. According to the 2000 Census, there were 12,717 people 5 years of age or older in the City of Merced with some type of disability. According to the 2006 American Community Survey Estimates, that number decreased to 11,280 people 5 years of age or older having a disability. The following table (*Figure 5*) identifies the disabled population according to age group. The greatest number of disabled persons is between 21 to 64 years old. While this group represents 54 percent of the overall population, they make up 60 percent of the total disabled population.

The 2006 American Community Survey also indicates that the median income for non-institutionalized workers age 16 to 64 with a disability is over 50 percent lower than those without a disability. Incomes for non-institutionalized males with a disability in this age group were approximately 45 percent lower than those without a disability. Non-institutionalized females with a disability had incomes approximately 68 percent lower than those without a disability. Another indication of the low income earned by persons with disabilities is the number of households who receive SSI benefits because they are blind or disabled. The 2006 ACS estimated 1,764 households receive SSI. This number represents 8 percent of the total number of households within the City of Merced.

*Figure 5
 Persons with Disabilities*

	Number	Percentage of Total Population	Percentage of Group
Population 5 years and over	67,989	92%	
With a disability	11,280	15%	17%
Population 5 to 15 years	12,010	16%	
With a disability	1,488	2%	13%
Population 16 to 20 years	9,353	13%	
With a disability	170	.2%	2%
Population 21 to 64 years	39,855	54%	
With a disability	6,749	9%	60%
Population 65 to 74 years	3,487	5%	
With a disability	1,245	2%	11%
Population 75 and over	3,284	4%	
With a disability	1,628	2%	14%
Total Population	73,667	100%	

Although no specific housing needs have been identified, it is evident based on the lower level of income typical for those with a disability, affordable housing is very important for this segment of the population. The City is committed to working with private and non-profit developers to finance, design, and construct housing to meet the special needs of those with disabilities. Currently, according to the “Resident Characteristics Report” provided by the Housing Authority of Merced County (HAMC), the HAMC provides assistance to 1,659 households that include persons with a disability.

Housing services for people with mental illnesses are coordinated and provided by the Merced County Department of Mental Health. The Health Department operates Project Home Start, which provides permanent supportive housing to four chronically homeless, mental health clients. This program, which was implemented in 2007, has been very successful.

The Department estimates that there are approximately 400 people in the County with some degree of mental illness who are in need of supportive housing service. The Mental Health Department remains committed to working with homeless, mentally ill adults to transition into stable, productive and meaningful lives. They have several programs that assist the mentally ill with transitioning into the community. Although not all of them deal directly with providing housing, the ultimate goal is to insure that the mentally ill don’t end up being homeless. It is estimated that there is an adequate amount of existing facilities within the City to serve this population.

The State of California has removed any City discretion for review of small group homes (six or fewer residents), and the City does not impose any additional zoning, building code, or permitting procedures other than those allowed by state law. Additionally, large group homes (over 6 residents) for the mentally disabled are allowed as a conditional use in all of the

residential zones in Merced. There are no residential zones in Merced that inhibit the development and/or improvement of housing for persons with disabilities.

In accordance with recently enacted legislation (Chapter 671, Statutes of 2001), the City must demonstrate efforts to remove governmental constraints on housing for persons with disabilities, such as accommodating procedures for the approval of group homes, Americans with Disabilities Act (ADA) retrofit efforts, and evaluation of the zoning code for ADA compliance or other measures that provide flexibility in the development of housing for persons with disabilities. New programs included in this update address this issue pursuant to local compliance to state law.

The City complies with the provisions of SB520 by following California's accessibility laws that require the following for multi-family residential developments:

- Multi-family developments containing 4-20 units only require that all of their ground floor units are adaptable (interior modifications) and meet accessibility requirements.
- Multi-family developments containing greater than 20 units require that 2 percent of the total units are adaptable and the remainder of the units is accessible.

Single-family residential developments are exempt from accessibility requirements, but accessibility features for a single-family home may be added at the request of a homeowner.

In 2009, the City adopted a Reasonable Accommodation Ordinance which will ensure that reasonable accommodations are made for persons with disabilities. To date, these situations have been handled on a case-by-case basis by the Director of Development Services and/or the Chief Building Official. No special fees are associated with such requests and they are administratively approved within the scope of the Director's discretion under the zoning ordinance or building code. (The zoning code also gives the Director discretion to waive any fees "where good cause appears.")

Individuals with disabilities can telephone, send an e-mail, write a letter, stop by City offices, or appear at a Planning Commission or City Council meeting to request reasonable accommodation from City requirements due to a disability. Such requests will be heard by the Director of Development Services and/or the Chief Building Official within 2 weeks and be administratively approved. If the accommodation is outside the Director's discretion under the Zoning or Building Code, staff will provide expedited review in order to get to the application before the Planning Commission, City Council, or Board of Zoning Adjustment (for a variance) within 30 to 45 days. The City believes that its permit processes are relatively simple and expeditious and do not constitute a constraint to reasonable accommodations for persons with disabilities.

As previously mentioned, the City does not have a quantified number for the housing needs for disabled persons. It is also unknown the exact number of units available to provide housing for those with disabilities. As explained above, the City is committed to working with other agencies and private developers to help provide such housing. The City is currently in compliance with housing laws regarding disabled persons and strives to accommodate the needs of the disabled community within the City of Merced.

Persons with Alcohol and/or Other Drug Addiction:

Housing services for people with drug and alcohol dependencies are also coordinated through the County Department of Mental Health. There are no current estimates available regarding the total number of persons residing in the City who suffer from such addictions. The County Department of Mental Health has indicated that its two existing residential recovery centers are often full. However, the Department works with other service providers to fill the void. Therefore, the Department is currently meeting the housing needs of these persons and will continue to do so for the foreseeable future.

Persons with AIDS and Other Related Illnesses:

Housing services for people with AIDS and related diseases are currently provided by the Merced County Community Action Agency. The Agency currently provides housing placement and eviction prevention for persons with HIV/AIDS. The Agency typically provides help to approximately 14 people per year equaling approximately \$40,000 in assistance. The Agency receives HOPWA funds from HUD to provide these services. The City is committed to assisting the agency with obtaining continued funding for these services.

Victims of Domestic Violence:

Housing services for victims of domestic violence are provided by *The Valley Crises Center*, a private service organization. The City is committed to assisting with the promotion and development of housing facilities should they be requested in the future. The City recognizes that it is critical that successful transitional housing programs provide a wide range of flexible and optional services that reflect the differences and individual needs of battered women and their children (or individually), and that allows victims to choose the course of action that is best for them. Through coordination with non-profit groups that serve these victims, the City supports efforts to seek funding for such programs.

Large Families and Overcrowding:

According to ACS estimates (2006 to 2008), Merced has 4,280 households with 5 or more people. This is equal to 18 percent of all households within the City of Merced. Of this number 1,133 live below poverty level.

The number of large family households in Merced can somewhat be contributed to the ethnic makeup of the City. There is a large population of Hispanic and Hmong and Lao Asian families. Both of these groups typically have larger than average households. Although the number of dwellings with 4 or more bedrooms has increased over the last few years, there are still a number of these families living in over-crowded situations. The ACS estimates show 4,962 housing units with 4 or more bedrooms. This represents 19 percent of the total number of housing units in Merced. Data also shows that almost 35 percent of Merced's households have 4 or more persons living in them.

The City's 2009 Analysis of Impediments to Fair Housing (AI) shows that the majority of large families live in rental housing. The table below compares the housing tenure for families with 5 or more members based on estimates provided by the 2006-2008 ACS. Approximately 56 percent of all families with 5 or more persons live in rental units.

Figure 6
Large Family Households by Tenure

Household Size	Owner Occupied	Renter Occupied
5 persons	1315	1229
6 persons	328	718
7 or more persons	222	468
TOTAL	1865	2415

In 2,000, the number of households identified as living in over-crowded conditions (more than one person per room) equaled 20.2 percent of the total occupied housing units and more than 12 percent were severely overcrowded. Overcrowding is most severe among Hispanic and Asian families. Over 63 percent of Asian families and 37 percent of Hispanic families live in over-crowded conditions. According to the 2006 – 2008 ACS estimates, the number of households living in over-crowded conditions dropped drastically to 7.2 percent. The number of severely over-crowded households (more than 1.5 persons per room) was 389 or 1.6 percent. Overall, 2.8 percent of the over-crowded households were owner-occupied and 10.2 percent were renter-occupied.

In 2000, the percentage of dwelling units in Merced with 5 or more rooms was 52.7 percent of the total number of housing units, with the median number of rooms per dwelling at 4.6. These figures were considerably below those for both California and the nation as a whole. By 2007, Merced had essentially drawn even with the State’s figures in these categories, but still lagged behind the national average. This increase can in part be attributed to the development of three large rental housing projects, whose development was supported in a variety of ways with government assistance. The developments added more than 430 units of affordable 3 and 4 bedroom housing units to the City’s rental housing stock since 2004. These are The Grove, Sunnyside, and Sunny View apartment complexes.

Figure 7 below shows the ratio of the comparison of Housing Units with 5 or more rooms in Merced, the State, and nationally based on the 2000 Census and the 2007 American Community Survey 2007 estimates.

Figure 7

Percentage of Housing Units With Five or More Rooms in Merced, in California, in United States				
Entities	2000		2007	
	Percentage	Median # of Rooms	Percentage	Median # of Rooms
Merced	52.7%	4.6	61.8%	5.0
California	56.1%	4.8	61.5%	5.0
U.S.A	67.2%	5.3	69.4%	5.4

Source: 2000 U.S. Census; 2007 American Community Survey

Based on the drastic decrease in over-crowded households since 2000 and the sizeable number of housing units with 5 or more rooms, Merced appears to have done a satisfactory job of meeting the needs of the over-crowded households within the community. However, this does not indicate there is still not a need for larger housing units to meet the continued demand of larger families.

Farm Workers

Farm workers provide an essential contribution to the agricultural economy of Merced County. Merced County ranks fifth in the state in value of agricultural production. The farm worker population experiences a distinct set of issues contributing to housing challenges, including seasonal income fluctuations, very low incomes, and a severe deterioration of existing housing stock. Among the farm worker population, there are several different groups - each with its own housing problems.

Farm worker characteristics are difficult to determine due to a lack of data regarding farm workers. This deficiency is caused by several contributing factors, potentially including limited English speaking abilities, low educational attainment levels, and a distrust of government agencies, including those who work for the Census Bureau.

Regular or year round farm workers are defined by the Employment Development Department as those working 150 or more days for the same employer. Seasonal workers are those who work less than 150 days annually for the same employer. Migrant seasonal workers are defined as those who travel more than 50 miles across county lines to obtain agricultural employment.

The 2000 U.S. Census estimates that there were approximately 6,529 workers employed in Agriculture in Merced County, about 30 percent lower than the 1990 level (9,405). This figure includes farmers and members of their families who were unpaid; regular and seasonal hired domestic workers; and agricultural workers brought to California under contract from outside the United States. The California Employment Development Department estimated that for 2006, there were 6,080 farm workers in Merced County and projected a total of 6,640 farm workers by 2016.

The Housing Authority of the County of Merced manages four migrant housing centers in the County, totaling 255 units, which are available in the summer season only. These units are reserved for farm workers only. The total number of units and center locations are:

- 62 units, Atwater/Livingston
- 50 units, Merced
- 56 units, Los Banos
- 87 units, Planada (Unincorporated Merced County)

In 2000, agricultural employment in the City of Merced accounted for 4.4 percent of the total workers in the farming industry. According to MCAG's Regional Housing Needs Plan, assuming that farm workers' assisted housing need is equal to their proportion of the labor force, it can be estimated that 160 assisted housing units are currently needed. Based on that estimate, that need is assumed to be met considering the 255 units offered by the Housing Authority as listed above. This was confirmed by Housing Authority representatives on the City's Housing Element Task Force.

The quantitative aspects of farm worker demand for housing is often overshadowed by the qualitative characteristics of the housing they occupy. Because most farm worker families have low or very low incomes, the segment of the housing stock they occupy is typically substandard (and as previously mentioned, overcrowded). Many farm labor residences within the City of Merced consist of mobile homes, trailers, and literal “sheds” that are typically in substandard conditions. The alleyways of south Merced give testimony to similar housing conditions.

Households with Disproportionate Needs:

Race and Ethnicity

In 2000 Merced had a population of 63,893. The white population was 24,121, constituting 37.8% of the total. The Asian population was 7,267 (11.4%), and the African-American population was 4,044 (6.3%). The Hispanic population was 26,425, which amounted to a 41.4% share of the City’s total.¹

By the middle years of the decade the U.S. Census Bureau’s 3 year average estimated that the City’s total population had grown to 70,460, an increase of 10.3%. The white alone and Asian populations, however, had actually declined slightly, to 23,760 and 7,175, or 33.7% and 10.2% of the total, respectively. The African-American population rose slightly to 4,105, but fell as a percentage to 5.8% of the total. The Hispanic population, however, increased dramatically, to 33,106, or 47% of the City’s total.² Thus, while the Hispanic community increased its share of the City’s total population by 5.6%, its overall growth rate in this brief period was an even more compelling 25.3%.

The Census Bureau’s 2007 1-year estimate, which placed the City’s total population at 73,224, contained even stronger evidence of an accelerating decline in the white population, while the Hispanic, Asian, and African-American populations continued to increase. That estimate placed the white population at 21,536, or just 29.4% of the City’s total, and a drop of more than 10% from its 2000 figure. The Hispanic population was estimated at 36,097, comprising 49.3% of the total population. African-Americans increased by over 35% and Asians by 10% from their respective 2000 totals.³

In 2000 Merced had a median family income of just \$32,470. This compared to a median family income of \$53,025 in California and \$50,046 nationally.⁴ Moreover, 38% of Merced families had incomes of less than \$25,000 in 2000. That figure was just over 20% for both the State and the nation as a whole.⁵ By 2007, California’s median family income had risen 27.3%, to \$67,484, and the national figure by 22.2%, to \$61,173. Yet Merced’s median family income remained virtually unchanged at \$32,840.⁶ And, while the percentage of families with incomes below \$25,000 dropped significantly in California (15.2%) and nationally (16.5%), it actually

1 U.S. Census Bureau, DP-1 Profile of General Demographic Characteristics: 2000 (“Census 2000 DP-1”).

2 U.S. Census Bureau, 2005-2007 American Community Survey, 3-year Estimates, Demographic and Housing Estimates (“ACS 3-Year Survey-Demographics”).

3 U.S. Census Bureau, 2007 American Community Survey, 1-Year Estimates, Demographic and Housing Estimates (“ACS 1-Year Survey-Demographics”).

4 U.S. Census Bureau, DP-3 Profile of Selected Economic Characteristics: (“Census 2000, DP-3”).

5 See Figure 2.2.

6 ACS 1-Year Survey-Selected Economic Characteristics. It should be noted that the ACS 3-Year Survey for Merced contained a higher estimate, \$38,443.

rose in Merced, to 38.7%. In short, and in light of inflation, this segment of Merced's population has been sinking deeper into economic distress throughout the decade.

Figure 8
Racial/Ethnic Demographics

City of Merced Racial and Ethnic Demographics 2000 - 2007							
Racial/Ethnic Group	2000 Census	%	2005 - 2007 ACS Est.	%	2007 ACS Est.	%	% Change 2000 - 2007
White alone	24,121	37.8%	23,760	33.7%	21,536	29.4%	-10.7%
Hispanic	26,425	41.4%	33,106	47.0%	36,097	49.3%	36.6%
Asian	7,267	11.4%	7,175	10.2%	7,992	10.9%	10.0%
African-American	4,044	6.3%	4,105	5.8%	5,460	7.5%	35.0%
Other	2,036	3.1%	2,314	3.3%	2,139	2.9%	5.1%
TOTAL	63,893	100.0%	70,460	100.0%	73,224	100.0%	14.6%

As illustrated below, the number of families with income less than \$25,000 has continued to increase from 2000 to 2007. Although the median income only increased by 1.1 percent, the total number of families earning less than \$25,000 per year increased by 15.3 percent.

Figure 9
Families Significantly Below Median Income

Number and Percentage of Families Significantly Below Median Income (2000) and 2007					
	2000		2007		% Change
	Number	%	Number	%	%
Families	14,745	100.0%	17,116	100.0%	13.9%
Income Less Than \$10,000	1,658	11.2%	1,709	10.0%	3.0%
Income \$10,000 - \$14,999	1,384	9.4%	1,846	10.8%	25%
Income \$15,000 - \$24,999	2,560	17.4%	3,060	17.9%	16.3%
Total Under \$25,000	5,602	38.0%	6,615	38.7%	15.3%
MEDIAN INCOME	\$32,470		\$32,840*		1.1%



Poverty is common among all ethnicities. The table below depicts the poverty rates according to ethnicity. The data indicates that people of Black or African American decent have the highest incidence of persons living below poverty level. However, those from Asian, Hispanic, or other race alone all have an incidence of persons living below poverty that is greater than 30 percent. Information was not available for those of American Indian, Alaskan, Hawaiian or Pacific Islander decent.

Figure 10
Households Below Poverty Level By Race/Ethnicity

Race/Ethnicity	Percentage of households below poverty level
White	22.5%
Black or African American	38.0%
Asian	27.9%
Hispanic	33.6%
Some other race alone	36.6%
Total of all Races	28.1

2006-2008 American Community Survey

An ethnic group is determined to have a disproportionate need when the average need of the group is 10 percent greater than what is considered average for the City. As indicated in the table above, Black, Asian, Hispanic, and other races all have a poverty level approximately 10 percent higher than that of the City as a whole.

As can be seen from the tables below, the following groups exhibit disproportionate needs when compared to the percent of households with housing problems for the City as a whole. This includes both owner and renter households.

Figure 11
Percent of Renter Households with Any Housing Problems

	All Renters	All Minority Renters	Black Renters	Hispanic Renters
Total	60.3	68.0	66.0	66.9
0-30% of MFI	89.7	91.8	88.4	91.0
31-50% of MFI	90.0	87.7	91.7	86.4
51-80% of MFI	57.8	63.3	52.8	60.8

Source: CHAS (2000 Data)
 MFI = Median Family Income

Figure 12
Percent of Owner Households with Any Housing Problems

	All Owners	All Minority Owners	Black Owners	Hispanic Owners
Total	35.1	54.1	34.1	43.0
0-30% of MFI	80.8	75.1	100.0	94.5
31-50% of MFI	67.7	77.4	48.8	46.5
51-80% of MFI	62.7	79.4	42.0	53.9

Source: CHAS (2000 Data)
 MFI = Median Family Income

For the Asian/Pacific Islanders as well as the American Indians/Eskimos and Aleutian groups, extensive housing needs data is not available. However, it can be determined that of the 7,457 Asians living in the City of Merced, 28 percent lived in what is considered below poverty level (ACS 2006 to 2008 estimates). The other 72 percent lived at or above poverty level. Based on the number of households living below or at poverty level, it is safe to assume many of them have housing problems consisting of either the cost burden for housing, over-crowding, or substandard housing.

A large number of the lower income households exist in certain areas of town. For instance, there is a high incidence of low income households in South Merced. This area of town is also the oldest as far as housing stock. Many of the homes in south Merced were constructed prior to 1950. Because of the low income in this area, many of the houses have not been well maintained. Of the ten census tracts within Merced that are considered by HUD to be "Qualified Census Tracts" (QCT), ten of them are in south Merced. Three more of the QCT's are located in central Merced, which is also an older part of town. The two final QCT's are located in North Merced where the housing is not as old, but because of limitations on income, many families are not able to take proper care of their homes. The table below shows the Qualified Census Tracts, the poverty rate, and the percentage of households below the HUD income limit.

Figure 13
Qualified Census Tracts

Census Tract	Poverty Rate	Households below HUD Income Limit	Census Tract	Poverty Rate	Households below HUD Income Limit
10.03	29.9%	39%	15.02	42.4%	49%
10.05	27.1%	40.6%	15.03	47.9%	59.7%
13.01	32.8%	44.3%	16.01	52.5%	54.6%
13.02	38.2%	46.6%	16.02	49.2%	49.9%
14.01	28.6%	34.5%	18.02	31.8%	35.2%

More information is provided beginning on page 49 of this report. Maps depicting the overlap of low-income households with areas of higher minority concentrations can be found on pages 51 and 52.

Public Housing

The Housing Authority of Merced County (HAMC) is the Public Housing Agency located within the City of Merced. The mission of the Housing Authority is to serve the needs of low-income, very low-income, and extremely low income families by providing housing opportunities through their various programs.

The HAMC operates the Housing Choice Voucher program and administers rental assistance programs to low income families. The waiting list for these programs is reviewed annually and updated to provide an efficient means of contacting families when assistance is available. The waiting list will continue to provide preferences and targeted programs to meet the needs of low-income special need groups in the community such as Victims of Abuse, Displaced, Foster Youth, and the Disabled.

The most recent information provided by the Housing Authority indicates that there are 2,252 families on the waiting list for public housing and 3,581 families on the waiting list for the Housing Choice Voucher program. Because the HAMC serves the entire county, these numbers reflect families throughout Merced County. Within the City of Merced, the Housing Authority provides housing for 2,388 families through their various programs. The tables below show the housing needs for the Public Housing Program and the Housing Choice Voucher Program.

Figure 14
Housing Needs of Families on Public Housing Waiting List

Criteria	Number of Families	%of Total Families
Waiting list total	2,252	100%
Extremely low income <=30% AMI	2034	91%
Very low income (>30% but <=50% AMI)	177	7%
Low income (>50% but <80% AMI)	41	2%
Families with children	1,253	55%
Elderly families	168	8%
Families with disabilities	22	1%
Race/ethnicity: Unknown	1,402	62%
Black	145	6%
American Indian	8	0%
Asian/Pacific Islander	59	2%
Hispanic	429	19%
Non-Hispanic	421	19%
Characteristics by Bedroom Size		
1 Bedroom	943	42%
2 Bedrooms	741	33%
3 Bedrooms	344	15%
4 Bedrooms	118	5%
5 Bedrooms	60	2%
5+ Bedrooms	46	2%

Figure 15
Housing Needs of Families on Housing Choice Voucher Waiting List

Criteria	Number of Families	%of Total Families
Waiting list total	3,581	100%
Extremely low income <=30% AMI	2,569	72%
Very low income (>30% but <=50% AMI)	923	26%
Low income (>50% but <80% AMI)	89	2%
Families with children	2,652	74%
Elderly families	227	6%
Families with disabilities	38	1%
Race/ethnicity: Unknown	963	28%
Black	624	17%
American Indian	25	1%
Asian/Pacific Islander	182	5%
Hispanic	1,256	35%
Non-Hispanic	1,363	38%
Characteristics by Bedroom Size		
1 Bedroom	822	23%
2 Bedrooms	928	26%
3 Bedrooms	807	23%
4 Bedrooms	512	15%
5 Bedrooms	296	8%
5+ Bedrooms	216	6%

The Housing Authority uses “Broad Base Rent” selection criteria to draw from the waiting list of prospective applicants. The waiting list for this program opens and closes depending on waiting list volumes. The Housing Authority also has programs to assist low-income household to purchase a home. Through the Homeownership Program, down payment set aside funds and home buying assistance is provided.

The Resident Opportunities for Self-Sufficiency (ROSS) program is also offered through the Housing Authority. Through this program, families earn an escrow account that they receive after they fulfill their Family Self Sufficiency (FSS) contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance. There are currently approximately 130 families participating in this program.

The City of Merced has identified two strategies to address the needs of public housing in this Consolidated Plan--1) the City will pursue funds to construct new affordable rental housing units; and 2) the City to continue working with the Housing Authority to continue/expand the Housing Choice Voucher program and other programs to help provide housing to low-income families.

Cost Burden

The table below shows the monthly housing costs per household according to the 2006-2008 ACS estimates. These figures include owner and renter costs. Approximately 36 percent of households pay between \$500 and \$999 in housing costs and over 40 percent pay more than \$1000. In 2008, the median household income was \$34,955. For a family paying \$1,000 for housing costs and earning the median income of \$34,955, approximately 34 percent of their income would be used to pay for housing. Household earnings are split almost equally between those earning more than the median income and those earning less. The ACS estimates show 49.9 percent of households earn more than the median income and 50.1 percent earn less than the median income. However, 41.3 percent of the total households pay more than \$1000 for housing costs.

*Figure 16
 Monthly Housing Costs*

Monthly Housing Cost	Households	Percentage of Total Households
Less than \$100	20	0.1%
\$100 to \$499	4978	21.1%
\$500-\$999	8383	35.5%
\$1000 to \$1999	7045	29.9%
\$2000 or more	2679	11.4%
No Rent	495	2.1%
Total	23600	100.0%

The 2000 CHAS Data indicates that 3,147 households earned less than 30 percent of the Median Family Income (MFI), of that number, 88.2 percent reported housing problems. This data also indicates that of those households 81.4 percent had a housing cost burden greater than 30 percent of their income and 66.2 percent had a cost burden greater than 50 percent of their income.

Due to the recent fall of the real estate market, the City has experienced a large number of foreclosures. While this has resulted in an overall reduction in housing values making the purchase of homes more affordable, the market has become extremely competitive and it is often difficult for prospective home buyers to successfully bid on available properties. Many of the homes that have come on the market have been purchased by out of town owners who in turn, rent them out. In addition, the new lending rules make it more difficult to obtain a loan, so prospective buyers who have lost their jobs or have credit problems are unable to take advantage of the lower housing costs. In many cases, house payments may be less than rent for many people. Unfortunately, the lower-income households are typically unable to purchase these homes for the reasons previously mentioned or lack of down payment.

The City offers a First Time Home Buyer's Down Payment Assistance Program to assist lower-income households purchase a home. Again, because of the competitiveness of the market and the stricter rules for loans, many people are unable to purchase homes and are stuck paying higher costs to rent a home. The 2000 CHAS data revealed that a larger percentage of renters had a cost burden of 30 percent or more of their household income than owners. The City expects this

trend continues today based on the conditions previously described. The CHAS data also reports that in 2000, there were 3,520 rental units available for households with an income less than or equal to 50 percent of the Area Median Income (AMI). The data reveals that the majority of the houses available at this rate were constructed prior to 1970. At that time, 450 units (13 %) were available for rent. The CHAS data does not include information for owner-occupied units. The table below shows the total number of households for different income groups who are paying 30 percent or more of their household income for housing. As shown below, the households with the lowest income have the highest incidence of overpaying for both owner and renter occupied housing units. These figures are based on the 2000 U.S. Census. The City's 2010 Analysis of Impediments (AI) states that the number of renter households overpaying for housing increased to over 59 percent by 2007 with the majority (49 percent) paying over 35 percent of their income towards housing. The AI did not address owner-occupied units.

Based on the information provided, typical housing costs in Merced are higher than what can be supported by lower-income households. In fact, those households within the median income group have a relatively high incidence of overpayment. The median rent from 2000 to 2007 increased by 32 percent while the median household income only increased by 4 percent. According to the National Low Income Housing Coalition (NLIHC), the percent of the area median income (AMI) needed to be able to afford the fair-market rent in 2008 exceeded 30 percent for all rental units ranging in size from zero bedrooms to four bedrooms. The fair market rent for a four bedroom rental unit would require 104 percent of the AMI for Merced. The NLIHC data indicates that in order for a typical household to afford a four bedroom rental unit, they would have to make \$23.69 per hour or work 118 hours a week at minimum wage.

Figure 17
Housing Costs by Income - Renters

Income Range	Total Households	% of Households Overpaying within income range	30-34% of Household Income	35%+ of Household Income
Renter Occupied				
\$0-\$10,000	2,153	81%	51	1,697
\$10,001-\$19,999	2,818	83%	427	1,912
\$20,000-\$34,999	3,143	25%	395	396
\$35,000-\$49,999	1,568	6%	46	43
\$50,000+	1,570	1%	9	10
Subtotal	11,252	44%	928	4,058

Figure 18
Housing Costs by Income - Owners

Income Range	Total Households	% of Households Overpaying within income range	30-34% of Household Income	35%+ of Household Income
Owner Occupied				
\$0-\$10,000	463	80%	30	341
\$10,001-\$19,999	773	63%	47	437
\$20,000-\$34,999	1,520	52%	183	614
\$35,000-\$49,999	1,436	37%	288	240
\$50,000+	4,336	9%	266	139
Subtotal	8,528	30%	814	1,771
Total Households (Occupied Units)	19,780	38%	1,742	5,829

U.S. Census - 2000

Condition of Housing Stock

As illustrated in Table 9.3.12, in 2000, 38.6 percent of Merced’s housing stock was built prior to 1970. By 2020, nearly 78 percent (21,544 units) of the City’s current housing stock will be over 30 years old. This could indicate the potential need for rehabilitation and continued maintenance of approximately 21,544 units by the year 2020.

Age of Housing Stock
City of Merced

Year Structure Built	Number of Units	Percent of Total
April 2000 to June 2009	6,022	21.8
1990 to March 2000	3,301	12.0
1980 to 1989	4,148	15.05
1970 to 1979	5,753	20.9
1960 to 1969	2,896	10.5
1940 to 1959	4,145	15.05
1939 or Earlier	1,301	4.7
Total	27,566	100.0

Source: 2000 U.S. Census/City of Merced Building Permits Issued

The survey of City housing conditions conducted in the Fall of 1991 identified 1,502 housing units in the City that are substandard or substandard but suitable for rehabilitation. The City of Merced, generally uses the same criteria as HUD for determining substandard housing:

- Is dilapidated;
- Does not have operable indoor plumbing;
- Does not have a usable flush toilet, bathtub or shower inside the unit for the exclusive use of a family;
- Does not have electricity or has inadequate or unsafe electrical service;
- Does not have safe or adequate source of heat;
- Should, but does not have a kitchen;
- Has been declared unfit for the habitation by agency or unit of government.

Substandard but suitable for rehabilitation is defined as a house having some of the problems listed above, but is structurally sound and can be brought up to code for less than replacement cost.

Loss of these units from the City's housing stock would be extremely detrimental to the cause of affordable housing since most of these units are located in the older sections of Central and South Merced where there are significant concentrations of low and very low-income households.

Rehabilitation of such housing units is a critical component to the City's affordable housing efforts as it provides a relatively inexpensive strategy for maintaining and improving the number of units that are available to low and very low-income households. In addition, rehabilitation activities can help expand the inventory of housing for special needs groups such as large family households and people with disabilities. This is the rationale that the City has assigned the highest priority for this activity.

B. HOMELESS NEEDS 91.205 (c)

*Refer to the Homeless Needs Table 1A or the CPMP Tool’s Needs.xls workbook.

8. Homeless Needs—The jurisdiction must provide a concise summary of the nature and extent of homelessness in the jurisdiction, (including rural homelessness and chronic homelessness where applicable), addressing separately the need for facilities and services for homeless persons and homeless families with children, both sheltered and unsheltered, and homeless subpopulations, in accordance with Table 1A. The summary must include the characteristics and needs of low-income individuals and children, (especially extremely low-income) who are currently housed but are at imminent risk of either residing in shelters or becoming unsheltered.
9. Describe, to the extent information is available, the nature and extent of homelessness by racial and ethnic group. A quantitative analysis is not required. If a jurisdiction provides estimates of the at-risk population(s), it should also include a description of the operational definition of the at-risk group and the methodology used to generate the

The “Point-in-Time” count taken in January 2009, revealed there were 372 homeless persons County-wide, including dependent children. *Figure 19* below documents the number who are sheltered and unsheltered. It also shows the distribution of individuals in the different subpopulations, but does not include dependent children.

Figure 19
Homeless Population

	Sheltered	Unsheltered	Total
Chronically Homeless (Federal Definition)	21	30	51
Severely Mentally Ill	62	24	86
Chronic Substance Abuse	88	46	134
Veterans	9	13	22
Persons with HIV/AIDS	3	0	3
Victims of Domestic Violence	30	15	45
Unaccompanied Youth (under 18)	0	0	0

In addition to individuals who are homeless, there are also families who are homeless. According to the 2009 Continuum of Care (CoC), there were a total of 10 households with dependent children who are homeless. Nine of these families are in a shelter and one is in transitional housing.

In an effort to help homeless persons make the transition to permanent housing and independent living, the CoC provides services through several agencies. The Community Social Model Advocates Program houses up to 76 people and brings them through a substance abuse recovery program over the course of 18 months. The Rescue Mission offers a year-long transitional housing program including job training, life skills management, etc. to 21 adults. Mental Health houses up to six mentally ill adults and provides life skills training, counseling, etc. until the

adults are able to move into permanent housing. Community Action Agency provides life skills training, employment assistance, etc. to 24 people through their New Hope House. Meanwhile, most CoC agencies help the homeless get connected with mainstream resources such as TANF, SSI, SSDI, food stamps and other services. The Merced County Housing Authority also provides hotel vouchers and referrals for other assistance.

The City of Merced was awarded \$515,203 for the Homeless Prevention and Rapid Re-Housing Program (HPRP). This program is focused on housing for homeless and at-risk households. It will provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The City has distributed these funds to the Continuum of Care agencies providing homeless services within the City of Merced.

Because of the high rates of poverty and unemployment within the City of Merced, there are a number of households that are at-risk of losing their home. According to the 2007 American Community Survey (ACS) estimates, 26.3 percent of the overall city population lives in poverty. Many have dependents under the age of 18. The ACS estimates 32.3 percent of the families living in poverty have dependents under the age of 18 and 40 percent have children under the age of 5. A large number of these households are female-headed households.

Comprehensive Housing Affordability Strategy (CHAS) data shows that 66.2 percent of the families make less than or equal to 30 percent of the Median Family Income (MFI) have a housing cost burden greater than 50% of their income. With such a large housing burden and small income, many of these households may be at risk of losing their homeless.

C. NON-HOMELESS SPECIAL NEEDS 91.205 (d) INCLUDING HOPWA

*Please also refer to the Non-homeless Special Needs Tables 1A & 1B or, in the CPMP Tool, the Needs.xls workbook.

10. Estimate, to the extent practicable, the number of persons in various subpopulations that are not homeless but may require housing or supportive services, including the elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction, victims of domestic violence, public housing residents, and any other categories the jurisdiction may specify and describe their supportive housing needs. The jurisdiction can use the Non-Homeless Special Needs Table (Table 1B or Needs.xls in CPMP Tool) of their Consolidated Plan to help identify these needs.

*Note: HOPWA recipients must identify the size and characteristics of the population with HIV/AIDS and their families that will be served in the metropolitan area.

Information was provided for non-homeless special needs persons in the first part of this section regarding the housing needs for these subpopulations.

CONCLUSION OF HOUSING NEEDS ANALYSIS

Within the City of Merced, there is a great need for affordable housing. Most of the special needs populations analyzed in this section have a need for more affordable housing. The City

has made good progress in meeting the needs of the low-income citizens, but more progress is needed. Working in cooperation with the Central Valley Coalition for Affordable Housing, the Merced County Community Action Agency, the Housing Authority of Merced County, and private developers, the City will strive to help provide more affordable housing. In addition, through the City's Rehabilitation Program, the City will continue to help homeowners maintain safe and comfortable housing.

Through the City's rehabilitation program, the City is able to help provide safe, affordable housing for many low-income families. As described above, many of the houses in the areas with the greatest concentration of low-income households are in need of rehabilitation. Some may need to be demolished and a new home constructed. Through the City's rehabilitation program, homeowners are able to make the necessary repairs or construct a new house at a cost that will fit within their budget.

Providing shelter for the homeless is another priority for the City. The City will continue to partner with non-profit organizations, such as those mentioned above and private developers to continue to provide shelter for the homeless population. However, this is an endeavor that can prove challenging because of the many issues involved.

D. LEAD-BASED PAINT 91.205 (e)

11. Estimate the number of housing units* that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, and are occupied by extremely low-income, low-income, and moderate-income families.

**If using the CPMP Tool, this number can be provided on the Housing Needs Table in the*

The City has not conducted any recent surveys on the number of housing units with lead-based paint existing within the City of Merced. In checking with the Merced County Environmental Health, they have not done any recent surveys and do not have any current information either. Therefore, the information provided is from a survey in done in 1995. The results of that survey estimated that over 7000 housing units in the City occupied by low or very low-income households contained lead-based paint hazards (based on the methodology approved by the HUD Office of Lead-Based Paint Abatement and Poisoning Prevention). These households are at the highest risk for lead-based paint hazards.

Although accurate statistics are not available, it is likely that many of these homes are in South Merced, where there is a concentration of families in poverty and substandard housing, two factors that are often correlated with the incidence of lead poisoning. These numbers may be high given the fact that there were only 9,310 units total in Central and South Merced, where the highest concentrations of low and moderate-income residents lived, in 1980. A rule of thumb used by many communities is that 80 percent of homes built before 1979, could have lead-based paint hazards. Using this rule, 7,448 of these units could have such hazards.

Prior to beginning a project, and based on the date of construction, the Housing Program determines if there is a need for a home to be tested for lead. If it is determined that testing is needed, all testing is conducted by a certified lead consultant. If lead is found, a certified lead abatement contractor is hired to remove the lead from the home to insure the safety of the occupants. Over the last five years, the City has abated 14 houses with lead-based paint or other

materials containing lead. This policy to test and abate any health threats from lead-based paints or other materials containing lead will remain in place over the course of this plan and is expected to remain as long as needed.

III. HOUSING MARKET ANALYSIS

A. HOUSING MARKET ANALYSIS 91.210

Refer to the Housing Market Analysis Table in the Needs.xls workbook

12. Based on information available to the jurisdiction, describe the significant characteristics of the housing market in terms of supply, demand, condition, and the cost of housing; the housing stock available to serve persons with disabilities; and to serve persons with HIV/AIDS and their families.
13. Provide an estimate; to the extent information is available, of the number of vacant or abandoned buildings and whether units in these buildings are suitable for rehabilitation.

The increase in housing prices from 2000 to 2007 was record-breaking. Statewide trends in housing prices and speculation associated with the opening of UC Merced in 2005, helped drive the substantial increase in housing prices in Merced and the surrounding county.

U.S. Census data indicates the median value for a Specified Owner-Occupied Unit in 2000 in Merced was \$106,400. By the third quarter of 2005, the median-priced home cost \$350,000, with only 2.5 percent of the households able to afford that median priced home - making Merced County the second least affordable metropolitan area in the entire United States. Housing prices peaked in the second quarter of 2006 when the median-priced home in Merced County cost \$376,000 (National Home Builder's Association and Wells Fargo – CNN Money).

By the first quarter of 2009, the median housing price had plummeted to \$119,000, with 81 percent of the households in the county now able to afford a median priced home. By June 2009, the median price for housing in Merced was \$110,000-almost the same levels that existed in 2000. (MDS DataQuick; Modesto Bee, July 17, 2009).

Because of the substantial drop in housing prices in Merced and Merced County since the peak of the real estate boom, housing is substantially more affordable to wide segments of the community-with the median priced home affordable to 81 percent of the households (NAHB/Wells Fargo Housing Opportunity Index). However, due to the economic situation, there is very little money available for lending.

Like most of the rest of the country, since 2004 Merced has gone through a cycle of unbridled mortgage lending, marked by unusually high numbers of sub-prime loans, followed by a general deterioration in the housing market, as innumerable lenders went under, and the loans they had made went bad. The only difference was that these trends were more pronounced in Merced.

Information found in the 2009 Analysis of Impediments shows an examination of just 3 years of Home Mortgage Disclosure Act ("HMDA") data for Merced will serve to accurately reflect what has happened, both nationally and in the Merced mortgage market, in recent years. 2005 and 2006 represent peak years for the mortgage lending frenzy. The sheer number of mortgage loans made during this 2-year period, well in excess of 8,000, in a City of between 9,000 and 10,000

owner-occupied housing units, is staggering. By 2007, however, the mortgage market was in the throes of a retreat that was to last to the present time. The early part of 2007 saw the first lender failures, and as the year went on, fewer and fewer loans were being made, even to qualified borrowers. Lending standards tightened as the market contracted.

In 2005 the HMDA data shows that, out of 9,220 applications, City-wide, 4,699 loans were made, a loan to application ratio of 51%. A total of 1,772 applications (19.2%) were denied. In 2006 there were 7,485 applications, resulting in 3,537 loans, a 47.3% loan to application ratio. There were 1,682 loan denials, comprising 22.5% of all applications. Of all mortgage loans made in 2005 and 2006, almost a third, 30.2%, were sub-prime loans.

The foreclosure crisis has hit Merced dramatically. Merced has been ranked at the top in the number of foreclosures nationwide. RealtyTrac, the online marketplace for foreclosure properties, reported in July 2008 that that the City of Merced had the second highest foreclosure rate in the country, with one in every 73 homes receiving a foreclosure filing in just one month. This figure was 7 times the national average. According to HUD data of October 2008 and other foreclosure data the City had an estimated 12.3 percent foreclosure rate, almost twice the 6.7 percent rate for California. According to RealtyTrac 8,389 properties received foreclosure filing in 2009 in Merced County, which was slightly up from 8,291 filing in 2008. U.S. News and World Report in an article on top 10 underwater housing markets, ranked Merced, CA as the number 2 underwater housing market in the nation. Merced is also ranked at the top in the overall decline of housing values. Data from Zillow.com, the national on-line real estate valuation site, estimated that the average home value in Merced was \$123,796 in May 2009, down from a peak of \$340,000 in early 2006. Zillow estimated that the average home had declined in value \$49,069 in the past 12 months.

The homeownership crisis is not the only dilemma facing the residents of Merced. With the dramatic decline in housing values, many homeowners are finding themselves “underwater”, meaning they are in a position of negative equity, owing more on their mortgage than their home is currently worth. Although there are no exact numbers showing the number of “underwater” mortgages in Merced, based on all other factors, it is safe to assume that the percentage of homeowners in Merced who are underwater is undoubtedly far higher than the national average of 20 percent. Recent reports indicate other cities in the Central Valley, namely Modesto and Stockton, have a 50 percent rate of homeowners underwater. As explained in the Analysis of Impediments, cities with high levels of homeowners underwater face a double-edged sword. First, homeowners with negative equity have fewer options if they take financial shocks such as divorce, job loss, or medical bills, making foreclosure more likely. Second, high levels of negative equity make it much harder for housing markets to revive, because it makes it harder to sell. Underwater homeowners either must bring cash to the table in order to pay off the balance owed on the loan not covered by the sales price, or they must get their lender to agree to a “short sale” and have the lender forgive the unpaid balance. This places additional downward pressure on area-wide housing prices as defaults increase and add supply to the market.

One of the greatest reasons many residents in Merced are unable to afford a home, even at the lower costs the City is experiencing, is the lack of jobs and the high unemployment rate. Currently, the unemployment rate is very high in Merced (22.1 percent in March 2010), leaving many without jobs and unable to afford a home. The City is actively pursuing companies and industries to provide more jobs in the City. Plans are under way to reduce some of the fees paid

for new construction in hopes that this reduction in fees will help to spur new development, and in turn, new jobs.

No segment of the population has been immune to the housing crisis and high unemployment. This includes those with special needs. Although the number of overall housing units available has increased, the number of other supportive housing specifically identified for persons with disabilities, or with AIDS or other related illnesses has not necessarily increased. Many of the housing units available could easily be modified to meet specific needs, but very few, if any, of the newly constructed single-family dwelling units meet those needs. Multi-family dwelling units, however, must meet all code requirements including the ratio of handicap accessible dwelling units.

Units at Risk of Converting to Market Rate:

There are five projects in Merced containing a total of 340 affordable housing units. These units are Merced Commons I and II, Merced Gardens, Merced Meadows, and Merced West Manor. These projects were developed with federal interest rate and rental subsidies. In exchange for the subsidies, the project developers agreed to retain rental rates affordable to lower income households for a specified number of years.

The potential loss of existing affordable housing units is an important issue to the City due to displacement of lower-income tenants and the limited alternative housing for such persons. It is typically less expensive to preserve the affordability of these units than to subsidize construction of new affordable units due to the inflation of land and construction costs which has occurred since the original development of these projects. The Merced Commons I and II Apartments, containing 147 affordable units, is under contract through the year 2020 and 2011 respectively.

B. PUBLIC AND ASSISTED HOUSING 91.210 (b)

14. In cooperation with the public housing agency or agencies located within its boundaries, describe the needs of public housing, including
- a. the number of public housing units in the jurisdiction,
 - b. the physical condition of such units,
 - c. the restoration and revitalization needs of public housing projects within the jurisdiction,
 - d. the number of families on public housing and tenant-based waiting lists and
 - e. results from the Section 504 needs assessment of public housing projects located within its boundaries (i.e. assessment of needs of tenants and applicants on waiting list for accessible units as required by 24 CFR 8.25).

The jurisdiction can use the optional Priority Public Housing Needs Table of the Consolidated Plan to identify priority public housing needs to assist in this process.

15. Describe the number and targeting (income level and type of household served) of units currently assisted by local, state, or federally funded programs, and an assessment of whether any such units are expected to be lost from the assisted housing inventory for any reason, (i.e. expiration of Section 8 contracts).

Section 8 (Housing Choice Voucher) Assistance and Public Housing:

Section 8 Rental Voucher Programs, along with public housing programs in the City of Merced, are operated by the Housing Authority of the County of Merced (HACM). The HACM administered 251 conventional public housing units within the City limits in 2005. According to HACM, they now have 477 units owned by HACM and leased to low to moderate income families in Merced.

The City recently approved a Conditional Use Permit for the Housing Authority to demolish a number of older rental units and reconstruct 122 townhouses that will be offered for sale to low and moderate-income families. In 2009, 39 of these units were demolished to make way for construction. However, due to the current economy and funding issues, the project has been delayed. All tenants within the existing rental units have been re-located.

The Housing Authority also administers the Housing Choice Voucher program (Section 8). In 2010, they reported issuing 1,911 vouchers to families in the City of Merced. This is a 29 percent reduction from 2005. Due to changes in HUD regulations on the Section 8 vouchers funding, HACM now receives funding based strictly on a budgeted dollar amount. At the same time, because of the current economy and high unemployment, the average housing assistance payment (HAP) amount paid out has increased. The end result is that the HACM is able to provide a higher amount of housing assistance for each family, but they are able to provide assistance to fewer families.

The City will continue to work to preserve existing affordable housing. The City will also continue to work with HACM to preserve and increase the Authority's stock of conventional public housing. The loss of 39 units of HACM housing to demolition, without any apparent replacement units in the picture, is not a promising development. To help with this shortage, the City may consider using some of its Federal, State, or local rehabilitation and reconstruction resources to assist HACM in providing more affordable units within the City. In addition, the City and HACM will continue to look for other funding sources to help provide more affordable housing, including asking HUD for a larger allocation of vouchers to meet the burgeoning need for rental subsidies in the City.

C. HOMELESS INVENTORY 91.210 (c)

16. The jurisdiction shall provide a concise summary of the existing facilities and services (including a brief inventory) that assist homeless persons and families with children and subpopulations identified in Table 1A or in the CPMP Tool Needs Table. These include outreach and assessment, emergency shelters and services, transitional housing, permanent supportive housing, access to permanent housing, and activities to prevent low-income individuals and families with children (especially extremely low-income) from becoming homeless. This inventory of facilities should include (to the extent it is available to the jurisdiction) an estimate of the percentage or number of beds and supportive services programs that are serving people that are chronically homeless.

The jurisdiction can use the optional Continuum of Care Housing Activity Chart and Service Activity Chart to meet this requirement.

The following table (*Figure 7*) contains the shelters available to the homeless. Most of these facilities, however, are under-utilized. Many of the homeless refuse to use the facilities because of the rules in place at the facilities such as not being allowed to keep animals with them (some shelters provide a kennel area). Several others do not stay at the shelters due to mental disorders or untreated drug or alcohol issues.

In an effort to prevent more families from becoming homeless, the City applied for and was awarded \$515,203 for Homeless Prevention and Rapid Re-housing Program (HPRP). The Program is focused on housing for homeless and at-risk households. It will provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The funds under this program are intended to target two groups facing housing instability:

- Individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit (prevention), and
- Individuals and families who are experiencing homelessness (residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it.

More information on this program can be found in the “Homeless Strategy” section on page 63.

Figure 7

Homeless Housing Inventory

Organization	Name	Type	Population	Beds for Households with Children	Beds for Households without Children
Valley Crisis Center		Domestic Violence Shelter	Single males and females plus children	15	0
Community Action Agency	Canal Creek	Emergency Shelter	Single females and households with children	16	0
Community Action Agency	D Street Shelter	Emergency Shelter	Single males and females	0	60
Merced County Rescue Mission	Rescue Mission	Emergency Shelter	Single Males	0	15
Community Action Agency	New Hope House	Transitional	Single males and females plus children	8	16
Community Social Model Advocates	Tranquility Village	Transitional	Single females and households with children	21	36
Community Social Model Advocates	Hobie House	Transitional	Single males	0	25
Merced County Mental Health	Parsons House	Transitional	Single females	0	6
Merced County Rescue Mission	Rescue Mission	Transitional	Single males	0	17
Merced County Rescue Mission	Haven of Hope	Transitional	Single females	0	7
Merced County Mental Health	Project Home Start	Permanent	Single males and females	0	4
Total				60	186

Source: Merced County Association of Governments (MCAG) – Continuum of Care

D. SPECIAL NEED FACILITIES AND SERVICES 91.210 (d)

17. Describe, to the extent information is available, the facilities and services that assist persons who are not homeless but require supportive housing, and programs for ensuring persons returning from mental and physical health institutions receive appropriate supportive housing.

Transitional Housing Programs:

As shown in *Figure 8* below, there are three “substance abuse” transitional housing projects in the Merced area. In addition, as noted above, the Merced Rescue Mission provides 15 beds for transitional housing needs.

Figure 8

NAME	SERVICE PROVIDER	NUMBER OF UNITS
Tranquility Village	Community Social Model Advocates	60
Hobie House	Community Social Model Advocates	25
Harmon’s House of Prayer	LifeLine CDC	24
New Hope House	Merced County Community Action Agency	24

Day Shelters and Soup Kitchens:

All of the emergency shelter and transitional shelter facilities provide food for shelter residents. In addition, there are several soup kitchen programs and service providers that offer “nutritional” assistance in the City. These programs are listed in *Figure 9* on the following page.

Figure 9

DAY SHELTERS AND FOOD PROVIDERS

SERVICE PROVIDER	DESCRIPTION	ANNUAL SERVICE SLOTS
Central Valley Opportunity Center	Groceries for Farm Workers	100
Harvest Time Ministry (Calvary Assembly of God Church)	Groceries	5
Women, Infants, and Children (WIC) Program (Merced County Community Action Agency)	Groceries	70,656 served annually (approximately) (5,888/month)
Second Baptist Church	Hot lunches (Mon-Fri)	Unknown
St. Vincent De Paul	Prepared meals, groceries	150
Love, Inc	Groceries	810 served in 2009
Merced County Human Services Agency	Provided by Adult Services Dept.	19
Salvation Army	Prepared Meals (Breakfast, Mon.-Fri.)	3300
	Groceries (once every 3 months)	750

Homeless:

The City continues to work within the Countywide Continuum of Care program for the development of additional shelters and transitional housing. The City is committed to working with the public and private agencies to this end once matching funds for specific projects can be identified. The City's Zoning Ordinance provides for group homes within R3 and R4 with a Conditional Use Permit (CUP). Homeless Shelters (including emergency shelter and transitional housing) are specifically identified and stated as allowed uses with a CUP in all residential and commercial zones (see previous section for a description of the City's CUP process). In 1997, the City approved a conditional use permit for the Merced Rescue Mission, a shelter and religious education facility for homeless men with conditions as described below.

Typical conditions of approval for a conditional use permit for shelters and transitional housing might include standards for landscaping, parking, aesthetics, building and fire code provisions regarding health and safety issues, maintenance of the site, architecture and design, setbacks, pedestrian and vehicular access, public improvements, outdoor storage, and signage. These conditions are typical of most conditional use permits, are no more onerous than those applied to conditional use permits for other uses, and, thus, do not impede the development of homeless shelters and transitional housing. By making sure that these uses fit in well with their surrounding neighborhoods by applying the same standards as those required of other uses, the City believes that the implementation of such conditions encourages and facilitates the development of such uses.

Emergency shelters and transitional housing are encouraged. The City helps to facilitate development by providing funding (if available). The City also continues its participation in the

funding the preparation of the County-wide Continuum of Care Plan and works to identify potential development sites and Proposition 46 funding applications.

This City strives to improve the efficiency and minimize the turn-around time for development reviews to ensure that City review of development proposals does not add unnecessarily to the costs of new construction or discourage developers from pursuing projects in the City of Merced. In addition, to provide additional support for affordable housing, City staff will give highest priority to the review of residential developments targeted towards low and moderate-income households.

Lastly, the City has extended the life of a Tentative Map as a result of discussions between the City Liaison Committee and the Building Industry Association (BIA). This is in response to industry concerns in the face of an economic recession and difficulties in securing financing. The City previously extended the life of the tentative map for one-year periods up to a total of three years. The BIA requested that two years be permitted for the first extension request. This was approved and implemented in 1995.

E. BARRIERS TO AFFORDABLE HOUSING 91.210 (e)

18. Explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing are affected by public policies, particularly those of the local jurisdiction. Such policies include tax policy affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

Relevant Public Policies and Assessment:

Governmental controls and regulations can constrain new residential development through either the requirements they impose or the manner in which those requirements are enforced. Following is a summary of public policies that impact the cost and/or delivery of housing in Merced.

Achievements in Response to the 2003 Analysis of Impediments:

The 2003 AI made three Findings in respect to the City's Zoning Ordinance that may impede the development of affordable housing. First, the second-dwelling unit ordinance was identified as being very restrictive only allowing a maximum 600 square foot second dwelling unit or granny unit. Secondly, the 2003 AI found that the code's definition of "family" could potentially operate to discriminate against unlicensed group homes. That definition restricted occupancy of a dwelling by unrelated individuals, by stating: "... unless all members are related by blood or marriage, no such family shall contain over five persons." Thirdly, the AI determined that the absence of an "inclusionary zoning" provision in the code constituted a serious shortcoming. That AI pointed out that inclusionary zoning ordinances typically mandate that a percentage of newly developed market rate housing (usually 10-15%) be reserved for lower income households at below market rate rents or sales prices. Inclusionary zoning ensures that people of very-low, low, and moderate income can afford a percentage of newly constructed housing units throughout a city, and thus helps to promote diversity, break down patterns of segregation, and avoid concentration of low income residents entirely in low income "slum" areas.

Since those Findings were made, the City has adopted Zoning Ordinance amendments to address the first two Findings and explored the feasibility of adopting an inclusionary zoning ordinance. The City's recently amended ordinance for secondary dwelling units now allows larger secondary units to be constructed. If a second unit is attached to the primary dwelling unit, it can be a maximum of 1,000 square feet. If the second unit is detached it can be up to 1,200 square feet. Changes were also made to allow secondary units to be occupied by anyone, not just those related to the property owner by blood or marriage. These changes make second dwelling units a much more viable option to provide more affordable housing within the City of Merced.

The second ordinance amendment addressed the definition of "family". The definition of "family" was eliminated from the zoning ordinance and replaced with a definition of "household." This new definition no longer limits the number of unrelated persons occupying a home.

The third Finding addressed the need for an inclusionary zoning ordinance. At this point, the City has not adopted such an ordinance. The City reviewed this proposal and hired a consultant to work on this matter, but it was ultimately determined there would be too much public opposition to this type of ordinance. It should be noted that, in 1995, the City entered into a Development Agreement for the Bellevue Ranch Master Development Plan. This development includes approximately 1,380 acres and, upon completion, will bring approximately 4,800 to 6,600 new housing units to the City. According to the Agreement, approximately 16% of the total development (between 840 to 1,150 housing units) will be set-aside for affordable housing units for very low to moderate-income households. At this time, the City has determined that using this technique for encouraging affordable housing developments rather than adopting an Inclusionary Zoning Ordinance, will produce better results and achieve the same goal of providing more affordable housing. In addition, the City's Draft Housing Element calls for more public outreach to help educate the community on the myths and facts of affordable housing in an effort to help promote more affordable housing development and remove opposition to such developments.

Other Land Use Controls:

Land use controls are minimum standards included within City Zoning and Subdivision Ordinances. Zoning is a means of ensuring that the land uses in the community are properly situated in relation to one another and providing adequate space for each type of development. Zoning regulations also control such features as height and bulk of buildings, lot area, yard setbacks, population density, and the building use. If zoning standards are significantly more rigid than private sector design standards and do not allow sufficient land use flexibility, then development costs could increase and housing production may decrease.

The City of Merced General Plan Land Use Element also provides a range of residential building types and densities in various areas of Merced. Densities range from 1.7 units per acre for R-1-20, to 36 units per acre for multi-family developments, which is consistent with housing law.

The current Zoning Ordinance for the City of Merced contains a Planned Development (P-D) District overlay zone that allows greater design flexibility and planning than the strict application of conventional single-family land use and development criteria. The P-D zone enables clustering of units (i.e. developing less land while allowing the same number of housing units that would be permitted under conventional subdivision ordinances), mixing of uses and building types (i.e. multiple housing mixed with commercial and professional uses for example), as well

as establishment of special development standards and criteria, which respond to the particular features of a site.

This flexibility allows for development of residential units up to the maximum permitted density in addition to a potential infrastructure cost savings of approximately 25 percent per unit. The clustering approach, coupled with affordable density bonuses, enhances Merced's role as an affordable housing resource, and is beneficial in meeting the housing needs of special groups such as seniors and disabled.

Increasingly, the City is promoting higher density development, and higher quality design, through use of its Residential Planned Development (RPD) designation. This designation allows greater flexibility on the part of the City in working with developers to create plans that maximize use of the site in terms of both number of units and neighborhood needs. The City has recently adopted "Small Lot Design Guidelines" to assist in the development of subdivisions with lots sizes ranges from 3,000 to 4,000 square feet. Small lot subdivisions take advantage of the flexibility of the RPD designation to allow the smaller lot sizes. In addition, the flexibility afforded developers using the RPD designation helps encourage affordable housing construction.

It should be noted that the City of Merced's multi-family development policies are not a constraint to affordable housing development. The City does not require CUP's for multi-family uses in the R-3 and R-4 zones. If the multi-family use meets development guidelines (density, setback, and parking requirements) of the zone, they are allowed to build with simply a building permit. The City is considering establishing a goal to develop R-3 zoned land at 80 percent of its permitted density throughout the City. The Planning Division will take the matter up with the Planning Commission and City Council in order to determine feasibility.

Open Space Requirements:

The City requires that new subdivisions to dedicate land for park and/or recreation facilities; pay an in lieu fee or both. The general standard applied by the City calls for five acres of property devoted to neighborhood and Community Park and recreation purposes for each 1,000 persons residing in the City. The exact amount of land to be dedicated or fee to be paid in any one subdivision is determined by the Director of Parks and Community Services based on the City's Open Space Master Plan. The Plan is taking into consideration such factors as the type and density of the proposed development, the expected population mix, and the availability of nearby park and recreation facilities. Such practices are in keeping with the requirements and standards applied by other cities in the region and were not identified by local contractors or developers as being a significant constraint on the development of affordable housing.

School Facilities Dedication and Impact Fees:

Similar to open space requirements, developers of residential subdivisions are required to contribute land and/or monies to the school district when a subdivision is to be built in an attendance area where school overcrowding exists. These fees are charged in accordance with State legislation. While this fee places an additional financial burden on housing development, it is an essential source of funds for local school districts. More housing means more children in need of public education, and public schools in the City of Merced are already severely overcrowded. There is an acute need for new and expanded facilities. In the face of budget constraints and cuts at the State level, school districts have come to rely on impact fees as an

important funding source. The policies of the City of Merced in this regard are in keeping with the requirements and standards applied by other cities in the region.

Off-site Improvements:

Off-site improvements required by the City are presented in the City's subdivision regulations. These regulations supplement and implement the State of California's Subdivision Map Act. The specific requirements for streets, curbs and gutters, sidewalks, utilities, and other off-site improvements are listed in the City's "Standard Designs of Common Engineering Structures." Other development standards and procedures are presented in the "Subdivision Regulations of the City of Merced" (Title 18 of the Merced Municipal Code).

The City's off-site improvement requirements have been the subject of discussions between City staff and members of the Merced Building Industry Association (BIA). In particular, these discussions have focused on potential changes in the City's design and construction standards that could reduce the costs of residential construction without compromising public health and safety or community quality. Specific areas that have been discussed and implemented over the last several years include:

Reduce Rights-of-Way for Residential Streets - Rights-of-way have been reduced to provide more land available for residential construction, and reduced infrastructure costs, thereby supporting housing development.

Allow 25 Feet as Standard Curb Return Radius - The radius has been changed from 40 feet to 25 feet on most streets. Exceptions include curb returns at the intersection of one or more collectors or arterials, streets serving schools (to accommodate buses), and streets serving other facilities where large vehicles are used (i.e., industrial areas). Making the standard curb return radius 25 feet instead of 40 offers to reduce the cost of off-site improvements.

Allow Water Boxes Outside of Sidewalk - Sidewalk construction costs are reduced if water boxes are located behind the sidewalk rather than within the sidewalk area.

Permit Fees and Other Exactions:

There are a number of planning and development fees that are charged for the review and approval of general plan amendments, zone changes, conditional use permits, variances, subdivision maps, site plans, annexations, and service requests. Depending on the extensiveness of the requests, these fees can total several hundred to several thousand dollars per unit (most likely the latter). As an example, *Figure 10* (following page) shows the fees charged to a single-family home of 1,500 square feet (3 bedroom, 2 bath, with attached garage), and a 100-unit multi-family complex. Those fees are necessary to fully fund infrastructure for residential development.

In 1998, the City of Merced implemented an impact fee program to pay for needed public facilities and infrastructure. All new construction is subject to these impact fees. The fee is currently \$10,404 per single-family unit and \$7,236 per multi-family unit. These fees were recently lowered for residential construction on in-fill sites. The new fee for the in-fill zone is \$7,419 for a single-family unit and \$5,210 per multi-family unit. Although the fees have been reduced, they are still considered a burden on low-income homebuyers. The City's Density Bonus Ordinance would allow a fee waiver and/or deferral of fees if approved by City Council.

While the City has reduced the Public Facilities Impact Fees (PFIF), development fees for the Planning Division were increased in January 2010. The last application fee increase for the Planning Division was adopted in May 1998. Costs of processing development applications have increased due to the complexity for meeting new state mandates, and the increased role of the Planning Division in the City's permitting process. City Staff conducted a study to determine the amount of time being spent to process development applications. It was found that the costs of processing most applications were higher than the revenues being collected. Therefore, an increase was proposed and approved by the City Council.

In addition to an increase in development fees for the Planning Division, changes were also made in the Inspection Services Division. In the past, Building Permit fees have been based on the methodology provided in the Uniform Building Code (UBC) and the Uniform Administrative Code (UAC). This fee calculation method was cumbersome and often not reflective of the cost of the services provided. The current (2007) California Building Code (CBC) allows for fees to be paid in accordance with a fee schedule established by the applicable governing authority, giving the City an opportunity to change the fee calculation methodology to a system that is easier for the general public to understand and allows for the actual cost of providing these services to be collected.

Even without the fee increases described above, development fees have increased significantly over the last several years. The current development fees shown in the table below represent a 155.03% increase in overall fees since 2003. The primary differences are in the sewer, water and Public Facilities Impact Fees. Although the Public Facilities Impact Fees have been reduced for in-fill sites, they were not reduced for the majority of the City. Fortunately, many of the projects undertaken through the Housing Program are on vacant in-fill parcels. If a project is constructed on a parcel that was previously occupied by a structure, credit is given to the PFIF for the previous use. In addition, credit may be available for sewer and water fees.

Similar to the Public Facilities Impact Fees (PFIF), the City allows the deferral of a portion of the sewer and water fees until the time of occupancy. By deferring payment, borrowing costs are reduced.

The City recognizes the constraint placed on development as a result of these fees and, as previously mentioned, has recently reduced the PFIF for residential construction within in-fill areas. The City is currently conducting a study on the sewer fees for all types of construction. If approved, the sewer fee could be reduced by as much as half. It's anticipated a reduction in fees will be approved by July 2010.

Figure 10
Current City Development Fees (Not an In-fill Site)

City Fee	Single-Family Dwelling (1,500 sq. ft.)	Multi-Family Complex (100 units)
Sewer Fees	\$13,136.00	\$1,036,900.00
Water Fees	\$8,315.00	\$62,942.00
Bldg Permit/Plan Check	\$1800.00	Varies ²
CRIS Tax	\$1,365.00	Based on Size of Units ¹
Park Fee (Zone 5)	\$6,090.00	\$327,100.00
Refuse Fee	\$210.00	\$11,800.00
Recycling Fee	\$89.55	Not offered
Public Facilities Impact Fee (PFIF)(2009)	\$10,404.00	\$723,600.00
Regional Transportation Impact Fee (RTIF)	\$3,115.00	\$189,200.00
TOTAL	\$44,524.55	\$2,351,542.00
Cost per Dwelling Unit	\$44,524.55	\$23,515.42

Source: City of Merced Building Division, July 2009

- 1) \$0.91 per square-foot
- 2) Based on cost of construction
- 3) CRIS Tax is the Cost Revenue Impact System Business License Tax on Residential Construction only and is charged at \$0.91 per square foot of living area.
- 4) Varies based on type of construction, size of each unit and number of bathrooms for each unit.
- 5) School Fees are in addition to City fees

Permit Processing Times:

The development review process can affect housing costs. Because of interest rates and inflation, the longer it takes for a development proposal to be approved, the higher the development costs. Development application processing has basic time requirements as a result of the City’s obligation to evaluate projects adequately, as well as the requirements of state law. These include consistency with the General Plan and Zoning Ordinance, requirements of the Subdivision Map Act, and compliance with the California Environmental Quality Act (CEQA).

Processing times for development review vary, based on the size of the project and the extent of environmental review required, and can range from 38 days to more than six months if an Environmental Impact Report (EIR) is required.

Conditional Use Permits required on residential development include: (R-1 zone district) cemeteries, churches, duplexes, public and quasi-public buildings not including corporation yards, repair yards, or similar uses; (R-2 zone district) public and quasi-public uses, cemeteries, photography studios, public utility uses, elderly daycare facilities for 12 or fewer persons; (R-3 zone district) rooming houses, social halls, nursery schools, cemeteries, convalescent homes, public and quasi-public uses, public utility uses; (R-4 only) rooming houses, social halls, nursery schools, convalescent homes, public and quasi-public uses, public utility uses, elderly with facilities for 12 or more persons.

Application for a Conditional Use Permit is made to the Planning Commission in writing, accompanied by a fee. A public hearing is held by the Planning Commission, which is to render its decisions within 60 days after the filing of a completed application. This process is the same for emergency shelter and transitional housing which are considered “public and quasi-public

uses. This time frame is not unreasonable and affords the opportunity for adequate staff research regarding the subject land and the intended usage.

The City of Merced allows the installation of manufactured housing “by right” provided that it meets the state allowed architectural standards. This provision is set forth in the City of Merced Zoning Ordinance.

Typical processing times in Merced are as follows:

Annexations (City Council)	18 months +
Conditional Use Permits, Planning Commission	6-8 weeks
Subdivision Parcel Map (Tentative), (Planning Commission)	3-5 weeks
General Plan Amendments (City Council)	12 weeks
Subdivision Tract Map (Tentative), (Planning Commission)	8 weeks
Planned Development Establishment, (City Council)	12 weeks

Planned Developments are subject to final action by the City Council. A CUP is subject to Planning Commission review and approval. This process is typical of many communities and is not seen as a constraint to new housing in Merced.

The approval process for residential development in multi-family zones is the same as that for single-family. A building permit is submitted, fees are paid, and the plans are reviewed by Building, Engineering, Fire, and the Current Planning Divisions. This standard processing time is between three and six weeks.

IV. STRATEGIC PLAN

A. GENERAL PRIORITY NEEDS ANALYSIS AND STRATEGIES 91.215 (a)

19. In this narrative, describe the reasons for setting priorities for allocating investment among different activities and needs, as identified in tables* prescribed by HUD. 92.215(a)(1)

**If not using the CPMP Tool: Complete and submit Table 1A Homeless and Special Needs Population; Table 1B Special Needs (Non-Homeless) Populations; Table 2A Priority Housing Needs/Investment Plan Table; and Table 2B Priority Community Development Needs.*

**If using the CPMP Tool: Complete and submit the Needs Table file: Needs.xls*

20. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed.

21. If applicable, identify the census tracts for Neighborhood Revitalization Strategy Areas and/or any local targeted areas.

22. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) and the basis for assigning the priority (including the relative priority, where required) given to each category of priority needs (91.215(a)(2)).

23. If appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to Neighborhood Revitalization Strategy Areas and/or any local targeted areas.

24. Identify any obstacles to meeting underserved needs.

The City of Merced has significant concentrations of low-income households and racial/ethnic minorities in Central and South Merced. The target area for all activities and services as outlined in this Consolidated Plan over the next five years (2010 to 2015) is the entirety of the City of Merced, with a concentration of activities in South and Central Merced.

According to the 2000 Census, Census Tracts in Central, South, and portions of North Merced have significant concentrations of extremely low, very low, low, and moderate-income residents. As depicted on *Map 1 (Figure 13)* below, Census Tracts 10.03 and 10.05, located just north of Bear Creek and west of R Street in North Merced have 68.9 and 66.0 percent low and moderate-income residents respectively. Census Tracts 13.01, 13.02, and 14.01 in Central Merced have 67.6, 75.0, and 57.7 percent. Census Tracts 15.02, 15.03, 16.01, and 16.02 in South Merced have 74.8, 80.4, 83.9, and 78.5 percent respectively. Census Tracts 17.00 and 18.02 in Southeast Merced (northeast of Highway 99 and south of Highway 140) have 53.8 and 72.5 percent.

Areas of Low Income Concentration:

The City of Merced defines an "area of low-income concentration" as any census tract in which the percentage of households with low, very low, or extremely low-incomes exceeds the citywide percentage for such households. According to the 2000 Census, there were 20,435 total households. Of these, 8,085 households in the City of Merced had low or very low-incomes, representing 40 percent of all households in the City (In 1990, this figure was 44 percent). Therefore, an area of low-income concentration in 2000 was any census tract in which more than 40 percent of the households were of low or very low-income status.

According to 2000 Census data, the Area Median Income (AMI) for a family of four was \$32,470. The table below shows income categories according to household income as a percentage of the AMI. The tables found at *Figures 11* and *12* compares the different income categories according to the AMI from the 2000 Census and the current AMI for 2010. Although income levels have increased more than seventy percent during the last ten years, the cost of housing has increased even more making it difficult to find affordable housing. Only recently has the cost of housing declined to a level that is attainable to a larger number of people who fall below the median income.

*Figure 11
 Income Categories*

Extremely Low:	30 percent or less of median family income
Very Low:	50 percent or less of median family income
Low:	51 to 80 percent of median family income
Median:	81 to 120 percent of median family income
Moderate:	121+ percent of median family income

*Figure 12
 Area Median Income
 (For Family of 4)*

Income Category	2000	2010
Extremely Low:	\$9,741	\$16,750
Very Low:	\$16,235	\$27,900
Low:	\$25,976	\$44,650
Moderate:	\$32,470	\$55,800
Above Moderate:	\$38,964	\$66,950

Map 1 (Figure 13) shows that Central Merced and South Merced have a disproportionate number of households in the Low and Very Low-income categories. In particular, there is a large disparity between the concentration of low-income households in the tracts of North Merced and the tracts of South Merced, where the most significant concentrations occur. While low and very low-income households represent 40 percent of all households citywide, approximately 75-80 percent of the households in South Merced fall into the low, very low, and extremely low-income categories.

Areas of Racial/Ethnic Minority Concentration:

The City of Merced defines an "area of racial/ethnic minority concentration" as any census tract in which the percentage of persons that are of a racial or ethnic minority exceeds the citywide percentage for such persons. An area of racial/ethnic minority concentration in 2000 is any census tract in which the percentage of persons in any of these groups is greater than the percentage for that group. The areas with the greatest concentration of racial/ethnic minorities are shown on **Map 2 (Figure 14)**.

As **Map 2 (Figure 14)** shows, the census tracts in South Merced have significant concentrations of racial and ethnic minorities. Comparing this map with the map in **Figure 13**, it is easy to see the strong correlation between areas of low-income concentration and areas of racial and ethnic minority concentration in Merced (**Map 3 – Figure 15**).

Merced's current mix of racial and ethnic groups makes it one of the most diverse cities in the country. It also has several important impacts on the local housing market. Thus, there is a higher degree of housing overpayment in these groups than there is among Whites. It is also more likely that households in these groups will require housing assistance, will live in substandard housing, and/or will live in overcrowded conditions. Overcrowding, in particular, is a widespread problem among these groups due to large family size and the desire to live in extended family situations. The dominant pattern of housing construction in Merced, as in most of the U.S., does not respond to the needs of these families, and the few large homes that exist are typically out of these families' range of affordability. However, in recent years, more 5 or 6 bedroom homes have been built, some being more affordable than others. Given the current state of the economy and housing market in Merced, more of these homes are becoming available to this group.

In addition, the majority of racial and ethnic minority households are concentrated in South Merced, where the cost of housing is lowest and the occurrence of substandard housing is the highest. The City has set a goal of achieving a more equitable mix of affordable housing throughout the City. However, it has been a difficult goal to achieve in light of land costs in the North Merced area. Recently, due to the number of foreclosures, housing and vacant land in the City of Merced has become more affordable. Due to the recent housing boom more housing units are becoming available in the North and East Merced areas. However, wages are still low and unemployment in the area makes it very difficult for families to take advantage of the current housing market. Therefore, it is more likely that housing conditions for low income families in South Merced will be improved through the City's Housing Rehabilitation Program and new construction or rehabilitation that is designed to meet the needs of large families.

Maps:

Maps 1 and 2 on the following pages show the locations of census tracts in the City of Merced in which there are areas of low-income concentration (**Map 1**) and areas of racial/ethnic minority concentration (**Map 2**). **Map 3** shows the areas that overlap.

Figure 13

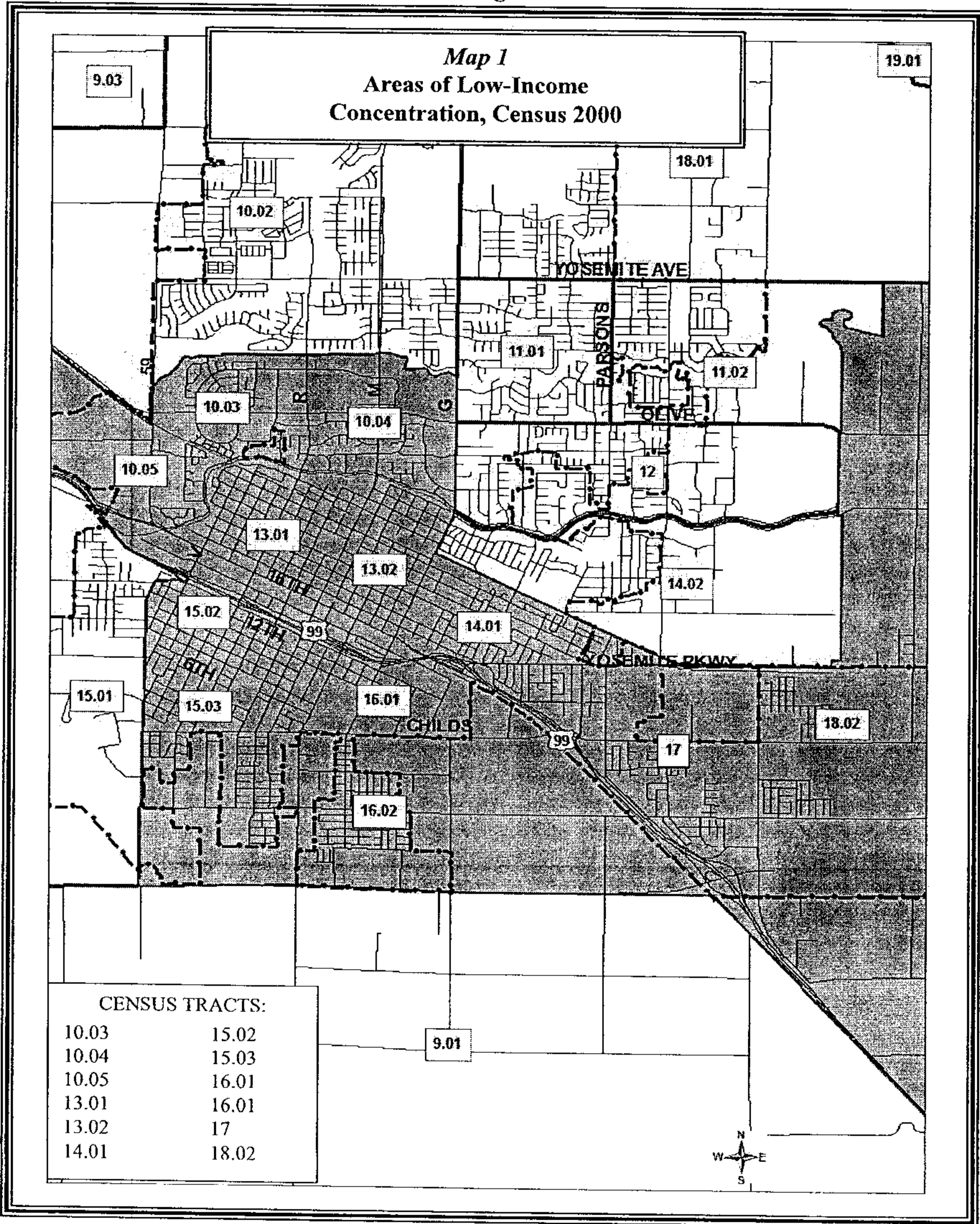


Figure 14

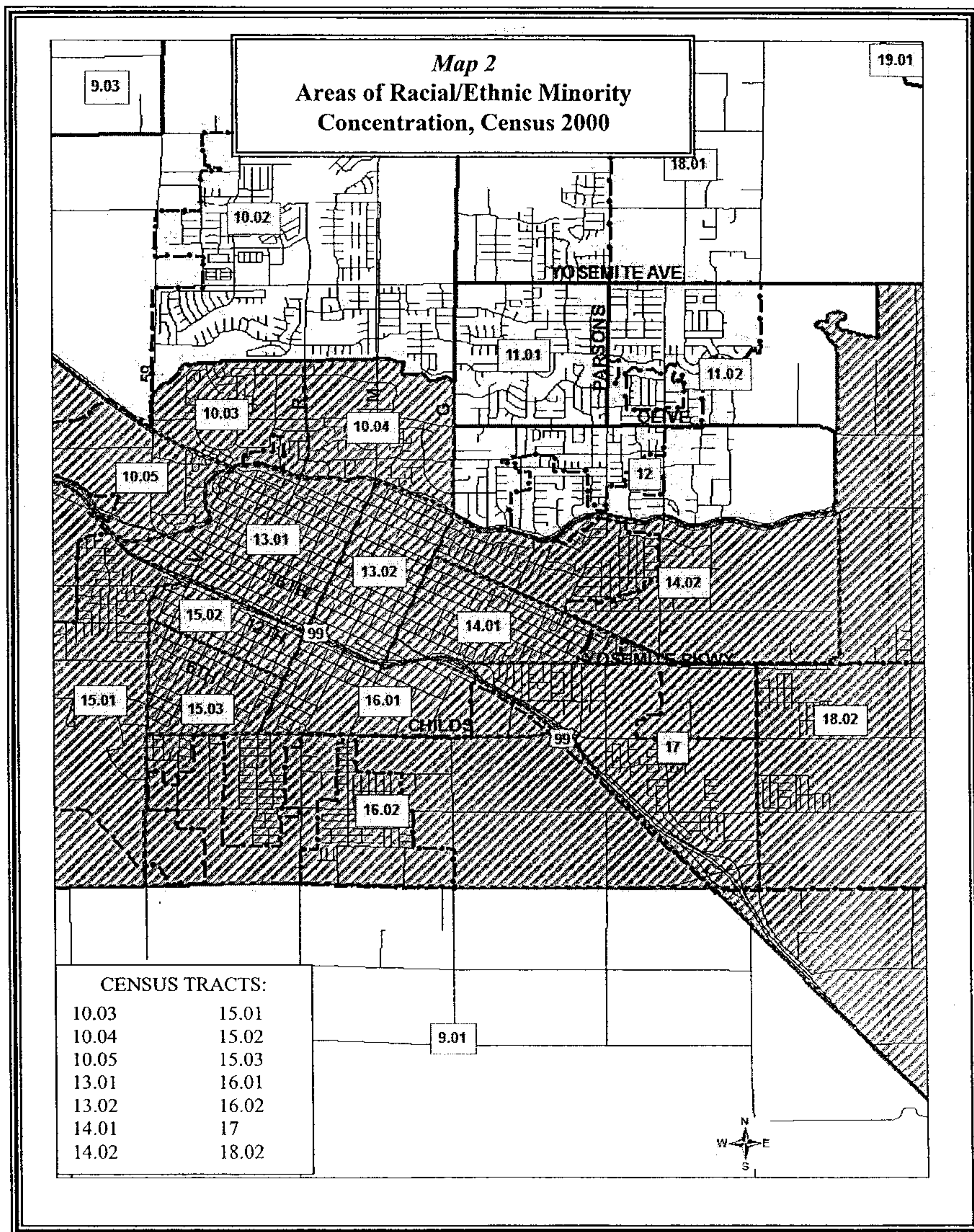
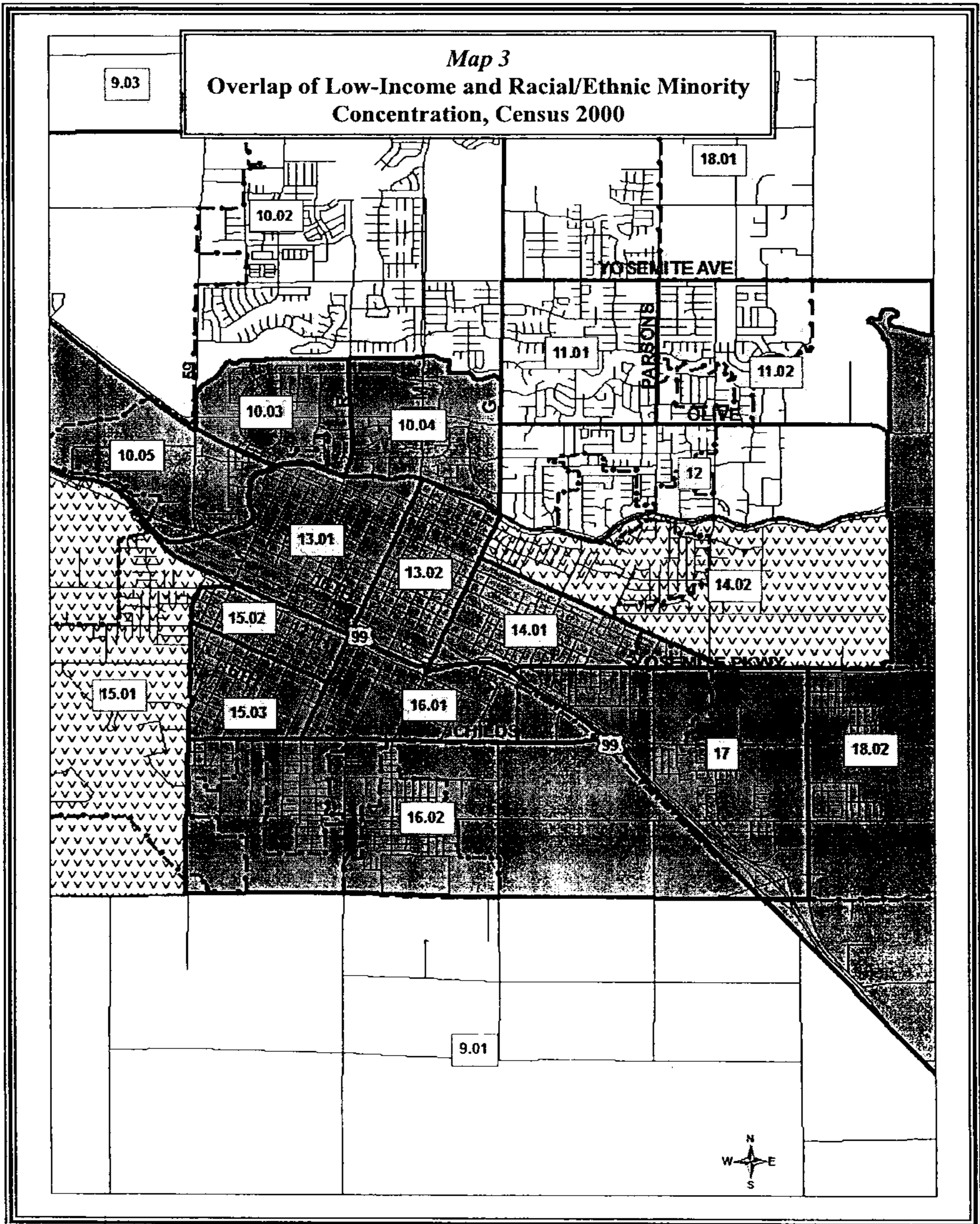


Figure 15



Basis for Assigning Priorities:

To determine the priorities for the next five years, the City considered the housing needs and the high percentage of the City's population who fall into the low-income categories (extremely low, very low, and low). In addition, the overall needs of the neighborhoods with high concentrations of low-income individuals were considered. City staff regularly consults with other organizations providing services to individuals and families with low-incomes. This helps in determining what programs and services are needed to meet the needs of the low-income individuals and families of our community.

Obstacles to Meeting Underserved Needs:

As previously mentioned, the largest obstacle to meeting underserved needs is funding. With the large number of households with some type of housing problem, it's difficult to stretch the available funds to meet all the needs. In addition, governmental controls such as density requirements, the permit process, and especially the fees associated with new construction and some rehabilitation projects present an obstacle to development. Finally, community opposition or "NIMBYism" (Not In My Back Yard) presents an obstacle to meeting needs when new facilities are developed. More information on these topics can be found on page 90.

B. SPECIFIC OBJECTIVES 91.215 (a) (4)

25. Summarize priorities and specific objectives the jurisdiction intends to initiate and/or complete in accordance with the tables* prescribed by HUD. Outcomes must be categorized as providing either new or improved availability/accessibility, affordability, or sustainability of decent housing, a suitable living environment, and economic opportunity.

Identify Specific Objectives and Proposed Outcomes by completing Table 1C or 2C – Summary of Specific Objectives

The City of Merced 2010 Consolidated Plan has identified seven priority objectives for housing activities in the City. They are:

Objective A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization

Objective B: New Affordable Housing Construction

Objective C: Housing Affordability (Homebuyer Assistance Programs)

Objective D: City Coordination

Objective E: Improvement of the Quality and Quantity of Public Services

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities

Objective G: Planning for Future Housing and Infrastructure Needs

Goals and objectives to be carried out during the strategic plan period are indicated by placing a check in the following boxes.

<input checked="" type="checkbox"/>	Objective Category Decent Housing Which includes:	<input checked="" type="checkbox"/>	Objective Category: Expanded Economic Opportunities Which includes:	<input checked="" type="checkbox"/>	Objective Category: Expanded Economic Opportunities Which includes:
<input checked="" type="checkbox"/>	assisting homeless persons obtain affordable housing	<input checked="" type="checkbox"/>	improving the safety and livability of neighborhoods	<input checked="" type="checkbox"/>	job creation and retention
<input checked="" type="checkbox"/>	assisting persons at risk of becoming homeless	<input checked="" type="checkbox"/>	eliminating blighting influences and the deterioration of property and facilities	<input checked="" type="checkbox"/>	establishment, stabilization and expansion of small business (including micro-businesses)
<input checked="" type="checkbox"/>	retaining the affordable housing stock	<input checked="" type="checkbox"/>	increasing the access to quality public and private facilities	<input checked="" type="checkbox"/>	the provision of public services concerned with employment
<input checked="" type="checkbox"/>	increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability	<input checked="" type="checkbox"/>	reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods	<input checked="" type="checkbox"/>	the provision of jobs to low-income persons living in areas affected by those programs and activities under programs covered by the plan
<input checked="" type="checkbox"/>	increasing the supply of supportive housing which includes structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence	<input type="checkbox"/>	restoring and preserving properties of special historic, architectural, or aesthetic value	<input checked="" type="checkbox"/>	availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices
<input checked="" type="checkbox"/>	providing affordable housing that is accessible to job opportunities	<input checked="" type="checkbox"/>	conserving energy resources and use of renewable energy sources	<input type="checkbox"/>	access to capital and credit for development activities that promote the long-term economic social viability of the community

Expanding the supply and improving the quality of affordable housing for poverty level, extremely low, very low, low, and moderate-income households are high priority goals over the next five years covered by this Consolidated Plan. In order to accomplish these goals, the City of Merced will implement actions to:

- Provide 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 and HOME funds; and
- Work with private developers to leverage funds, including state and federal funds, to acquire, rehabilitate, or construct new affordable multi-family housing; and
- Increase homeownership opportunities for extremely low, very low, low, and moderate income households through the City's First Time Homebuyer's Program, the CalHome and BEGIN programs, and Neighborhood Stabilization Program funding; and
- Work with the City's CHDO to help provide housing for individuals with special needs; and
- Work to revitalize neighborhoods and improve the quality and quantity of public services by eliminating blight, reducing crime, and providing public facilities by providing partial funding for the City's Code Enforcement, Police Officers, Police Community Aides, and the construction or repair of public facilities (i.e., parks, street and sidewalk improvements, and other infra-structure needs).

The priorities of the City of Merced 2010 Consolidated Plan are guided by Annual Action Plans, the 2005 Consolidated Plan, the 2008 South Merced Community Plan, and the 2009 Draft Housing Element of the City's General Plan. The goals, policies, and programs of the Consolidated Plan provide the strategic framework for the City's Housing Program on a five-year horizon. A summary of the key strategies needed to address aforementioned priorities is described below.

Housing Rehabilitation and Reconstruction:

Rehabilitation and Reconstruction is a central strategy for maintaining the City's existing stock of affordable housing. The Consolidated Plan gives high priority to continuing the City's Housing Rehabilitation Loan Program.

Also included in this strategy is contingency funding for unforeseen housing emergencies. This activity provides loans to low-income property owners to repair failing roofs, inoperable sewer lines, and other emergencies regarding health and safety. The funds can also be utilized for residential sewer hook-ups. This program has been folded into the Housing Rehabilitation Program for funding purposes.

Joint Development Agreements:

The Consolidated Plan supports City staff efforts towards working with private developers to construct affordable housing in Merced. Through creative joint development projects, the City is able to leverage its funds for the development of new affordable housing units. Monies for such projects may be targeted to land acquisition or write-down, equity participation, or low interest

financing in return for affordability guarantees. This is an important mechanism for encouraging new construction of multi-family units and housing to meet special needs.

Priority Review and Permitting:

The City of Merced is committed to providing expedient processing of development proposals that include affordable housing. This helps to reduce the carrying costs of such projects.

Housing to Meet Special Needs:

The City is committed to seeking and assisting with quality housing projects targeted towards groups in the City with special housing needs throughout the next five years and beyond.

Code Enforcement:

The City is committed to ensuring that its various land use regulations are fully and fairly enforced by providing ongoing funding for three full-time City Code Enforcement Officers. These officials will intervene in low and moderate-income neighborhoods to promote building rehabilitation, reduce crime, and improve the overall living environment for the residents of these neighborhoods.

Lead Based Paint Hazard Reduction:

The City of Merced Housing Program aims to abate lead based paint hazards in the City by working with the County Department of Public Health and certified contractors in the Housing Rehabilitation Program to identify and reduce lead hazards in the City's housing stock.

Down Payment Assistance (Homebuyer Program):

To assist low-income households in becoming homeowners, the Consolidated Plan gives high priority to continuing the City's First Time Home Buyers Program. Down payment assistance is provided to eligible first-time homebuyers in the form of a low or no interest loan to be paid back over the course of several years or at the time of resale.

Police Officers:

The City is committed to ensuring the safety of its residents and private property. The City intends to match existing Federal Grant funds to finance police officers and their necessary supplies to achieve this goal. The police officers provide services in the Gang Violence Suppression Unit and serve as Gang Intervention Officers. They will be assigned to duty at the South Merced Police Station and will patrol the South Merced area, which has a high concentration of low-income individuals and families.

Police Community Aide:

Given the City's increasing Southeast Asian population, the Merced Police Department and the Southeast Asian community feel it would be beneficial to create a Community Police Aide position. The qualified individual will help the City's Police Department meet the special needs of this segment of the community.

As shown in previous sections and the Housing Market Analysis beginning on page 16, extremely low, very low, and low-income households have the greatest housing needs. Most

cannot afford to own a home and some, who may have been lucky enough to purchase a home, do not have the funds needed to make needed repairs and some are living in substandard housing conditions. By providing down-payment assistance and low-interest rehabilitation loans, the City hopes to increase the availability of affordable, safe housing for individuals in these income categories.

**CITY OF MERCED – 2010 CONSOLIDATED PLAN
SUMMARY OF OBJECTIVES, GOALS, AND POLICIES**

Objective A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization

GOALS:

- **Ensure Quality Affordable Housing through the Rehabilitation and Reconstruction of the Existing Housing Stock.**
- **Support the Code Enforcement Activities to Diminish Slum and Blight and to Revitalize Low-income Neighborhoods.**

POLICIES:

- A-1** Continue the City's Housing Rehabilitation Loan Program for owner occupied and rental units.
- A-2** Promote preventative maintenance and energy conservation in older housing units.
- A-3** Pursue State and Federal funds to support acquisition, conservation, and rehabilitation.
- A-4** Educate the public about the hazards of lead-based paint poisoning and Integrate lead hazard evaluation and abatement in rehabilitation activities.
- A-5** Continue the Support of Code Enforcement activities to diminish slum and blight and revitalize low-income neighborhoods.

OUTCOME:

Availability/Affordability of decent housing.

Objective B: New Affordable Rental Housing Construction

GOALS:

- **Increase the Stock of Affordable Housing for Very Low, and Low-Income Households.**
- **Encourage a Mix of Housing Throughout the City To Meet The Needs of Different Income Groups.**
- **Encourage the Construction of Housing and Facilities to Meet Special Needs, Including Farm Workers, Homeless, Large Families, Seniors, and People with Physical or Mental Disabilities.**

POLICIES:

- B-1** Support increased densities in residential areas.
- B-2** Pursue joint development agreements with profit/non-profit affordable housing developers.
- B-3** Provide priority review and permitting for affordable housing projects.
- B-4** Pursue State and Federal funds for new housing construction.
- B-5** Work in partnership with the local community organizations to Support housing to meet special needs.

OUTCOME:

Availability/Accessibility of decent housing.

Objective C: Housing Affordability (Homebuyer Assistance Program)

GOALS:

- **Increase Homeownership Opportunities for Low-Income Groups.**
- **Provide Financial Assistance as Needed to Very Low and Low-Income Renter Households.**

POLICIES:

- C-1** Provide down payment assistance to qualifying homebuyers.
- C-2** Work with the Housing Authority to continue and expand the Housing Choice Voucher Program (formerly Section 8).
- C-3** Pursue State and Federal funds to assist affordability efforts.

OUTCOME:

Affordable of decent housing.

Objective D: City Coordination

GOALS:

- **Coordinate Innovative Housing Efforts with Private and Nonprofit Developers as well as Other Jurisdictions and City Departments.**
- **Promote and Support Fair Housing Opportunities.**
- **Continue the Efforts to End Homelessness in Merced.**

POLICIES:

- D-1** Ensure that the City of Merced provides it's fair-share of affordable housing.
- D-2** Educate the public regarding fair housing issues and programs.
- D-3** Work with local organizations to provide fair housing services as needed.
- D-4** Coordinate with the County and local agencies to end chronic homelessness by applying for Continuum of Care grant funds.
- D-5** Continue working with other organizations in the community for support and acquisition of permanent homeless shelter facilities funding for populations in need.

OUTCOME:

Availability/Accessibility of decent housing.

Objective E: Improvement of the Quality and Quantity of Public Services

GOALS:

- **To Ensure Funding for Adequate Police Community Services.**
- **Increase the Level of Youth Services, Child Care, and Other Public Services Programs in the Community.**

POLICIES:

- E-1** To ensure partial funding for adequate police services for gang activity prevention and intervention.
- E-2** To further cooperation and goodwill between the City Police and the Southeast Asian Community.
- E-3** To Pursue Section 108 Loan and other funds to improve the economic opportunities for low-income resident by creating jobs.
- E-4** To support youth services, at-risk youth, gang prevention/intervention, childcare, job training, and other eligible Public Services Programs.

OUTCOME:

Sustainability of suitable living environment.

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities

GOALS:

- **To Ensure the Availability and Adequacy of Necessary Infrastructure to Accommodate Qualified Residents, Business, and Industry.**
- **To Maintain High-Quality Public Facilities to Serve Low-Income Residents.**

POLICIES:

- F-1** To ensure funding for the construction and preservation of youth services and meeting halls.
- F-2** To ensure the funding for improvements to parks and recreational facilities in eligible census tracts.
- F-3** To construct public facilities and infrastructure projects in low-income neighborhoods as needed.

OUTCOME:

- Sustainability of suitable living environment.
- Sustainability of economic opportunity.

Objective G: Planning for Future Housing and Infrastructure Needs

GOALS:

- **To Pursue Planning Efforts to Ensure Future Housing Demands Are Met.**
- **Ensure Accountability and Success of the Housing Annual Action Plan and Other HUD Documents and Environmental Reports.**

POLICIES:

- G-1** Pursue funding for planning activities related to the good community development, neighborhood revitalization, planning, and capacity building.
- G-2** Prepare and update HUD Annual Plans, Consolidated Plans, CAPERs, and other HUD documents and environmental reports.

OUTCOME:

- Sustainability of suitable living environment.

V. HOUSING

A. PRIORITY HOUSING NEEDS 91.215 (b)

26. Describe the relationship between the allocation priorities and the extent of need given to each category specified in the Housing Needs Table (Table 2A or Needs.xls). These categories correspond with special tabulations of U.S. census data provided by HUD for the preparation of the Consolidated Plan.

27. Provide an analysis of how the characteristics of the housing market and the severity of housing problems and needs of each category of residents provided the basis for determining the relative priority of each priority housing need category, particularly among extremely low-income, low-income, and moderate-income households.

Note: Family and income types may be grouped in the case of closely related categories of residents where the analysis would apply to more than one family or income type.

28. Identify any obstacles to meeting underserved needs.

Low, Moderate, and Poverty Level Income Housing Needs:

The 2006-2008 American Community Survey estimates the City of Merced's estimated Median Household Income was \$34,955. In 2000, it was \$30,429. The estimated 2006-2008 median household income for Merced County as a whole was \$44,338. This indicates the median household income within the City of Merced is approximately 27 percent less than the median income county-wide. Approximately 50 percent of the City's households earn less than \$35,000 a year, putting the City into the low-income category. It has a larger concentration of below-poverty level households (28.1%) than the County.

The 2009 Analysis of Impediments reports that in 2007, the median income for California had risen to \$67,484. This is a 27.3 percent increase over the 2000 levels. The national figure increased 22.2 percent over 2000 levels to \$61,173. Yet Merced's median family income remained virtually unchanged at \$32,840. In addition, while the percentage of families with income below \$25,000 dropped significantly in California (15.2%), and nationally (16.5%), it actually rose in Merced to 38.7 percent. As a result, this segment of Merced's population has continued to sink deeper into economic distress throughout the decade.

The continued trend of Merced experiencing economic distress has resulted in more families living in poverty within the City of Merced. The 2007 American Community Survey shows the number of people living in poverty had risen to 26.3 percent, while the State wide rate fell to 9.3 percent. For families with children under 18, the percentage of those living in poverty rose to 32.3 percent while California's percentage dropped from 15.3 percent to 13.7 percent. For families with children under 5, Merced's figure rose to 40 percent and the state-wide percentage declined from 19 percent to 12 percent.

While the overall number of households with children increased over the last several years, the number of female-headed households with children increased even more significantly. In 2000, the number of female-headed households with children in Merced was nearly one and a half times the State and national levels. By 2007, this picture had not improved, but had risen to 45.4 percent of all female-headed households living in poverty while the state percentage had

decreased to 23.9 percent. Female-headed households with children under 18 rose to 53 percent and an astronomical number of 79.8 percent for those with children under 5 years of age.

The number of female-headed households with children comprise a larger portion of the overall population in Merced compared to the number in California or nationally. Female-headed households with children represent 21.7 percent of all families in Merced. This is almost double the state and national statistics (*Analysis of Impediments to Fair Housing Choice May 2009*).

Summary of Housing Needs:

In summary, the greatest need for housing assistance is among poverty level, extremely low and very low-income households, where the incidence of housing overpayment affects the vast majority of households, particularly among renter households and among households making less than 30 percent of median income. Elderly households also represent a significant assistance need, particularly among elderly households with incomes less than 30 percent of median and elderly households that rent. The housing needs of large family households are greatest among those households in the very low-income category, where severe housing overpayment is widespread. For large family households with incomes greater than 50 percent of median, the most significant housing problem is overcrowding.

Basis for Assigning Priorities:

To determine the priorities for the next five years, the City considered the housing needs and the high percentage of the City's population who fall into the low-income categories (extremely low, very low, and low). In addition, the overall needs of the neighborhoods with high concentrations of low-income individuals were considered. City staff regularly consults with other organizations providing services to individuals and families with low-incomes. This helps in determining what programs and services are needed to meet the needs of the low-income individuals and families of our community.

Barriers to Meeting Underserved Needs:

Obtaining enough funding to sufficiently provide housing for the poverty level, extremely low, very low, and low-income households is the dominant barrier to meeting underserved needs. In addition, government controls also create a barrier in certain situations. Although the City has amended the Zoning Ordinance over the last few years to attempt to relieve the burden placed on affordable housing, unfortunately, the cost of City fees and construction costs continue to be burdens on meeting the needs of this segment of the population.

Effects of Existing Market:

The number of homeowners in Merced is greatly out-numbered by renters. Due to low-paying jobs and the lack of jobs available result in a large number of low-income and poverty level households. The result is that most households in Merced lack the financial resources to purchase and maintain a single-family home.

With the opening of the University of California, Merced, there has been a population surge over the last several years. In addition, it brought a great deal of speculation to the housing market which resulted in a dramatic rise in housing prices. Currently, with the economic down-turn, and especially in the housing market, the cost of housing has dropped dramatically. With this change, many homeowners have found themselves "underwater" with their mortgage, meaning

their mortgage is currently more than the value of their home. Even worse than having a mortgage “underwater”, is the foreclosure rate which has displaced many people, both owners and renters alike.

While lower housing prices typically make housing more accessible to low-income households, this has not been the case in Merced. Many homeowners who were able to obtain a mortgage under the previously loose requirements are now facing foreclosure or have already been foreclosed upon. In addition, many of the homes that have undergone foreclosure have been purchased by out of town buyers who use them as a rental investment. Because of this, the cost of rent is still unaffordable for many of the Merced residents.

The high unemployment rate also makes it difficult for residents to purchase homes. With the current unemployment rate as high as 22.1 percent, many people have lost their jobs and do not have the necessary resources needed to purchase a home no matter how affordable.

Explanation of Disproportionate Needs:

An ethnic group is determined to have a disproportionate need when the average need of the group is 10% greater than what is considered average for the City. The average need of each group is identified within the parenthesis in the tables on the next page.

Figure 16
Percent of Renter-Occupied Households with Any Housing Problems

	All Renters	All Minority Renters	Black Renters	Hispanic Renters
Total	58.6	73.7	66.0	67.2
0-30% of MFI	93.7 (103.7)	94.5	89.7	94.4
31-50% of MFI	87.7 (97.7)	87.8	83.4	83.1
51-80% of MFI	69.8 (79.8)	71.3	73.9	56.3

Source: 2000 US Census

Figure 17

Percent of Owner-Occupied Households with Any Housing Problems

	All Owners	All Minority Owners	Black Owner	Hispanic Owners
Total	58.6	73.7	66.0	67.2
0-30% of MFI	93.7 (103.7)	94.5	89.7	94.4
31-50% of MFI	87.7 (97.7)	87.8	83.4	83.1
51-80% of MFI	69.8 (79.8)	71.3	73.9	56.3

Source: 2000 US Census

B. SPECIFIC OBJECTIVES/AFFORDABLE HOUSING 91.215 (b)

Note: Specific affordable housing objectives must specify the number of extremely low-income, low-income, and moderate-income households to whom the jurisdiction will provide affordable housing as defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership. (24 CFR 91.215(b)(2))

29. Identify each specific housing objective by number (DH-1, DH-2, DH-2), proposed accomplishments and outcomes the jurisdiction hopes to achieve in quantitative terms over a specified time period, or in other measurable terms as identified and defined by the jurisdiction.

Complete and submit Table 1C Summary of Specific Objectives or, if using the Consolidated Plan Management Process (CPMP) Tool, the Summaries.xls file.

30. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

31. Indicate how the characteristics of the housing market will influence the use of funds made available for rental assistance, production of new units, rehabilitation of old units, or acquisition of existing units.

32. If the jurisdiction intends to use HOME funds for tenant-based rental assistance, specify local market conditions that led to the choice of that option.

The objectives defined by the City of Merced Consolidated Plan provide a strategic framework for the City’s Housing Program on a five-year horizon. The following is a description of each objectives, policies, and activities to be undertaken to support and provide more affordable housing in the City of Merced:

AVAILABILITY/ACCESSIBILITY TO DECENT HOUSING (DH-1)

Objective A: Housing Rehabilitation, Reconstruction, and Priority Neighborhood Revitalization

The City of Merced has identified the following goals in relation to housing rehabilitation, reconstruction, and neighborhood revitalization in the City:

- Ensure quality affordable housing through the Rehabilitation and Reconstruction of the existing housing stock.
- Support the Code Enforcement activities to diminish slum and blight and to revitalize low-income neighborhoods

Analysis - The survey of City housing conditions conducted in the Fall of 1991 identified 1,502 housing units in the City that are substandard and in need of rehabilitation. Loss of these units from the City's housing stock would be extremely detrimental to the cause of affordable housing since most of these units are located in the older sections of Central and South Merced where there are significant concentrations of low and very low-income households.

Rehabilitation of such housing units is a critical component to the City's affordable housing efforts as it provides a relatively inexpensive strategy for maintaining and improving the number of units that are available to low and very low-income households. In addition, rehabilitation activities can help expand the inventory of housing for special needs groups such as large family households and people with disabilities. This is the rationale that the City has assigned the highest priority for this activity.

Through renovations and additions, existing units can be modified and/or expanded to provide suitable housing at a much lower cost than new construction. The rehabilitation, reconstruction activities will help alleviate the current incidence of overcrowding in the City, most of which occurs at higher rates in minority populations, which are predominately located in Central and South Merced. These are areas of low-income concentration and racial/ethnic minority concentration. Central and South Merced are also areas where the majority of the City's older housing stock is located and, therefore, the areas with the greatest potential for lead-based paint hazards.

The centerpiece of the City's rehabilitation efforts to date has been the Housing Rehabilitation Loan Program, representing the largest budget allocation for housing-related programs in the City. The program has been extremely popular and successful, providing low-interest loan funds to eligible households. These funds then are recycled into additional loans for other households as they are repaid over time.

Policies:

Objective A:

Policy:

A-1 Continue the City's Housing Rehabilitation Loan Program for owner occupied and rental units

To help retain existing affordable housing units and to ensure a high-quality housing stock, the City of Merced shall provide low-interest loans to homeowners to assist them in rehabilitation efforts. To this end, the City shall promote and pursue the following **Implementing Programs:**

A-1.a Continue the Housing Rehabilitation Loan Program for Homeowners and Owners of Rental Properties

Continue and expand, as needed, the City's Housing Rehabilitation Loan Program. Through the Program, provide low-interest rehabilitation loans to qualifying homeowners and owners of rental properties. Loan principal and interest are paid back over time through a revolving loan pool that is then used to assist others in upgrading their units to meet code requirements and quality standards.

Target date: Ongoing

Objective: Provide Assistance to 150 units over the next 5 years (approx. 30 per year)

Responsibility: Housing Program

Funding Sources: CDBG, HOME, Redevelopment Funds

A-1.b Identify and Notify Owners of Substandard Units

Identify substandard units in need of rehabilitation and notify owners of the availability of financing through the Housing Rehabilitation Loan Program.

Target date: Ongoing

Responsibility: Housing Program

Activities:

1) Housing Rehabilitation and Reconstruction Program

Loans utilizing CDBG, HOME, and RDA Housing Set Aside funds are made to rehabilitate or reconstruct substandard dwelling units. These activities constitute a scope of work that restores or replaces the dwelling unit to fully acceptable standards. This category also includes single-family new construction projects on vacant lots and emergency loans. Emergency Loans are issued to correct deficiencies in a short time frame that if left uncorrected would lead to greater deterioration or make the property uninhabitable. Examples of such activities are roof repairs and sewer line replacements.

Funding Source: CDBG and HOME Funds

Accomplishment/Outcomes:

Complete a minimum of four rehabilitation/reconstruction projects per fiscal year covered by this Plan.

2) Lead Hazard Evaluation and Abatement Program

All rehabilitation projects undertaken with funds provided by the City of Merced Housing Program are examined for lead-based paint hazards. If any are identified, they are remediated as a part of the project.

Funding Source: CDBG and HOME Funds

Accomplishments/Outcomes:

Perform lead hazard evaluations on all rehabilitation projects undertaken and perform abatement when lead hazards are found.

Objective D: City Coordination

(Objectives B & C are under affordability and availability of decent housing on the following pages)

Analysis - An important aspect of the City's housing role is that of serving as a coordinator of affordable housing activities in the City. This role does not serve a particular need group, but rather serves all groups and needy populations by ensuring that the housing programs and activities described in the previous three priority areas are properly implemented, evaluated, and refined on an ongoing basis. These activities require ongoing communication between the City, other housing-related agencies, and those being served by housing programs and activities.

Policies:

Objective D

Policy D-1

Ensure that the City of Merced Provides it's Fair-share of Affordable Housing

To respond to the overall need for affordable housing in Merced County and to recognize that affordable housing is an issue that crosses jurisdictional boundaries, the City shall strive to provide its fair share of affordable housing in the County as identified by the Merced County Association of Governments. To this end, the City shall promote and pursue the following
Implementing Programs:

D-1.a Provide Ongoing Public Information on Affordable Housing Issues and Programs

Ensure that information on affordable housing issues and programs in the City of Merced is made available to city residents, developers, and local lenders, by placing program brochures, copies of city documents, and other pertinent information in the city libraries and at the Merced Civic Center. In addition, make this information available to community-based groups serving lower income residents, such as the Lao Family Community Center. Maximize public visibility for housing programs by encouraging representatives of the local media to cover affordable housing as an important community issue in need of community-wide attention and response.

Objective: Ongoing

Responsibility: Housing Program

D-1.b Review, Revise and Confirm Goals, Policies, Programs, and Quantified Objectives Every Five Years

Conduct a comprehensive review of goals, policies, programs, and quantified objectives included in the Consolidated Plan on a five-year interval. Revise and re-confirm goals, policies, and programs and identify new quantified objectives during the review process. Update the City's Housing Element to reflect the new five-year Consolidated Plan as necessary.

Target date: 2015

Responsibility: Housing Program, Planning Division, and City Council

D-1.c Coordinate with County-wide Policies and Objectives

City staff shall work with staff from the County to periodically review and update policies, programs, and quantified objectives identified in the City of Merced Consolidated Plan and related policy documents to ensure consistency with projections from the Merced County Association of Governments. Consistency between the City and County housing policies and programs shall also be reviewed, with opportunities for cooperative efforts identified and pursued. The review shall coincide with the Annual Program Review authorized in Implementing Program D-2.a.

D-1.d Pursue Land Acquisition Opportunities for Affordable Housing Projects in the City

City staff shall work with non-profit/profit developers, organizations, and other city agencies to purchase land for the development of affordable housing.

Target date: Annual

Responsibility: Housing Program, Planning Division

Policy D-2

Educate the Public Regarding Fair Housing Issues and Programs

To ensure that the City's affordable housing programs and related efforts have maximum impact and benefit, to promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color, and to build public awareness of and support for affordable housing programs, the City shall provide public information and educational materials on affordable housing issues and the programs being undertaken by the City to address those issues. To this end, the City shall promote and pursue the following
Implementing Program:

D-2.a Review and Update the Analysis of Impediment to Fair Housing Choice

Review and update the 2002 Analysis of Impediment (AI) to identify impediments to fair housing choice within the community and take appropriate actions to overcome the effects of any practices or limitations identified.

Target date: Fiscal Year 2014

Responsibility: Housing Program

Policy D-3

Work with local Organizations to Provide Fair Housing Services as Needed

To take appropriate actions to overcome the effects of any discrimination practices or other limitations in the City of Merced, the City shall promote and pursue the following implementation program:

D-3.a Continue to Support Fair Housing Services Provider Program

Maintain the services of Central Valley Coalition for Affordable Housing on fair housing services to provide individual counseling and advocacy services to households who feel they have been discriminated against. This service is provided by the City's fair housing services provider and will include referrals to outside agencies as required if complaints need to be filed.

Target date: Ongoing

Responsibility: Housing Program

Activity:

Housing Program Oversight/Fair Housing

An on-going series of activities has been undertaken by the City of Merced's Housing Program to ensure that low and moderate-income households receive maximum benefit from the funds received by their local government. This area of activity includes constant attention to good communication between various service-provider agencies in the community, knowledge of market conditions and forces that drive good policy decisions regarding the use of resources, and constant evaluation of program efforts. It also refers to the monitoring of the City's *Analysis of Impediments to Fair Housing Choice*. In addition, Fair Housing activities are part of this activity. This includes a contract with the Central Valley Coalition for Affordable Housing to provide fair housing services for the residents of Merced, including a fair-housing hotline.

Funding Source: CDBG and HOME Funds

Accomplishments/Outcomes:

Continue to operate the Fair Housing hot-line to provide services and information to tenants in need of Fair Housing support. In addition, the city will continue to foster good communication with other service providers.

AFFORDABILITY OF DECENT HOUSING (DH-2)

Objective B: New Affordable Rental Housing Construction

Analysis - Although housing prices are beginning to come back to a more affordable for many of the citizens of Merced, there is still a shortage of housing units in the City of Merced that are affordable to extremely low, very low and low-income households. This fact has been emphasized repeatedly in the Community Profile and Market Analysis. According to the 2006-2008 American Community Survey, the incidence of overcrowding has improved since the 2000 Census, but the vacancy rate has increased and the number of households over-paying for housing expenses has not improved. The 2006-2008 ACS reports 27.6% of the households with an income less than \$20,000 are paying 30% or more for housing costs. The percentage overpaying for households making \$20,000 to \$34,999 is 30.3%. Approximately 60 percent of all renter occupied households pay 30% or more of their income for housing costs.

In particular, there is a shortage of housing units that can meet the needs of large family households with very low or low-incomes. These households currently experience the highest incidence of housing overpayment, with nearly 100 percent of such households with incomes below 30 percent of median paying more than 30 percent of their income on housing.

Another area of consideration is people who are homeless and people who are threatened with homelessness. Again, these issues are closely tied to the availability of affordable housing units and special facilities that can meet the particular needs of such persons. Merced saw a large increase in the number of housing units constructed over the last five years. Unfortunately only a small number of them were affordable housing units.

The City partnered with private developers to construct two apartment complexes that provide about 430 affordable housing units (The Grove, Sunnyside and Sunny View). In addition, the City contributed to the construction of a permanent housing shelter. While these projects represent good progress, there is still a shortage of affordable housing in the City of Merced. More new construction activities that increase the supply of affordable housing in the City will help to improve the situation for these persons, particularly when such construction activities are pursued in cooperation with other agencies in the City that are serving these populations.

Persons who are not homeless but who have special housing needs are another group that can benefit from new construction activities. These persons may require specialized housing design, such as accessible housing for persons with disabilities or a residential care facility for persons with AIDS. City housing activities that encourage the construction of such housing can help to meet these housing needs that would likely not be met by private developers alone.

Policies:

Objective B

Policy B1: Support Increased Densities In Residential Areas

To lower the per-unit land costs for new construction, the City of Merced shall explore the potential for increasing residential densities in areas of the City where such increases are in keeping with the City's General Plan goals. To this end, the City shall promote and pursue the following Implementing Programs:

B-1.a Continue to Monitor Residential Densities Through the General Plan Process

An evaluation of residential densities was conducted during the update of the City's General Plan Land Use Element in 1997. In particular, density increases were implemented in residential areas that were: 1) within one-quarter mile of school facilities, retail areas, or employment districts; or 2) within three city blocks of major arterials and public transportation routes. This is an ongoing process that needs to be monitored on at least a bi-annual basis.

Target date: Ongoing process monitored on a bi-annual basis

Responsibility: Planning Division, Planning Commission, and City Council

B-1.b Promote the Use of Residential Planned Development Zoning Designation

Promote the application of Residential Planned Development designations in areas of new development to encourage innovative site planning and clustered housing design.

Target date: Ongoing program utilized as new development application are received

Responsibility: Planning Division, Planning Commission, and City Council

B-1.c Encourage Mixed Use Development Downtown

Encourage mixed-use residential/office/retail approaches to new development in the City's downtown area to support both affordable housing and economic development goals.

Target date: Ongoing

Responsibility: Planning Division, Redevelopment Agency, Housing Program, Planning Commission, & City Council

Policy B-2:

Pursue joint development agreements with profit/non-profit affordable housing developers

*To actively support the construction of new affordable housing units and to leverage public funds for maximum benefit, the City shall promote and pursue the following **Implementing Program:***

B-2.a Participate in Joint Development Agreements

Authorize City staff to explore and, if feasible, develop agreements for the joint public/private development of affordable rental and ownership housing in the City of Merced. City participation in development agreements shall:

- ◆ Ensure a minimum affordable housing mix (e.g., 5% very low income, 10% low income, and 10% moderate income).
- ◆ Ensure affordability of rental units for a period five (5) years minimum or as is specified in the type of loan used for the project.
- ◆ Require that for-sale units be owner-occupied and that they carry subsidy recapture provisions for a minimum time period (e.g.; 20 years) with the level of City subsidy determined at the time of construction as a percentage of development costs. For example, if the City provides a subsidy of \$5,000 towards a unit that costs \$50,000 to construct and that unit is sold in 25 years for a sum of \$500,000, the City shall receive \$50,000 from the sale to reinvest in new affordable housing developments.
- ◆ Require that units receiving subsidy be guaranteed at below-market rents or sales prices for a period of time (e.g., 20 years), with annual rents and allowable sale prices adjusted for inflation. The City may also retain “first right of refusal,” i.e., the right to purchase the unit before it is offered for sale to any other buyers.

Objective: *Ongoing*

Responsibility: *Housing Program, Planning Division, Redevelopment Agency, City Attorney, Finance Department, Planning Commission, and City Council*

Policy B-3

Provide Priority Review and Permitting for Affordable Housing Projects

*To encourage and facilitate the construction of affordable housing for low and moderate-income households, the City shall pursue and implement the following **Implementing Program**:*

B-3.a Provide Priority Review and “Fast-Track” Permitting for Affordable Housing Developments

Review the City’s current procedures for processing development proposals and approving permits, to identify strategies for accelerating the permitting process for affordable housing developments. This will help shorten the pre-construction period for these projects and reduce their carrying costs. Possible recommendations might include procedural changes, one-stop processing, or increased staffing for review of applications.

Target date: *Ongoing program*

Responsibility: *Planning Division, Building Division, and Public Works Department*

Policy B-4

Pursue State and Federal Funds for Developing New Housing Construction

*To maximize the public monies available for new housing construction in Merced and fully leverage the use of local funds, the City shall pursue and promote the following **Implementing Programs**:*

B-4.a Apply for State and Federal Funds to Support New Housing Construction

Identify and apply for funding at the State and Federal levels to finance the construction of new affordable housing in the City. When possible, pursuit of State and Federal monies shall be coordinated with other local agencies and jurisdictions, with private developers and/or with local lending institutions.

Target date: *Apply for federal funds each year over the next 5 years and State funds as they become available*

Responsibility: *Housing Program*

B-4.b Provide Assistance for Private and Nonprofit Applicants to State and Federal Programs

Assist private and nonprofit individuals or organizations in applying for State and Federal funds. Assistance may take the form of information referral, consultation regarding program applications, and/or lobbying by local officials on behalf of the applicant.

Target date: *Ongoing*

Responsibility: *Housing Program*

Policy B-5:

Work in partnership with the local community organizations to support housing to meet special needs

*To ensure that housing in Merced responds to the full range of housing needs present in the population, the City shall promote and pursue the following **Implementing Programs:***

B-5.a Promote and Develop Housing to Meet Special Needs

Work with private and nonprofit developers to finance, design, and construct housing to meet special needs. Such projects might include, but are not limited to: senior housing, including congregate care facilities; housing for people with physical and mental disabilities; and housing for large families.

Target date: Ongoing

Responsibility: Housing Program

B-5.b Continue to pursue projects with the Central Valley Coalition for Affordable Housing (a local CHDO)

The City of Merced will continue to work closely with the Central Valley Coalition for Affordable Housing (a local CHDO) to develop projects to serve groups/individuals with special needs. One source of funding is the HOME, CHDO Set-aside.

Objective: Ongoing

Responsibility: Housing Program and Central Valley Coalition for Affordable Housing

B-5.c Partner with Community Development Based Organizations (CDBO) in the City.

Partner with Community Based Development Organizations to carry out certain activities to include, but not limited to: affordable housing, community economic development, or energy conservation projects.

Target date: FY 2015

Responsibility: Housing Program

Activity:

HUD Section 108 Loan Guarantee Payments (The Grove Apartments)

In October 2002, the City of Merced amended the FY 2002 HUD Annual Plan to approve the financing package for the Grove Apartment project. The Grove Apartments consist of 204 new apartment units on Parsons Avenue between Childs and Gerard Avenues in Southeast Merced. Because the Grove utilized State tax-exempt housing bonds, State tax credits, Section 108 loan, and HOME funds, all 204 units were set-aside for low and moderate-income tenants that meet the strict income requirements of all these programs.

The funding package included a \$4 million loan from the HUD Section 108 Loan Guarantee Program. HUD 108 loans are guaranteed by future CDBG allocations to the City. The loan for the Grove project is \$4 million for a 20-year term at about 5 percent interest. If the Grove's income proves to be insufficient for debt service in any given year, repayment must come from the City's CDBG funds.

Funding Source: CDBG Funds

Accomplishments/Outcomes:

Provide Section 108 Loan payments for the Grove Apartments until the complex becomes self-sufficient and able to service the debt from income from the project. The City expects to make these payments for the period covered by this plan.

AVAILABILITY OF DECENT HOUSING (DH-3)

Objective C: Housing Affordability (Homebuyer Assistance Programs)

Analysis - An income less than 80 percent of the median, adjusted for family size, is classified as "lower income" by the U.S. Department of Housing and Urban Development. In 2000, the number of lower income households in Merced increased to 39.5 percent. The 2006 to 2008 American Community Survey 3-year Estimates indicate a continued increase in the number of "lower income" households in the City of Merced. This survey shows approximately 44 percent of all households in Merced have incomes at 80 percent or less of the area median income, with 23.6 percent of all families living below poverty level.

New construction and rehabilitation activities help to increase and improve the stock of lower rent units in the City, but they cannot entirely bridge the affordability gap that exists for many very low-income households. In 2000, median family income for Merced was \$32,470. Today, it is \$39,050. Fifty percent of the median family income is \$19,550. Assuming that a household pays 30 percent of its gross income on housing, a household with an annual gross income of \$19,550 can afford a monthly rent of \$488. If a household's income falls in the "extremely low income" range, making 30 percent or less of the median income, that household could afford a monthly rent \$294.

The median rent in Merced in 2000, was \$509. In 2010, the average rent for a one-bedroom unit is \$658. The majority of housing units in Merced City are renter occupied. The 2006-2008 ACS estimates 60 percent of the housing units in Merced are renter occupied. In 2000, the median gross rent for Merced was \$435. The 2008 ACS reports the median gross rent as \$727. A household paying more than 30% of its income on all housing costs including utilities is considered to be cost burdened. A household paying more than 50% of its income for housing is considered to have a severe cost burden. 80% to 90% of very low-income households are cost burdened. 30% to 85% of low-income households are cost burdened.

Central Merced and South Merced have a disproportionate number of households in the Low and Very Low-income categories. In particular, there is a large disparity between the concentration of low-income households in the tracts of North Merced and the tracts of South Merced, where the most significant concentrations occur. While low and very low-income households represent 40 percent of all households citywide, approximately 75-80 percent of the households in South Merced fall into the low and very low-income categories.

Another pressing housing need in Merced is the number of low and moderate-income households who are at the threshold of home ownership but unable to enter the sales market due to the barrier of a down payment. These households are typically moderate-income households who can afford monthly mortgage payments on a low-cost home but who do not have the resources for a 5 percent down payment.

While the City of Merced recognizes rental assistance as a pressing need in the City, it sees its role as one of coordination and support in relation to other organizations in the City and County that currently operate such programs, namely the Housing Authority of the County of Merced (Section 8/Housing Choice Vouchers) and the Merced County Community Action Agency (MCCAA). The City has also assigned priority to home buyer assistance for first-time homebuyers and people who are homeless or have special needs.

Policies:

Policy C-1: Provide Down-payment Assistance to Qualifying Homebuyers

*To make home ownership accessible to households of low and moderate income, the City shall provide low-interest loans to assist such households with their down payments. To this end, the City shall promote and pursue the following **Implementing Program:***

C-1.a Continue the First Time Home Buyers Program

Continue to provide low-interest loans to first-time low and moderate-income homebuyers through the City's First Time Home Buyers Program.

Target Date: Ongoing

Objective: Provide Assistance to 5-8 homebuyers per year

Responsibility: Housing Program, Redevelopment Agency, City Council

Funding Source: CDBG and/or HOME Funds

Activity:

First Time Homebuyers Assistance Program

Utilizing HOME funds, the City provides down payment and closing cost loans to assist first time homebuyers to purchase their first residence through the First Time Home Buyers (FTHB) program.

The current Program guidelines are as follows:

- ◆ Maximum loan amount of \$30,000.
- ◆ The interest rate is 3% fixed, and
- ◆ The term of the loan is 30 years (deferred for the first five years).

Funding Source: HOME Funds

Accomplishments/Outcomes:

Provide a minimum of 5 loans per year to First Time Homebuyers throughout the period covered by this Plan.

C. PUBLIC HOUSING STRATEGY 91.215 (c)

33. Describe the public housing agency's strategy to serve the needs of extremely low-income, low-income, and moderate-income families residing in the jurisdiction served by the public housing agency (including families on the public housing and section 8 tenant-based waiting list).
34. Describe the public housing agency's strategy for addressing the revitalization and restoration needs of public housing projects within the jurisdiction and improving the management and operation of such public housing.
35. Describe the public housing agency's strategy for improving the living environment of extremely low-income, low-income, and moderate families residing in public housing.
36. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake to encourage public housing residents to become more involved in management and participate in homeownership. (NAHA Sec. 105 (b)(11) and (91.215 (k))
37. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation. (NAHA Sec. 105 (g))

Section 8 Rental Voucher Programs along with public housing programs in the City of Merced are operated by the Housing Authority of the County of Merced (HACM). The Housing Authority currently owns 477 housing units that are rented to low to moderate income families in the City of Merced. In addition the Housing Authority also operates the Housing Choice Voucher program. Currently, they provide approximately 1911 vouchers to families living in the City.

There are 4,648 families on the Housing Choice Voucher waiting list. The Housing Authority uses "Broad Base Rent" selection criteria to draw from the waiting list of prospective applicants. The waiting list for this program opens and closes depending on waiting list volumes. The Housing Authority also has programs to assist low-income household to purchase a home. Through the Homeownership Program, down payment set aside funds and home buying assistance is provided.

The Resident Opportunities for Self-Sufficiency (ROSS) program is also offered through the Housing Authority. Through this program, families earn an escrow account that they receive after they fulfill their Family Self Sufficiency (FSS) contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance. There are currently approximately 130 families participating in this program.

The City of Merced has identified two strategies to address the needs of public housing in this Consolidated Plan--1) the City will pursue funds to construct new affordable rental housing units; and 2) the City to continue working with the Housing Authority to continue/expand the Housing Choice Voucher program and other programs to help provide housing to low-income families.

VI. HOMELESS

A. PRIORITY HOMELESS NEEDS

*Refer to the Homeless Needs Table 1A or the CPMP Tool's Needs.xls workbook

38. Describe the jurisdiction's choice of priority needs and allocation priorities, based on reliable data meeting HUD standards and reflecting the required consultation with homeless assistance providers, homeless persons, and other concerned citizens regarding the needs of homeless families with children and individuals.
39. Provide an analysis of how the needs of each category of residents (listed in question #38) provided the basis for determining the relative priority of each priority homeless need category.
40. Provide a brief narrative addressing gaps in services and housing for the sheltered and unsheltered chronic homeless.
A community should give a high priority to chronically homeless persons, where the jurisdiction identifies sheltered and unsheltered chronic homeless persons in its Homeless Needs Table - Homeless Populations and Subpopulations.

Given that facilities and services for homeless persons within the City are currently provided by several non-City public and private service agencies, the City has not independently outlined any necessary funding for programs or priorities. However, to the extent possible, the City shall continue to coordinate with these agencies to address needs of families/individuals that have been displaced from the housing market and will rely on these agencies to help guide the City's priorities for homeless funding. Funding and priority issues are addressed as part of the Continuum of Care (CoC) Strategy.

The 2009 CoC placed permanent housing for the chronically homeless as the highest priority. If funded, this project would provide eight permanent housing units for Merced's chronically homeless population. Turning Point, a local non-profit mental health provider, would operate the program.

Another priority for the CoC is to develop a permanent housing committee to help identify other possible resources to increase the permanent housing supply. The 2009 CoC identifies 341 persons experiencing homelessness. Of this number, 213 are unsheltered. The following table identifies the number of sheltered and unsheltered individuals by sub-population.

Figure 18

	Sheltered	Unsheltered	Total
Chronically Homeless	21	30	51
Severely Mentally Ill	62	24	86
Chronic Substance Abuse	88	46	134
Veterans	9	13	22
Persons with HIV/AIDS	3	0	3
Victims of Domestic Violence	30	15	45
Unaccompanied Youth (under 18)	0	0	0
Total	213	128	341

In comparing the Continuum of Care’s sheltered population during the 2007 and 2009 point-in-time counts, a decrease in the number of beds available for emergency domestic violence shelters as well as the number of beds available for emergency shelter during the winter months was revealed. This decrease can be attributed to the closure of A Woman’s Place and not operating the Armory shelter during the winter months.

A Woman’s Place closed in 2009. This shelter offered 65 beds during the 2007 count. The Valley Crisis Center took over the services of A Woman’s Place, but only provided 15 beds during the 2009 count. This change resulted in a loss of 50 beds. However, due to this decrease, other communities (outside of the CoC) have partnered with the Valley Crisis Center to assist with shelter and help ensure this population remains off the streets.

Prior to the permanent homeless shelter being constructed, a winter shelter was provided at the National Guard Armory. This shelter provided 100 beds during the winter months. The permanent shelter provides 60 beds year-round, but the number of beds during the winter months has been decreased by 40 beds.

The CoC also identified a 61% increase in the homeless population who has a chronic substance abuse problem from the 2007 point-in-time survey compared to the 2009 survey. The CoC also reported a 27% decrease in veterans as part of the homeless population.

Factors that may have contributed to the increase in the number of homeless with a chronic substance abuse issue include overcrowding in jails, resulting in an early release of inmates that have histories of substance abuse. In addition, it is thought the survey is reaching more of the homeless population than in previous years and more of the homeless population are “trusting” the process and feel safe disclosing information they may not have previously disclosed.

In 2009, the Merced Community Action Agency opened a shelter for homeless women and children. This shelter, named Canal Creek, provides 16 beds, meals, self-sufficiency classes, and permanent housing placement assistance. The Agency also offers “Homeless Prevention Funds” in the form of a one-time cash payment to place the homeless in permanent housing, or to maintain current housing. This program is available on an on-going basis until funds are exhausted. All programs are designed to be a temporary fix to alleviate the discomforts associated with homelessness, while attempting to place the customers in permanent, long-term housing.

In an effort to find and assist homeless youth, the Merced Union High School District (MUHSD), a partner of the CoC, employs a part-time homeless liaison. MUHSD received

Recovery Act funding in the amount of \$50,000 per year over the next 3 years to fund this position. The liaison helps to identify and track homeless youth and their families, increase homeless student's access to school programs, increase coordination between schools and agencies providing services to homeless children and youth, and increase referral services for students and families to access mainstream resources.

In an effort to identify and engage individuals who sleep on the streets or in buildings that are unsafe for human habitation, the City's Code Enforcement Officers visit sites where transients take refuge on the streets, canal banks, and under bridges. The officers speak with the homeless regarding their basic needs and provide referrals as necessary. It should be noted that partial funding for the Code Enforcement program is provided through CDBG funds.

The Merced County Human Services Agency also visits these sites to try to determine, on an individual bases, if these individuals would access services or if there are services they are not currently accessing. This process brings the information and services to the site instead of them having to initiate and visit the Human Services Agency. In addition, the Merced County Mental Health Department representatives conduct a weekly outreach to mentally ill homeless living on the streets, in encampments, and in vehicles to offer services.

The City and other agencies of the Continuum of Care will work to determine if another permanent homeless facility is needed or if efforts should be focused on transitional shelters. If a project is feasible, the City will strive to provide funding, if possible.

B. HOMELESS STRATEGY 91.215 (d)

Homelessness:

41. Describe the jurisdiction's strategy for developing a system to address homelessness and the priority needs of homeless persons and families (including the subpopulations identified in the needs section). The jurisdiction's strategy must consider the housing and supportive services needed in each stage of the process which includes preventing homelessness, outreach/assessment, emergency shelters and services, transitional housing, and helping homeless persons (especially any persons that are chronically homeless) make the transition to permanent housing and independent living.
42. Describe the jurisdiction's strategy for helping extremely low- and low-income individuals and families who are at imminent risk of becoming homeless.

As described above, the City works with other agencies to provide shelters and other housing needs for the homeless community. Many of these agencies utilize the Homeless Management Information System (HMIS) program to track the characteristics and needs of the homeless population.

For several years, the City has worked with other agencies to help address the homeless needs of our community. Beginning in 2004, the City and County of Merced have contributed \$25,000 each (total of \$50,000) for the preparation of the Continuum of Care Plan by the Merced County Association of Governments (MCAG). The 2005 Merced County Continuum of Care Plan and

Grant Application was awarded \$565,953 from HUD to fund the HMIS and a supportive housing project known as Project Home Start. The 2006, 2007, and 2008 Continuum of Care Plan and Grant Applications were only awarded renewal funding to sustain the HMIS system. In 2009, the Continuum of Care program received \$81,163 to continue the HMIS project for gathering characteristics of the homeless population and the services they are accessing.

In addition to the HMIS grant in 2009, Project Home Start received \$134,466 to continue providing permanent supportive housing to four chronically homeless, mental health clients. The CoC also applied for funding for two new projects that will be operated in Merced County. First, \$248,783 (for 2 years) will provide funding for a permanent supportive housing project for six chronically homeless adults. Supportive services, operations, and match requirement will be provided by "Turning Point," a local non-profit mental health provider.

The second project for \$115,534 (for 2 years) will provide supportive services for a transitional housing project operated by Community Social Model Advocates. The project will address the need for residential care of homeless substance abusing women and homeless women with children by providing housing and supportive services for 10 women with up to six children for a minimum of 180 days to a maximum of 24 months. Community Social Model Advocates has committed to providing the necessary cash match. As of May 3, 2009, HUD has not announced the award of funds for new CoC projects.

In addition to these programs, MCAG is also in the process of working with jurisdictions, government agencies, and homeless service providers to identify a funding source to develop a 10-Year Plan to End Chronic Homelessness. MCAG released a Request for Proposals (RFP) in September 2009, to gage the costs of the 10 Year Plan. The City of Merced has allocated funds to support this plan in the 2010 Annual Plan and expects to continue providing funding as needed.

In 2006, the City contributed funds for the construction of a new homeless shelter in the City of Merced, providing 60 beds. This shelter was opened in May 2007. The shelter is operated by the Merced County Community Action Agency (a non-profit organization) and provides meals, beds, showers, and laundry facilities. In addition, the shelter provides health care, including mental health services, counseling, job searches, and classes in a variety of educational areas.

In 2009, the City was awarded \$515,203 by HUD for the Homelessness Prevention and Rapid Re-Housing Program (HPRP). These funds will be used to target individuals and families who are currently in housing but are at risk of becoming homeless and those who are currently experiencing homelessness. The funds will be distributed among continuum of care agencies providing homeless services in the City of Merced to implement the program. This program will target those who are at risk of becoming homeless as well as those who are currently experiencing homelessness. Activities provided through this funding are focused on either providing financial assistance to help pay for housing, or services to keep people in housing or to find housing. HPRP assistance is not intended to provide long-term support. Assistance is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability.

Although there are several housing options available for the homeless community, many of them choose not to take advantage of the shelters. There are various reasons individuals may choose not to stay at a shelter including the fact that there are no shelters for couples, some have pets

they do not want to be separated from (even though kennels are provided at some shelters), or they just don't want to abide by the rules of the various shelters.

Chronic Homelessness:

43. Describe the jurisdiction's strategy for eliminating chronic homelessness. This should include the strategy for helping homeless persons make the transition to permanent housing and independent living. This strategy should, to the maximum extent feasible, be coordinated with the strategy presented in Exhibit 1 of the Continuum of Care (CoC) application and any other strategy or plan to eliminate chronic homelessness.
44. Describe the efforts to increase coordination between housing providers, health, and service agencies in addressing the needs of persons that are chronically homeless.(91.215(l))

As previously mentioned, the City coordinates with the Merced County Association of Governments (MCAG) to prepare and implement the Continuum of Care (CoC) programs. The City will assist as much as possible in implementing the strategies and objectives identified in the CoC and in coordinating efforts among different service providers. The following is excerpted from the CoC describing the actions planned to address chronic homelessness:

“The CoC ranked a permanent housing project for the chronically homeless as the highest priority in the 2009 CoC Plan. The project, if funded, will provide eight permanent housing units for Merced's chronically homeless population.

Additionally, the CoC will develop a permanent housing committee to begin identifying other possible resources to increase the permanent housing supply. This committee will meet at least quarterly beginning in January 2010.

Mental Health Services Act (MHSA) funding will be accessed to create 10 units of permanent housing within a new construction project (Gateway Terrace). This project will serve transitional youth age 18 and over, adult/older women and men who are homeless or at risk of homelessness and have psychiatric disability.

Currently there are 4 beds available for chronically homeless persons. The CoC will strive to create 6 new beds within the next year, an additional 5 beds over the next 5 years and a total of 30 beds within the next 10 years. The City will provide assistance, as needed, to help achieve these goals.”

Homelessness Prevention:

45. Describe the jurisdiction's strategy to help prevent homelessness for individuals and families with children who are at imminent risk of becoming homeless.

As explained above, the City does not operate homeless facilities, but provides support and funding as available. Therefore, the City relies on the strategy provided by the CoC. As part of that strategy, the CoC will strive to create an apartment complex in the City of Merced where some, if not all, the units will be designated for homeless families. Residents will be provided

with opportunities to develop skills through employment and vocational training to help them gain self-sufficiency.

The CoC indicates the current number of homeless families is 10, the CoC recognizes this number is quite low compared to estimates received from the Merced County Human Services Agency based on the number of families who have received some type of homeless assistance in 2008. The CoC will work to improve their method of calculating the number of homeless households with children. Future counts will be coordinated with the local school districts in an effort to achieve a more accurate count.

Although the City does not operate any homeless facilities, it does endeavor to provide opportunities for more affordable housing through the Housing Program. This includes joint projects with private developers, rehabilitation projects, and recently through the use of funds awarded for the HPRP, which are being used by CoC agencies to implement or continue programs to assist individuals and families who are currently homeless or at risk of becoming homeless.

The Community Action Agency also offers Homeless Prevention Funds are offered in the form of a one-time cash payment to place the homeless in permanent housing, or to maintain current housing. Additional information on this program was previously provided in this report under "Priority Homeless Needs".

Institutional Structure:

46. Briefly describe the institutional structure, including private industry, non-profit organizations, and public institutions, through which the jurisdiction will carry out its homelessness strategy.

Activities to achieve the strategies to address homelessness as described in the CoC will primarily be carried out by CoC member organizations. The City will continue to provide assistance and work with all organizations to address homelessness. In the past, the City has developed projects and worked closely with the Central Valley Coalition for Affordable Housing, the Merced County Housing Authority, the Merced County Community Action Agency, and Merced County Mental Health Department. The City anticipates developing more projects with some or all of these agencies over the next 5 years. In addition, the City will continue to participate in the preparation of the "10-year Plan to End Chronic Homelessness".

Discharge Coordination Policy:

47. Every jurisdiction receiving McKinney-Vento Homeless Assistance Act Emergency Shelter Grant (ESG), Supportive Housing, Shelter Plus Care, or Section 8 SRO Program funds must develop and implement a Discharge Coordination Policy, to the maximum extent practicable. Such a policy should include "policies and protocols for the discharge of persons from publicly funded institutions or systems of care (such as health care facilities, foster care or other youth facilities, or correction programs and institutions) in order to prevent such discharge from immediately resulting in homelessness for such persons." The jurisdiction should describe its planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how the community will move toward such a policy.

The City does not have its own policy addressing discharge coordination, but relies on the CoC's policies and protocols for discharge planning. The CoC's discharge planning program includes food, housing, recovery programs, social activities, finances/budgeting, education, GED counseling, and physical health. The CoC identifies policies and protocols used by different systems of care to ensure persons are not routinely discharged into homelessness.

C. SPECIFIC OBJECTIVES/HOMELESS (91.215)

48. Identify specific objectives that the jurisdiction intends to initiate and/or complete in accordance with the tables prescribed by HUD, and how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan. For each specific objective, identify proposed accomplishments and outcomes the jurisdiction hopes to achieve in quantitative terms over a specified time period (one, two, three or more years) or in other measurable terms as defined by the jurisdiction.

Complete and submit Table 1C Summary of Specific Objectives or, if using the CPMP Tool, the Summaries.xls worksheets.

The City's Objective to address homelessness is identified in Objective D – City Coordination. Through this objective, the City provides CDBG funds to the Merced County Association of Governments (MCAG) for the preparation and implementation of the Continuum of Care. In addition, the City is participating in and providing for the preparation of the 10-year plan to end chronic homelessness.

Policies:

Policy D-4:

Coordinate with the County and Local Agencies to end Chronic Homeless by applying for Continuum of Care grant funds

To work with relevant service agencies to provide assistance in locating housing and related support services for those who have been displaced from the housing market. The City shall coordinate with the County and other agencies and nonprofit service providers to secure transitional housing to meet the temporary and supportive housing needs of these households. To this end, the City shall promote and pursue the following Implementing Program:

D-4.a Continue to Support Efforts to Coordinate Homeless Services

The City continues to work with Merced County to provide funding to support the Continuum of Care Plan efforts. Merced County Association of Governments (MCAG) has been selected by the City and County to organize the meetings with the Community Action Partnerships, County Agencies, United Way, Merced County Human Services Agency, the County Housing Authority, local church groups, and other service providers to prepare the Continuum of Care Plan for the entire County each year. Implementing this Program commits the City and County to the preparation of a Continuum of Care Strategy Plan each year, headed by MCAG.

Objective: *Submit CoC Plan to HUD for homeless funds each year for the next 5 years*

Responsibility: *Housing Program*

D-4.b Prepare a Continuum of Care Plan to address the City and County's homeless Needs

To ensure that adequate services and facilities for the Homeless are available in Merced, the City will prepare a Continuum of Care Plan in conjunction with the Merced County Community Action Agency. The plan will address gaps in current services and the need for new services and/or facilities. The ultimate goal of the Plan will be to apply for federal McKinney Act funds. The Plan will also address strategies to a) prevent homelessness; b) for reaching out to homeless individuals and assessing their individual needs; c) to address the emergency shelter and transitional shelter needs of homeless persons; and d) for helping persons make the transition to permanent housing and independent living.

Responsibility: *Housing Program, Merced County, MCAG, Homeless Services Agencies*
Funding Source: *CDBG*

Policy D-5:

Continue working with other organizations in the community for support and acquisition of permanent homeless shelter facilities funding for populations in need.

*To address the needs of families and individuals who have been displaced from the housing market, the City shall promote and pursue the following **Implementing Program:***

D-5.a Explore the Feasibility of Developing Transitional Housing for the Homeless and a permanent Emergency Shelter facility

Partner with other homeless services providers for development of transitional housing to serve homeless families and individuals. In addition, work with other agencies and nonprofit organizations to explore the need for developing an additional permanent emergency shelter facility in the City.

Objective: *Assess the need for an addition permanent shelter and other facilities in the City*

Responsibility: *Housing Program, Merced County, Community Action Partnership*

The Continuum of Care (CoC) identifies five objectives to address the needs of the homeless population. The following information was taken from the 2009 CoC describing the proposed methods to address the needs of the homeless population.

1) Create new permanent housing beds for Chronically homeless individuals.

This objective and proposed actions were described in detail under the "Chronic Homelessness" section. Please refer to that section for more information.

2) Increase percentage of homeless persons staying permanent housing over 6 months to at least 77 percent.

The CoC has implemented a plan that has proven to be very successful in achieving this objective. This plan provides at least 25 hours of weekly counseling, mental health care, and good tenant training for the four residents of the Project Home Start facility. Weekly

meetings with project staff are held to coordinate housing and supportive services on site at the residences. In addition, monthly meetings will be held with the agencies involved and the tenants to address any problems, increase communication, and provide general guidelines and information. As the number of permanent housing units increases, this program will be expanded to reach all residents of the housing units.

According to the CoC, 100 percent of the persons in permanent housing have remained for at least six month, with 80 percent remaining for 1 year. In 5 years, the CoC has set a goal to have 85 percent of the persons in permanent housing to remain for at least six months and 90 percent in 10 years.

3) Increase percentage of homeless persons moving from transitional housing to permanent housing to at least 65 percent.

The CoC will improve the percentage of persons moving from transitional housing to permanent housing by assessing each individual at the beginning of every program. Goals and action steps will be created immediately upon entry into a transitional housing program. Goal setting/action steps will include the transition out of managed care (discharge planning). In addition, training will continue for all agencies involved ensuring an understanding of the mainstream resources available to assist their clients and provider meetings will be held to compare best practices.

4) Increase percentage of persons employed at program exit to at least 20 percent.

The CoC will continue to partner transitional housing programs with Worknet and the Employment Development Department. Through these programs participants receive job placement assistance, resume writing skills, and interview practice. The program also assists participants with school enrollment and GED counseling.

The CoC reports that currently 27 percent of persons are employed at program exit. In 5 years, they hope to increase that to 29 percent and within 10 years to 32 percent.

5) Decrease the number of homeless households with children.

The CoC will strive to provide more housing for homeless households with children. They hope to be able to construct an apartment complex in the City of Merced in which a certain number of units would be set aside for homeless families. Residents of the complex would also be able to learn self-sufficiency skills through employment and vocational training.

The CoC indicates they will draft an action plan with the City of Merced by early 2011 and start construction within the next 5 years.

VII. NON-HOMELESS SPECIAL NEEDS

*Refer to Table 1B Non-Homeless Special Needs or the CPMP Tool's Needs.xls workbook

A. PRIORITY NON-HOMELESS NEEDS 91.215 (e)

49. Identify the priority housing and supportive service needs of persons who are not homeless but may or may not require supportive housing, i.e., elderly, frail elderly, persons with disabilities (mental, physical, developmental, persons with HIV/AIDS and their families), persons with alcohol or other drug addiction by using the Non-homeless Special Needs Table.
50. Describe the basis for assigning the priority given to each category of priority needs.
51. Identify any obstacles to meeting underserved needs.
52. To the extent information is available, describe the facilities and services that assist persons who are not homeless but require supportive housing, and programs for ensuring that persons returning from mental and physical health institutions receive appropriate supportive housing.
53. If the jurisdiction plans to use HOME or other tenant based rental assistance to assist one or more of these subpopulations, it must justify the need for such assistance in the plan.

There are several programs in the City of Merced that provide housing and housing related services for people with special needs.

Elderly:

The issue of affordability is of particular importance to seniors because they usually live on fixed incomes. As housing costs rise, the cost burden on senior households increases. The 2006-2008 American Community Survey (ACS) calculates the number of Owner-Occupied Elderly Households age 65 or older as being 2,351 (63 percent of the overall number of owner-occupied households age 65 or older). Of that number, 940 live alone. The number of Renter-Occupied Elderly Householders 65 years and over was 1,391 (37 percent of age 65 and over householders). The 2006-2008 ACS also estimates that 18.2 percent of all people age 65 and older live in poverty.

Elderly persons in need of supportive housing services are primarily served through the Housing Authority of the County of Merced. In addition, a number of elderly and frail elderly are served by private nursing homes in the City as well as residential care facilities. In 1990, there were 347 individuals in nursing homes in Merced. In 1999, there were 339 individuals over 60 years of age in nursing homes. Based on these figures, the number of housing units provided by HACM and beds provided in group homes are sufficient to meet the needs of the elderly.

The Merced County Area Agency on Aging (AAA) and the Human Services Agency (HSA) also provide many programs and services to assist the elderly. Many of the programs are aimed at helping the elderly remain in their homes for as long as possible. They also have programs to

provide housing assistance as well as other services such as providing food and help with everyday chores.

Frail Elderly:

The City does not have an accurate count of the number of frail elderly living in the City. However, the services listed above would also apply to the frail elderly.

Persons with Mental Illness:

Housing services for people with mental illnesses are provided and coordinated by the Merced County Department of Mental Health. The Department has the capacity to serve 6 individuals (women only) in supportive housing sites in the county. The Department also provides referrals to the Community Action Agency and other organizations that provide motel vouchers and emergency shelter facilities. The Department estimates that there are 400 people in the county with mental illnesses who are in need of supportive housing services of some type. The Department works closely with other facility and service providers in the county, such as the Community Action Agency and the Rescue Mission (a county-based shelter) to ensure that clients receive housing services and other supportive services, such as rehabilitation and training programs. Clients who are served include people returning to the community from mental health institutions, veterans from the Vietnam War, substance abusers, people with schizophrenia, and people with mute disorders. There is currently no supportive housing for persons leaving mental/physical health facilities in Merced County.

The County Department of Mental Health also operates other programs targeted at assisting persons with mental illness to find housing and integrate back into the community. One of those programs is the CARE program. CARE uses an intensive team approach with emphasis on housing first and the development of employment and /or educational opportunities. It is based on the recovery philosophy of “whatever it takes” to integrate seriously emotionally disturbed transition age youth and severely mentally ill adults back into the community, promoting meaningful use of time.

Another program targeted at youth with mental illness is the Transition to Independence Process (TIP) system. The mission of the TIP system is to assist young people with emotional and/or behavioral difficulties in making a successful transition to adulthood to include education, employment, living situation, and community life. The Transition to Independence Process (TIP) Model was developed to engage youth and young adults in planning their own futures; provide them with developmentally-appropriate services and supports; and involve them, their families and other support figures in preparing for greater self-sufficiency and successful achievement of goals. In the Transition to Independence Process, “transition facilitators” assist young persons in making a successful transition into adulthood in order to achieve personal goals in the transition domains of employment, education, living situation, personal adjustment, and community life functioning.

Persons with Disabilities:

There are no supportive housing services currently available for people with disabilities in Merced County.

Persons with Alcohol and/or Other Addictions:

Housing services for people with drug and alcohol dependencies are also coordinated through the County Department of Mental Health in their Division of Alcohol and Drug Dependencies. The division funds two residential recovery centers

- 1) Hobie House: with 25 beds for men in the City of Merced; and
- 2) Tranquility Village: in the City of Atwater about 5 miles west of Merced, with 21 beds for women and children and 36 beds for households without children.

Both facilities are operated by a private nonprofit organization (Community Social Model Advocates) in the City under contract with the Department of Mental Health. In addition, the division helps clients find appropriate housing services through referral to other service providers when such services are available and division resources are inadequate for meeting such needs.

Persons with AIDS and Related Diseases:

Housing services for people with AIDS are provided through the Merced County Health Department. The Health Department currently operates Parsons House (Permanent Supportive Housing) with six-beds. The Health Department also provides rental assistance for those who are in need of housing assistance. Other emergency shelter facilities are typically not recommended due to the potential for exposure to diseases for persons with AIDS.

Victims of Domestic Violence:

Housing services for domestic violence are provided by *The Valley Crises Center*, a private service organization. The City is committed to assisting with the promotion and development of housing facilities should they be requested in the future. The City recognizes that it is critical that successful transitional housing programs provide a wide range of flexible and optional services that reflect the differences and individual needs of battered women and their children (or individually), and that allows victims to choose the course of action that is best for them. Through coordination with non-profit groups that serve these victims, the City supports efforts to seek funding for such programs.

Farm Workers:

Farm workers provide an essential contribution to the agricultural economy of Merced County. Merced County ranks fifth in the state in value of agricultural production. The farm worker population experiences a distinct set of issues contributing to housing challenges, including seasonal income fluctuations, very low incomes, and a severe deterioration of existing housing stock. Among the farm worker population, there are several different groups—each with its own housing problems.

Farm worker characteristics are difficult to determine due to a lack of data regarding farm workers. This deficiency is caused by several contributing factors, potentially including limited

English speaking abilities, low educational attainment levels, and a distrust of government agencies, including those who work for the Census Bureau.

Regular or year round farm workers are defined by the Employment Development Department as those working 150 or more days for the same employer. Seasonal workers are those who work less than 150 days annually for the same employer. Migrant seasonal workers are defined as those who travel more than 50 miles across county lines to obtain agricultural employment.

The 2000 U.S. Census estimates that there were approximately 6,529 workers employed in Agriculture in Merced County. This figure includes farmers and members of their families who were unpaid; regular and seasonal hired domestic workers; and agricultural workers brought to California under contract from outside the United States.

Farm workers have the lowest annual household income of any occupation surveyed by the US Census. The problem of low hourly wages is compounded by the seasonal nature of agricultural employment, resulting in farm workers' inability to compete for housing on the open market.

The Housing Authority of the County of Merced manages four migrant housing centers in the County, totaling 255 units, which are available in the summer season only. These units are reserved for farm workers only. The total number of units and center locations are:

- 62 units with daycare center, Atwater/Livingston
- 50 units with daycare center, Merced
- 56 units with daycare center, Los Banos
- 87 units with daycare center, Planada (Unincorporated Merced County)

In addition, there are 55 private farm worker camps in the County that are licensed by the State, 3 of which are in the City of Merced. There are approximately 100 units provided by these camps in the City of Merced.

In 2000, agricultural employment was equal to 8.7 percent of the total workers in the farming industry. According to MCAG's Regional Housing Needs Plan, assuming that farm workers' assisted housing need is equal to their proportion of the labor force, it can be estimated that 160 assisted housing units are currently needed. Based on that estimate, that need is assumed to be met considering the 255 units offered by the Housing Authority as listed above. This was confirmed by the Housing Authority representatives on the City's Housing Element Task Force.

The quantitative aspects of farm worker demand for housing are often overshadowed by the qualitative characteristics of the housing they occupy. Because most farm worker families have low or very low incomes, the segment of the housing stock they occupy is typically substandard (and as previously mentioned, overcrowded). Many farm labor residences within the City of Merced consist of mobile homes, trailers, and literal "sheds" that are typically in substandard conditions. The alleyways of south Merced give testimony to similar housing conditions.

B. SPECIFIC SPECIAL NEEDS OBJECTIVES 91.215 (e)

54. Identify each specific objective developed to address a priority need by number and contain proposed accomplishments and outcomes the jurisdiction expects to achieve in quantitative terms through related activities over a specified time period (i.e. one, two, three or more years), or in other measurable terms as identified and defined by the jurisdiction.

The jurisdiction may satisfy this requirement by using Table 1C or, if using the CPMP Tool, the Projects.xls worksheets

55. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

Persons who are not homeless but who have special housing needs are another group that can benefit from new construction activities. These persons may require specialized housing design, such as accessible housing for persons with disabilities or a residential care facility for persons with AIDS. City housing activities that encourage the construction of such housing can help to meet these housing needs that would likely not be met by private developers alone.

To address the housing issues for those with special needs, the City adopted the following Objective, Policies, and Activities:

AVAILABILITY AND AFFORDABILITY OF DECENT HOUSING (DH-1)

Objective B: New Affordable Construction

Policies:

Policy B-5

Work in partnership with the local community organizations to support housing to meet special needs

*To ensure that housing in Merced responds to the full range of housing needs present in the population, the City shall promote and pursue the following **Implementing Programs:***

B-5.a Promote and Develop Housing to Meet Special Needs

Work with private and nonprofit developers to finance, design, and construct housing to meet special needs. Such projects might include, but are not limited to: senior housing, including congregate care facilities; housing for people with physical and mental disabilities; and housing for large families.

Target date: Ongoing

Responsibility: Housing Program

B-5.b Continue to pursue projects with the Central Valley Coalition for Affordable Housing (a local CHDO)

The City of Merced will continue to work closely with the Central Valley Coalition for Affordable Housing (a local CHDO) to develop projects to serve groups/individuals with special needs. One source of funding is the HOME, CHDO Set-aside.

Objective: Ongoing

Responsibility: Housing Program and Central Valley Coalition for Affordable Housing

B-5.c Partner with Community Development Based Organizations (CDBO) in the City. Partner with Community Based Development Organizations to carry out certain activities to include, but not limited to: affordable housing, community economic development, or energy conservation projects.

Target date: FY 2015

Responsibility: Housing Program

Activity:

Community Housing Development Organizations (CHDO)

The City will continue providing financial assistance for development of other affordable housing projects targeting very low-income residents and those with special needs in the community. The City works closely with the developers of affordable housing projects to bring in more Federal and State funds. In addition, the City will provide CDBG and HOME loans available to the developers of affordable housing projects.

Funding Source: CDBG Funds

Accomplishments/Outcomes: Complete a minimum of one project per year to serve those with special needs.

VIII. COMMUNITY DEVELOPMENT

A. PRIORITY COMMUNITY DEVELOPMENT NEEDS 91.215 (f)

**Refers to Table 2B or to the Community Development Table in the Needs.xls workbook.*

56. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table* – i.e., public facilities, public improvements, public services and economic development.
57. Describe the basis for assigning the priority given to each category of priority needs provided on Table 2B or the Community Development Table in the CPMP Tool's Needs.xls worksheet.
58. Identify any obstacles to meeting underserved needs.

Besides housing needs, the low and moderate-income residents of Merced are also in need of a variety of public services and facilities. That need is especially critical in South Merced. There are various infrastructure projects that will need to be undertaken in order to maintain a healthy and safe living environment in South Merced. Such public improvement projects include recreational facilities and sidewalks.

Partial funding is provided for four police officers whose primary focus is gang activity prevention and intervention in low-income neighborhoods and school sites. These officers participate in programs at the City's middle and high schools to help educate our youth on the dangers of gangs. In addition, they target existing gang members and the criminal activities associated with gangs. The officers help remove guns and drugs from the streets to provide a safer community. The City hopes to reach a minimum of 500 school aged children through the police officers educational programs. This activity is funded with CDBG funds.

In addition to police officer funding, CDBG funds are used to provide the salary for a Police Community Aide. The Police Department has two Community Aides – one for the Hispanic community and one for the Southeast Asian community. While the aides work primarily with the Southeast Asian and Hispanic communities, services are provided to all city residents in need of assistance. Typical contacts involve assisting people to negotiate the criminal justice or legal system. Common issues are landlord/tenant problems, juvenile delinquency, and neighbor disputes.

The Police Community Aides are also involved in proactive programs such as "Kops for Kids," parenting empowerment classes, and serve as Community Builders. The Aides attend neighborhood meetings and activities (such as Neighborhood Watch and Neighborhood Team-up) and assist with the Hmong television program produced weekly for the local cable access channel. There is also a great deal of contact with community agencies including schools, the District Attorney's Office, Child Protective Services, Adult Protective Services, Public Defender's Office, Victim Witness Program, and The Valley Crisis Center (domestic violence shelter and service provider).

In an effort to eliminate blight and encourage pride in neighborhoods, CDBG funds are used to help fund the City's Code Enforcement Program. The City's Code Enforcement Division

currently consists of three full-time Code Enforcement Specialists (one assigned to each of the three districts: North, Central, and South Police Districts). This program provides neighborhood intervention in order to forestall deterioration. Those projects that meet the qualifications are referred to the Housing Division for possible rehabilitation. Code Enforcement activities include abatement of nuisances, such as abandoned vehicles, unsightly and poorly maintained properties, and physically deteriorated structures. The premise of Code Enforcement is to gain voluntary compliance in order to eradicate circumstances that if left unchecked, will lead to further neighborhood deterioration. If voluntary compliance is not achieved, more strenuous measures can be taken. Code Enforcement officers host Neighborhood Partnership workshops, attend Neighborhood Watch, property owner associations, and other community meetings. They are also engaged in neighborhood clean-up projects, the "adopt a park" program, and other such neighborhood activities.

Community services directed at youth have been identified as a priority for the City. During the last five years, the City has continued funding community services targeted at providing activities and education for the youth of our City. Over the next 5 years, the City anticipates providing funding for activities such as the Lao Family after-school program and for improvement projects at City Parks in the South Merced area. In addition, the City will continue moving forward with installing new sidewalks in the South Merced area.

B. COMMUNITY DEVELOPMENT/PUBLIC FACILITIES OBJECTIVES:

SUSTAINABILITY OF A SUITABLE LIVING ENVIRONMENT (SL-3)

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities

Analysis - The City of Merced is committed to increasing the level of youth services and programs in the community, especially those targeted at young people who are "at risk" of becoming involved in criminal activities. In the City's 1997 Public Facilities Financing Plan, the need for one youth center for each 50,000 people in the City was identified. In 2000, the City contributed about \$1 million toward the construction of a youth center at 15th and M Streets in Merced (within Census Tract 13 with a 67% low-mod population). The City will continue to provide funding for these types of services as needed.

The City is also committed to ensuring the availability of necessary infrastructure throughout the City. Infrastructure for industrial sites is especially critical given the need to provide jobs for the many unemployed in Merced. The City is committed to pursuing such anti-poverty and economic development programs. Recreational facilities in low-income neighborhoods also help in anti-crime and gang prevention/intervention efforts. Improvements to such recreational facilities will also be pursued.

Policies:

***Policy F-1:
To Ensure Funding for the Construction and Preservation of Youth Services and Meeting Halls***

The City of Merced shall implement the following Implementing Program:

F-1.a Fund the construction of youth centers in the community as needed

To ensure the construction of youth centers, the City shall provide funds for site acquisition, construction and/or rehabilitation in cooperation with other community groups and the City Redevelopment Agency.

Target date: Ongoing

Responsibility: Redevelopment Agency, Housing Program, Other Youth-Program organizations

Funding Source: CDBG, Redevelopment Agency

***Policy Objective F-2
To Ensure the Funding for Improvements to Parks and Recreational Facilities in Eligible Census Tracts***

The City of Merced shall implement the following Implementing Programs:

F-2.a Fund improvements to neighborhood parks and other recreational facilities in low-income census tracts.

Provide funding for improvements to neighborhood parks and other recreational facilities in low-income census tracts in the City.

Target date: Ongoing

Responsibility: Housing Program, Parks and Community Services

Funding Source: CDBG

Funding Source: CDBG Funds

Accomplishments/Outcomes:

Provide public facilities to serve the residents in income eligible census tracts. No specific plans are in place at this time. If a project is feasible, the Housing Program will provide funding if available.

C. COMMUNITY DEVELOPMENT/PUBLIC IMPROVEMENTS OBJECTIVES:

SUSTAINABILITY OF A SUITABLE LIVING ENVIRONMENT (SL-3)

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities

*Policy Objective F-3
To Construct Public Facilities and Infrastructure Projects in Low-Income Neighborhoods as Needed*

The City will pursue the following Implementing Program:

F-3.a Consider providing funding to construct various public facilities and/or infrastructure projects in low-income neighborhoods on an annual basis.

The City will consider providing funding to various public facility and infrastructure projects. Funds will be used for sidewalk, handicap access ramps, curb/gutter, and street improvements in the low-income neighborhoods of the City of Merced. The determination on which projects will receive funding will be made each year by the City Council as part of the HUD Annual Plan process.

*Target date: Ongoing
Responsibility: Housing Program, City Council, Public Works
Funding: CDBG Funds*

Activities:

Sidewalk and Alley Improvements & Repairs, South Merced - Although CDBG funds aren't allocated to this project on a yearly basis, additional program income, when available, are used for this project. In previous years, this program replaced the water main and reconstruct the alley between 9th and 10th Streets and "D" and "E" Streets, located in South Merced. Sidewalks and alley improvements in South Merced have been underway since a survey done in 2001, identified 640 locations in South Merced that were in need of sidewalks repair. To date, a total of approximately 3,000 linear feet of sidewalks have been replaced and approximately 1,320 lineal feet of asphalt was replaced in alleyways in South Merced. The City has been awarded over \$300,000 of the CDBG-R grant, which has been set-aside for sidewalk installation in South Merced.

Funding Source: CDBG Funds

Accomplishments/Outcomes:

To provide needed infra-structure in the South Merced area. As funding becomes available, the City hopes to be able to undertake more projects. Currently, carry-over funds from previous years are being used to continue the sidewalk project.

D. COMMUNITY DEVELOPMENT/PUBLIC SERVICES OBJECTIVES:

NEIGHBORHOOD REVITALIZATION (NR-1)

Objective E: Improvement of the Quality and Quantity of Public Services

Analysis - The City of Merced is committed to ensuring the safety and well being of its citizens. The size of the City's police force is directly associated with these principles. In years past, grant monies from various sources have been garnered to fund additional police officers thereby ensuring that the City's police force is at full staff. Additional funding is needed to match these grant monies in order to ensure that these necessary personnel and their associated supplies will be funded on an ongoing basis. These police officers will be stationed and patrol in South Merced.

The City is also committed to ensuring that all its citizens' service needs are met. Given the City's substantial Southeast Asian population, the Merced Police Department and Southeast Asian Community have previously identified the need for an aide position, which would serve as a facilitator between the Police Department and the Southeast Asian Community. Funding is needed to ensure the continuation of this program. While the primary focus of this position is the Southeast Asian Community, all low and moderate-income citizens are eligible for services.

Community services directed at youth have been identified as a priority for the City. During the last five years, the City has funded the following community services: 1) the Boys and Girls Club (high-risk youth and gang prevention); 2) the Merced Community Action Network "Merced Youth Tell A Vision" program (teaching high-risk youth with video production skills); 3) the Potter's Place (a community-based learning center and after-school program); and 4) the Perry/Yokley Family Development Center (after school care, parenting classes, job preparation and skill training, remedial education, drug and alcohol counseling, and job placement programs). It is anticipated that during the next five years, the need for such services (but not necessarily these same programs) will continue to be needed.

Policies:

Policy E-1:

To Ensure Partial Funding for Adequate Police Services for Gang Activity Prevention and Intervention

To enhance crime awareness, the City shall promote and pursue the following Implementing Program:

E-1.a Provide Financing for Police Officers in South Merced

To ensure that the City's Police Department is adequately staffed, the City shall provide funds to match existing grant monies. These funds will provide financing for police officers, which shall be stationed in, and patrol the South Merced area.

Target date: Ongoing

Objective: Service to 2,500 individuals per year

Responsibility: Police Department

Funding Source: CDBG funds

Policy E-2:
Further Cooperation and Goodwill between the City Police Department and the Southeast Asian Community

*To further cooperation and goodwill between the City Police Department and the Southeast Asian community, the City will pursue the following **Implementing Program**:*

E-2.a Fund the Police Community Aide Position

To further cooperation and goodwill between the City's Police Department and the Southeast Asian Community, the City shall fund a Police Community Aide position. This position shall serve as a facilitator and will assist the City in meeting the needs of this segment of the community.

Target date: Ongoing

Objective: Service to 1500 clients over 5 years (300 clients per year)

Responsibility: Police Department

Funding: CDBG Funds

Policy E-3:
To Pursue Section 108 Loan and other Funds to Improve the Economic Opportunities for Low-income Residents by Creating Jobs

*The City will pursue the following **Implementing Program**:*

E-3.a Provide Section 108 Loan and CDBG funds for economic development activities as needed.

To provide economic opportunities for the very low and low-income residents of Merced, the City will consider providing funding to various job-training programs.

Responsibility: Housing Program, Redevelopment Agency

Funding: CDBG and Section 108 Funds

E-3.b Partner with Community Development Based Organizations (CDBO) in the City.

Partner with Community Based Development Organizations to carry out certain activities to include, but not limited to: affordable housing, community economic development, or energy conservation projects.

Target date: FY 2015

Responsibility: Housing Program

Policy E-4:

To Support Youth Services, At-Risk Youth, Gang Prevention and Intervention, Childcare, and other eligible Public Services Programs

The City will pursue the following Implementing Program:

E-4.a Consider providing funding to various youth service programs on an annual basis

To fill the gaps in funding for various youth-oriented community services, the City will consider providing funding to various programs. The City Housing Division will make community-based organizations aware of the availability of funds and assist the organization with application procedures and eligibility requirements. The determination on which programs will receive funding will be made each year by the City Council as part of the HUD Annual Plan process, keeping in mind the 15% cap on Public Services for CDBG funds.

Target date: *Based on funding availability*

Objective: *To be determined each year with the goal of funding 2-3 programs per year (about 10-15 programs over the next 5 years)*

Responsibility: *Housing Program Sub-recipients*

Funding: *CDBG Funds*

Activities:

1) Public Service and Crime Awareness

Provide funding for Police Officers working the Gang Intervention Task Force. These officers are trained in gang structure, gang criminal activities and the role of prison gangs in the City. This unit works flex hours to be on the street when the gangs are active. GVSU officers respond to complaints from citizens and to information gathered by operations division officers, concerning gang problem in specific neighborhoods. They do in-depth investigations into gang activity to interrupt the gang's daily operations and have a long-term effect on the activities of gang members. These officers also provide gang violence education and prevention programs through the schools to try to reduce the number of kids who get involved in gangs.

Funding Source: CDBG Funds

Accomplishments/Outcomes:

Reach a minimum of 500 children per year of the Plan with gang education programs.

Make a minimum of 300 arrests per year of the Plan involving gang members to reduce crime and remove illegal weapons and drugs from the streets.

2) Police Community Aide

Provide partial funding for Community Aides to serve the Southeast Asian and Hispanic Community. The Police Department has two Community Aides – one for the Hispanic community and one for the Southeast Asian community. While the aides work primarily with the Southeast Asian and Hispanic communities, services are provided to all city residents in need of assistance. Typical contacts involve assisting people to negotiate the criminal justice or legal

system. Common issues are landlord/tenant problems, juvenile delinquency, and neighbor disputes. The Police Community Aides are also involved in proactive programs such as "Kops for Kids," parenting empowerment classes, and serve as Community Builders. The Aides attend neighborhood meetings and activities (such as Neighborhood Watch and Neighborhood Team-up) and assist with the Hmong television program produced weekly for the local cable access channel. There is also a great deal of contact with community agencies including schools, the District Attorney's Office, Child Protective Services, Adult Protective Services, Public Defender's Office, Victim Witness Program, and The Valley Crisis Center (domestic violence shelter and service provider).

Funding Source: CDBG Funds

Accomplishments/Outcomes:

The goal for this activity is for each aide to provide services to 500 residents per year of the Plan.

3) Code Enforcement Program

In an effort to eliminate blight and encourage pride in neighborhoods, CDBG funds are used to help fund the City's Code Enforcement Program. The City's Code Enforcement Division currently consists of three full-time Code Enforcement Specialists (one assigned to each of the three districts: North, Central, and South Police Districts). This program provides neighborhood intervention in order to forestall deterioration. Those projects that meet the qualifications are referred to the Housing Division for possible rehabilitation.

Code Enforcement activities include abatement of nuisances, such as abandoned vehicles, unsightly and poorly maintained properties, and physically deteriorated structures. The premise of Code Enforcement is to gain voluntary compliance in order to eradicate circumstances that if left unchecked, will lead to further neighborhood deterioration. If voluntary compliance is not achieved, more strenuous measures can be taken. Code Enforcement officers host Neighborhood Partnership workshops, attend Neighborhood Watch, property owner associations, and other community meetings. They are also engaged in neighborhood clean-up projects, the "adopt a park" program, and other such neighborhood activities.

Funding Source: CDBG Funds

Accomplishments/Outcomes:

The three Code Enforcement Specialists will strive to handle a minimum of 2,500 cases per year of the Plan. This achievement will help clean up and revitalize neighborhoods creating a better environment for all residents.

4) Other Public Services

Community services directed at youth have been identified as a priority for the City. During the last five years, the City has continued funding community services targeted at providing activities and education for the youth of our City. Examples of Community Services that have been funded in previous years are:

- Merced Lao Family (after-school program for youth of all ethnicities)
- Calvary Temple's Program (food program and Sunday School program for youth).

- Healthy House (translation service for medical needs)

The specific programs funded each year may vary according to need and availability of funds. However, the City plans to provide funding for this activity throughout the life of this Plan.

Funding Source: CDBG Funds

Accomplishments/Outcomes:

The City will strive to reach as many youth as possible through the funding of Community Services with a minimum goal of 50 youth per year of the Plan. These programs will help keep the youth involved in fun, productive and/or educational activities.

E. COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT OBJECTIVES:

AVAILABILITY/ACCESSIBILITY OF ECONOMIC OPPORTUNITIES (EO-1)

Although the City does not have any specific activities funded to accomplish this objective, the Housing Program works closely with the City's Economic Development Department to help provide economic opportunities to the community. The most significant effort taken by the City of Merced in this area is the approval to borrow up to \$2.6 million through the CDBG Section 108 Loan Guarantee Program. The funds were used to construct infrastructure improvements needed to make the 100 acres of the South Airport Industrial Park (44 parcels) useable for industrial development and job creation. To date, more than 600 jobs have been created by this project.

The Economic Development Department has two plans currently in place to help draw businesses to Merced, creating jobs. In 2006, the City approved the Economic Development Business Plan called Prosper Merced. The plan contains six strategies and several action items designed to increase job opportunities, investment, and prosper Merced. In 2007, the City also adopted the Downtown Strategy which identifies tasks and actions to encourage business opportunities and draw job generating development.

The AI identified specific job-related activities that would help improve the employment prospects for the City's resident's and in turn help relieve housing problems. These activities included increasing English language assistance for residents whose primary language is not English, adding resources to existing job training programs in the City and development or enhancing existing child care programs so that parents can seek employment.

Merced Adult School generally trains students who speak English as a second language. The program also enhances basic skills needed to enter today's job market including Microsoft Office, business writing, and personal development.

In partnership with the Merced County Office of Education (MCOE), the City's Economic Development Advisory Committee (EDAC) drafted a Resolution supporting the need to development more child care and pre-school facilities throughout the City. Subsequently, the Council adopted the Resolution. The number of Head Start programs throughout the County continues to increase. EDAC members and staff are working with MCOE to identify grant opportunities to secure funding for child care and pre-school facilities. Furthermore, the Office of Economic Development is working the Small Business Development Center to develop a program to help entrepreneurs start child care centers. Several job training programs are offered

through WorkNet of Merced County. WorkNet partners include Merced College and the Merced County Department of Workforce Investment. If custom job training programs need to be developed, Merced College is quick to respond through its Business Resource Center.

The City is also developing a program for economic development job creation through small business assistance. Employment opportunities can be created for low and moderate-income persons through business expansion. Business expansion can be fostered through a business revolving loan fund and business management counseling.

Specific Community Development Objectives:

59. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

Complete and submit Table 2C Summary of Specific Objectives or, if using the CPMP Tool, the Summaries.xls worksheets.

NOTE: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction. 24 CFR 91.215(a)(4)

SUSTAINABILITY OF SUITABLE LIVING ENVIRONMENT (SL-3)

Objective G: Planning for Future Housing and Community Needs

The City of Merced has identified the following goals related to planning for future housing and infrastructure needs of the community:

- To pursue planning efforts to ensure future housing demands are met.
- Ensure accountability and success of the Housing Annual Action Plans and other HUD documents and reports.

Analysis - The City of Merced is committed to planning for future housing, infrastructure, public facilities, and economic development needs. In 1997, the City adopted the *Merced Vision 2015 General Plan*, which will serve as a blueprint for growth and development in the City and surrounding areas through the Year 2015. A number of implementing actions are called for in the General Plan, which will benefit low-income neighborhoods as well as the rest of the community.

Such actions include the development of Specific Plans for three South Merced neighborhoods, the update of the Parks and Open Space Master Plan for the entire community, revisions to the City's Zoning Ordinance that promote increased housing affordability and new affordable housing construction, and the development of a new General Plan Housing Element by the Year 2002. Additional funding for these planning activities, beyond what is available from the City's

General Fund, are necessary. In addition, the City is committed to prepare and updated the HUD related activities and environmental documents.

Policies:

Policy G-1:

Pursue Funding for Planning Activities Related to the Good Community Development, Neighborhood Revitalization, Planning, and Capacity Building

*To ensure the provision of adequate infrastructure and land inventory for new housing, the City of Merced will pursue the following **Implementing Actions:***

G-1.a Provide funding for planning activities

To ensure the availability of housing and necessary infrastructure, the City shall pursue planning activities related to neighborhood revitalization, affordable housing, and capacity building.

Objective: *Fund planning activities each year for the next 5 years*

Responsibility: *Planning Division*

Funding Source: *CDBG*

Policy G-2:

Prepare and Update HUD Annual Plans, Consolidated Plans, CAPERs, and Other HUD Documents and Environmental Reports

To ensure accountability to the City's Consolidated Plan goals and to ensure a Plan that is responsive to changing needs

G-2.a Conduct an Annual Program Review and Evaluation

Direct City staff to review and evaluate program implementation on an annual basis and to present the results of that review in written form to the City Council as part of the Consolidated Annual Performance and Evaluation Report (CAPER). The review shall be conducted in conjunction with the City's annual budgeting process and shall include expenditures and results by program, summary of success towards meeting stated targets, and an update on progress towards longer-range goals. Recommendations for revisions and/or specific program alteration may also be made and submitted for approval.

Target date: *Annual*

Responsibility: *Housing Program, Planning Division*

Activities:

The City of Merced Development Services Department is comprised of the Inspection Services Division, the Planning Division, the Engineering Division, and the Housing Program. The Development Services Department will carry out a number of CDBG eligible activities in furtherance of good community development, neighborhood revitalization, planning, and capacity building.

Planning Division Staff prepare the Annual Plan, the CAPER, and the Consolidated Plan. In addition, Planning Staff along with Inspection Services Staff will provide priority permit processing for all projects funded by the Housing Program.

Funding Source: CDBG & HOME Funds

Accomplishments/Outcomes:

Adopt Codes and Policies to help support Affordable Housing.

Help reduce the cost of projects by providing priority permit review on any projects funded by the Housing Program. The number of permits will vary according to the number of projects undertaken each year.

F. NEIGHBORHOOD REVITALIZATION STRATEGY AREAS 91.215(g)

60. If the jurisdiction has one or more approved Neighborhood Revitalization Strategy Areas, the jurisdiction must provide, with the submission of a new Consolidated Plan, either: the prior HUD-approved strategy, or strategies, with a statement that there has been no change in the strategy (in which case, HUD approval for the existing strategy is not needed a second time) or submit a new or amended neighborhood revitalization strategy, or strategies, (for which separate HUD approval would be required).

The City of Merced does not have any approved Neighborhood Revitalization Strategy Areas.

G. BARRIERS TO AFFORDABLE HOUSING 91.215 (h)

61. Describe the strategy to remove or ameliorate negative effects of public policies that serve as barriers to affordable housing, except that, if a State requires a unit of general local government to submit a regulatory barrier assessment that is substantially equivalent to the information required under this part, as determined by HUD, the unit of general local government may submit that assessment to HUD and it shall be considered to have complied with this requirement.

Cost:

The greatest barrier to affordable housing is the cost, including land acquisition, construction, and permit and development fees. While the City has no direct control over the cost of land or construction, these costs are beginning to correct themselves with the changing economy. Land costs had sky rocketed in Merced due to speculation based on the opening of UC Merced in 2005. As demand for housing increased, prices for construction, and of course the purchase price of housing increased accordingly. As with land prices, these costs are also correcting themselves making it more feasible to construct affordable housing.

Foreclosures:

Currently, due to the foreclosure crisis, housing is more affordable than it has been in many years. There are hundreds of homes available at reduced prices due to foreclosure or through "short sales." (A "short sale" is a sale of real estate in which the proceeds from the sale fall short

of the balance owed on a loan secured by the property sold. In a “short sale”, the bank or mortgage lender agrees to discount a loan balance due to an economic or financial hardship on the part of the mortgagor). Although many affordable housing units are available, many families are still not able to purchase a home due to the decline in the job market. In addition, due to the low prices associated with foreclosures and “short-sales”, many of the local people looking for affordable housing to purchase have been unable to compete with out of town investors who can offer more down payments, qualify easier for a loan, or offer a cash sale. However, the more affordable a home is for a prospective landlord to purchase, the more likely it is the rent will be more affordable as well.

Lack of Community Support:

Another barrier to affordable housing is the “NIMBYism” (Not In My Back Yard). Many people do not understand what “affordable housing” really means or that many of the people living in “affordable housing” have jobs, but due to the cost of housing are unable to afford market-rate housing. Unfortunately, NIMBYism is generally based on a lack of knowledge. Many established neighborhoods are resistant to change. They fear their property values will drop because of affordable housing in the area. In addition, they fear an increase in traffic, preconceived notions of bad design, and feel an “affordable housing” development is inappropriate for the neighborhood. Many times, these developments become politically contentious which can add time to the approval process and cost to the overall project.

Governmental Policies/Fees:

In some cases, Government policy can have a negative impact on affordable housing. Although Merced has made changes to its Zoning Ordinance to try to alleviate that impact, this doesn't always mean the process will be completely stream-lined. In some cases, Zone Changes and General Plan Amendments are required, or other entitlements are necessary before construction. Merced strives to move developments including affordable housing through the process as quickly as possible. However, due to other requirements such as CEQA review and public notice requirements, it is impossible to reduce the time it takes for processing applications.

Fees associated with development and building permits can be quite high. As previously illustrated in *Figure 12* these costs can be prohibitive to development. The City has been reviewing these fees and has made adjustments to the public facility impact fees for in-fill development. The City is also reviewing the connection fees associated with providing sewer and water services. It's anticipated these fees will be significantly reduced in FY 2010.

While the City is lowering some fees, after a review of development and permit fees in 2009, these fees were increased. The previous Planning Division fees, established in 1998, did not accurately reflect the actual cost to provide services, and the General Fund was being used to cover costs. In addition, the Building Division fees were adjusted to simplify the fee determination methodology and to add predictability of costs for the general public. Fire construction and inspection permit fees, also established in 1998, did not accurately reflect the actual cost to provide services. These fees will be adjusted annually to account for inflation by using the Consumer Price Index (CPI) for the region closest to the City of Merced.

The Housing Program will work with developers to help acquire land at reasonable prices and work with the City to provide expedited plan review to help reduce the “lag” time between plans being prepared and the start of actual construction. The Housing Program will offer support

when possible to assist in reducing the cost of constructing affordable housing in Merced.

Existing housing prices have also fallen to an affordable level within the City, however loans are more difficult to obtain. Through the City's First-Time Home Buyer's Program, the Housing Program strives to assist low-income families with a down-payment to purchase a home.

H. LEAD-BASED PAINT 91.215 (i)

62. Describe the jurisdiction's plan to evaluate and reduce lead-based paint hazards and describe how lead based paint hazards will be integrated into housing policies and programs, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.

The City will continue to implement the strategies to evaluate and reduce lead-based paint hazards that were carried out through the previous Consolidated Planning period. These strategies include:

- ◆ City staff shall continue to conduct lead based paint hazard inspection and abatement as a priority activity under the City's Housing Rehabilitation Loan Program;
- ◆ Staff shall continue to work closely with the County Department of Public Health, Environmental Health Division to support public education and the prevention of lead-poisoning in the City; and
- ◆ Continue to carry out the procedures in place to evaluate projects within the City's Rehabilitation Loan and First Time Homebuyers Programs in order to meet federal regulation, "Requirements for Notification, Evaluation, and Abatement of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance" (effective September 15, 2000).

These three programs will help ensure that lead-based paint hazard abatement becomes an integrated activity of the City's housing policies and programs and will help reduce the incidence of lead poisoning in children in Merced.

I. ANTIPOVERTY STRATEGY 91.215 (j)

63. Describe the jurisdiction's goals, programs, and policies for reducing the number of poverty level families (as defined by the Office of Management and Budget and revised annually
64. Identify the extent to which this strategy will reduce (or assist in reducing) the number of poverty level families, taking into consideration factors over which the jurisdiction has control.

The City of Merced Housing Program works closely with the City's Economic Development Manager to ensure that affordable housing efforts are properly coordinated with economic development activities to reduce the incidence of poverty in the City of Merced. The City's Gateways Redevelopment Project Area covers most of South Merced. Through the Gateways

Project, needed economic development activity (such as bringing in more commercial businesses and industries) can be developed in the area. Funding for infrastructure and housing projects will also be available through this source.

In 1997, the City of Merced received a \$1.6 million Section 108 Loan to accomplish infrastructure improvements in order to make 100 acres of industrial land available for development at the South Merced Airport Industrial Park. As a result, 44 parcels of industrial land were made available for economic development purposes in South Merced. Since 2002, over 28 parcels have been developed in this area creating between 450 and 500 jobs (given seasonal fluctuations). In 2008, 5 more jobs were added in the Industrial Park.

In 2009, the City approved an application for Wal-mart to locate a distribution center in southeast Merced. The opening of the distribution center would create as many as 600 jobs in Merced paying well above the current minimum wage rate. This project was originally scheduled to begin construction in late 2006, or early 2007. However, due to Environmental Review requirements and legal issues, the project has been delayed. The City is hopeful the project will begin construction within the next year.

The City's Economic Development staff is continually working with Industrial and Commercial users to locate in Merced to help provide more jobs within the area. They place a special emphasis on companies with a beginning pay scale higher than minimum wage. Such development would bring needed jobs to the community benefiting low and moderate-income households. The City of Merced is also committed to working with the Housing Authority of the County of Merced, the Merced County Office of Education, and the Merced County Human Services Agency on the programs described below.

The Housing Authority of the County of Merced has approximately 130 families throughout the County enrolled in the Resident Opportunities Self Sufficiency (ROSS) Program. Under this program for *Housing Choice Voucher* (formally Section 8) participants, the families develop goals and a plan to work towards financial independence. Under this program, the family earns an escrow account that they receive after they fulfill their Family Self-Sufficiency (FSS) contract. Rent increases resulting from increased earned income are placed in an escrow account, which is given to the family when they have completed their Family Self Sufficiency Contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance.

The Merced County Office of Education runs the Head Start program within Merced County. There are currently 16 centers throughout the County, serving approximately 1,060 children/families per year. Two of those centers are located within the City of Merced. These centers serve 194 children within the City of Merced. Head Start is a national program that provides comprehensive child development services which helps enrolled children and their families achieve their full potential by experiencing a greater degree of social competence through education, health, nutrition, disabilities, social services, parent involvement activities, and training.

Head Start offers year round recruitment using an application process for an enrollment period of August through May. The composition of Head Start consists of 90 percent of the children, ages 3 to 4, coming from families who fall within Federal poverty guidelines. A minimum of 10 percent of the enrollment will have children with a diagnosed disability and no more than 10 percent of the children may be from families whose income exceeds federal guidelines. The

County Office of Education also runs the Constructing Connections program. This program is dedicated to providing quality, affordable child care services throughout Merced County.

Merced County Human Services Agency administers the Welfare-to-Work (WtW) program for Merced County residents. The primary goal of WtW is to assist recipients of Temporary Assistance for Needy Families (TANF) in becoming financially independent through employment. Clients become competitive in the work force by improvement of their math and English skills, learning a vocational trade, and training in the employment process. The overall goal of the Welfare-to-Work program is to eliminate the need for clients to become long-term dependents of the welfare system.

The Department of Workforce Investment (DWI) offers employment and training services for people who are out-of-work, laid off, have a low income, or receive financial help, such as food stamps, welfare, or unemployment. Special programs are available for youth and adults, which include on-the-job training, vocational training, work experience, Jobs for California Graduates.

In addition to these programs, the County operates the Private Industry Training Department (PITD). PITD offers employment and training services for people who are out-of-work, laid off, have a low income, or receive financial help, such as food stamps, welfare, or unemployment. Special programs are available for both youth and adults and include on-the-job training, vocational training, work experience, and Jobs for California Graduates. The City is committed to continuing partnerships of these programs and agencies through the five year planning period.

J. INSTITUTIONAL STRUCTURE 91.215 (k)

65. Provide a concise summary of the institutional structure through which the jurisdiction will carry out its consolidated plan, including private industry, non-profit organizations, community and faith-based organizations, and public institutions.
66. Provide an assessment of the strengths and gaps in the delivery system.
67. Describe efforts to enhance coordination with private industry, businesses, developers, and social service agencies, particularly with regard to the development of the jurisdiction's economic development strategy. (91.215(l))

All of the activities specifically identified in the investment plan will be administered by the City of Merced Housing Program. This does not preclude the Housing Authority of the County of Merced or Central Valley Coalition for Affordable Housing from undertaking activities within the City of Merced. Other, as yet unidentified nonprofit housing entities are likewise welcome to participate in the delivery of affordable housing projects and activities.

The City of Merced Housing Program works closely with other housing-related organizations and service providers in the County to ensure that the housing needs of City residents are addressed to the best ability of the network of such providers given available resources. Organizations and service providers in this network include:

- ◆ Other City agencies, including planning, building, and redevelopment (public)
- ◆ Housing Authority of the County of Merced (public)
- ◆ Merced County Planning Department (public)

- ◆ Merced County Community Action Agency (nonprofit)
- ◆ Central Valley Coalition for Affordable Housing (nonprofit)
- ◆ County Bank of Merced (private)
- ◆ Merced Building Industry Association (private)

Public housing in the City of Merced is provided and managed by the Housing Authority of the County of Merced. The City of Merced Housing Program works in conjunction with the Housing Authority to ensure that the City and County housing programs work in tandem to provide quality housing for all low-income City residents. Operations of the Housing Authority are controlled by a 7-member Board of Directors, which are appointed by the Merced County Board of Supervisors. Five members serve 4-year terms and two members are "Tenant Representatives" and serve 2-year terms. The City of Merced is not involved in these appointments. It should be noted that the Housing Authority of the County of Merced is not designated a "troubled Public Housing Authority (PHA) by HUD.

The working relationship between the City and these organizations is good. Due to the City's relatively small size, communication is typically direct and immediate. As a result, gaps in program or service delivery are typically not the result of poor institutional structure or lack of intergovernmental cooperation, but rather due to shortcomings in available resources.

The City of Merced's Housing Element and the description of Implementing Programs presented in this Consolidated Plan, identify the City Departments and decision-making bodies responsible for each implementing program. Overall coordination of affordable housing efforts, particularly those to which federal funds are allocated, is provided by the City's Housing Program under the direction of the Housing Program Manager and Director of Development Services. The five-year strategy plan of this Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Therefore, the City of Merced Housing Program does not propose to take any actions or steps to improve the institutional structure over the coming year.

K. COORDINATION 91.215 (I)

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| <ol style="list-style-type: none">68. Describe the efforts to enhance coordination between public and assisted housing providers and governmental health, mental health, and service agencies.69. Describe efforts in addressing the needs of persons that are chronically homeless with respect to the preparation of the homeless strategy.70. Describe the means of cooperation and coordination among the state and any units of general local government in the metropolitan area in the implementation of the plan.71. Describe efforts to enhance coordination with private industry, businesses, developers, and social service agencies, particularly with regard to the development of the jurisdiction's economic development strategy.72. Describe the jurisdiction's efforts to coordinate its housing strategy with its transportation planning strategies to ensure to the extent practicable that residents of affordable housing have access to public transportation. |
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Coordination is addressed under Priority “D” under the “Special Housing Needs” section. Priority “D” provides a detailed description of the coordination efforts that will be undertaken by the City of Merced Housing Program over the five-year planning cycle to enhance coordination between itself and other housing and service providers in the City. These providers include the Housing Authority of the County of Merced, the Merced County Community Action Agency, the Merced County Human Services Agency, and the County Departments of Public Health and Mental Health.

L. MONITORING 91.230

<p>73. Describe the standards and procedures the jurisdiction will use to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.</p>

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 which will subsequently be submitted 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.

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 with Sub-recipients before funds are distributed and workshops with applicants and all new Sub-recipients to ensure that they understand all reporting requirements. In addition, annual reports are required of each sub-recipient. The City also has a memorandum of understanding with other City Departments (i.e. the Police Dept.) that receive CDBG funds.

City Housing staff also conducts site visits at least annually and verifies that Sub-recipients are keeping required records and meeting eligibility requirements. If discrepancies are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is then given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to understand 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 for the next fiscal year.

Housing Opportunities for People with AIDS (HOPWA):

*Refers to the HOPWA Table in the Needs.xls workbook.

74. Describe the activities to be undertaken with HOPWA Program funds to address priority unmet housing needs for the eligible population. Activities will assist persons who are not homeless but require supportive housing, such as efforts to prevent low-income individuals and families from becoming homeless and may address the housing needs of persons who are homeless in order to help homeless persons make the transition to permanent housing and independent living.
75. Identify any obstacles to meeting underserved needs and summarize the priorities and specific objectives, describing how funds made available will be used to address identified needs.
76. The Plan must establish annual HOPWA output goals for the planned number of households to be assisted during the year in: (1) short-term rent, mortgage and utility payments to avoid homelessness; (2) rental assistance programs; and (3) in housing facilities, such as community residences and SRO dwellings, where funds are used to develop and/or operate these facilities. The plan can also describe the special features or needs being addressed, such as support for persons who are homeless or chronically homeless. These outputs are to be used in connection with an assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.
77. For housing facility projects being developed, a target date for the completion of each development activity must be included and information on the continued use of these units for the eligible population based on their stewardship requirements (e.g. within the ten-year use periods for projects involving acquisition, new construction or substantial rehabilitation).
78. Provide an explanation of how the funds will be allocated including a description of the geographic area in which assistance will be directed and the rationale for these geographic allocations and priorities. Include the name of each project sponsor, the zip code for the primary area(s) of planned activities, amounts committed to that sponsor, and whether the sponsor is a faith-based and/or grassroots organization.
79. Describe the role of the lead jurisdiction in the eligible metropolitan statistical area (EMSA), involving (a) consultation to develop a metropolitan-wide strategy for addressing the needs of persons with HIV/AIDS and their families living throughout the EMSA with the other jurisdictions within the EMSA; (b) the standards and procedures to be used to monitor HOPWA Program activities in order to ensure compliance by project sponsors of the requirements of the program.

The City of Merced does not utilize HOPWA funds.

Specific HOPWA Objectives:

80. Identify specific objectives that the jurisdiction intends to initiate and/or complete in accordance with the tables* prescribed by HUD.

Complete and submit Table 1C Summary of Specific Objectives or, if using the CPMP Tool, the Summaries.xls worksheets.

81. Describe how Federal, State, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by the strategic plan.

The City of Merced does not utilize HOPWA funds.

IX. OTHER NARRATIVES AND ATTACHMENTS

82. Include any Strategic Plan information that was not covered by a narrative in any other section. If optional tables are not used, provide comparable information that is required by consolidated plan regulations.

83. Attach copy of CHAS Housing Needs Data Tables from:
<http://socds.huduser.org/scripts/odbc.exe/chas/index.htm>

84. Section 108 Loan Guarantee

If the jurisdiction has an open Section 108 project, provide a summary of the project. The summary should include the Project Name, a short description of the project and the current status of the project, the amount of the Section 108 loan, whether you have an EDI or BEDI grant and the amount of this grant, the total amount of CDBG assistance provided for the project, the national objective(s) codes for the project, the Matrix Codes, if the activity is complete, if the national objective has been met, the most current number of beneficiaries (jobs created/retained, number of FTE jobs held by/made available to LMI persons, number of housing units assisted, number of units occupied by LMI households, etc.)

85. Regional Connections

Describe how the jurisdiction's strategic plan connects its actions to the larger economic strategies for the metropolitan region. Does the plan reference the plans of other agencies that have responsibilities for metropolitan economic development, transportation, and workforce investment?

Neighborhood Stabilization Program:

In March 2009, the City was awarded \$2,046,968 in Neighborhood Stabilization Program (NSP) funds by the State Department of Housing and Community Development (HCD). The authority to use funds was announced later in November 2009. The City has planned to spend about 70% of this money for acquisition, rehabilitation, and re-sale of foreclosed properties within the City. About 30% has been allocated for homebuyer's program to provide loans in order to enable qualified homebuyers to purchase foreclosed properties within the City. The City, so far, has purchased about 15 properties and will soon rehabilitate these properties. The properties will then be sold to qualifying home buyers and the money will be used as the program income to acquire more foreclosed properties.

The City has described in its NSP goal to place as many families as possible into foreclosed properties as quickly as possible. This goal will both increase the level of homeownership for qualified very low and moderate-income households, and will stabilize neighborhoods impacted by foreclosures. In addition to acquisition, the City estimates that up to 20 FTHB loans will be made through the NSP funding.

Homelessness Prevention and Rapid Re-Housing Program (HPRP):

In September 2009, the City was awarded a grant of \$515,203 by HUD for HPRP. The Program is focused on housing for homeless and at-risk households. It provides temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The funds under this program are intended to target two groups facing housing instability:

1. Individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit (prevention), and
2. Individuals and families who are experiencing homelessness (residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it.

HPRP is not a mortgage assistance program. Funds are only eligible to help the program participant whether they are renters or homeowners about to become homeless. These funds are to pay for utilities, moving costs, security deposits, rent in a new unit, storage fees, case management, and other financial costs or services.

There are four categories of eligible activities for the HPRP programs:

- Financial assistance,
- Housing relocation and stabilization services,
- Data collection, and
- Administrative costs.

These activities are intentionally focused on housing, either financial assistance to help pay for housing, or services to keep people in housing or to find housing. HPRP assistance is not intended to provide long-term support for program participants. Assistance rather is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability. At least 60 percent of funds must be spent within 2 years of the date of grant agreement and all funds received must be expended within 3 years.

CDBG-R:

In May 2009, HUD announced the funding availability for the program commonly referred to as CDBG Recovery (CDBG-R) program in which the City of Merced was awarded \$336,919. The CDBG-R grant is a supplemental appropriation to entitlement communities to carry out eligible activities under the CDBG program to create jobs and stimulate the economy. The City has allocated the grant for installation of sidewalks on Childs Avenue and Martin Luther King Jr. Way and improvements to sidewalks in other eligible census tracts in Central and South Merced.

The South Merced Sidewalks Project-11046 will improve pedestrian access and safety in South Merced areas through the construction of new sidewalks and improved accessible ramps. The

project is championed by Redevelopment Agency staff with Engineering, Housing and Public Works acting as resources. South Merced community members greatly contributed to the selection of project locations for the use of the stimulus funds. The general vicinity of these improvements includes South Highway 59 and Childs Avenue as well as portions of West Avenue and Lopes Avenue near the Sports Complex. A major portion of the project will improve the key intersection of South Highway 59 and Childs Avenue for pedestrian accessibility.

The project will entail the construction of 5,500 square feet of new standard sidewalks, additional accessible ramps, the installation of pedestrian crossing devices, and improvements in Caltrans right-of-way. Staff has met with Caltrans and an encroachment permit is being prepared. Engineering staff will also prepare plans to include alternative designs for "N" and "P" Streets from Childs Avenue to the south and 13th Street to the north. These improvements are in the general vicinity of Golden Valley Health Centers and Tenaya Middle School. Accessible ramps are proposed to replace existing straight edge curbs. All of the proposed improvements will link existing pedestrian facilities while adding to safety and access for South Merced area residents.

HUD has established Specific requirements, activities, and timeliness to ensure grantees use the funds in an expeditious manner. Based on the grant's requirement, recipients shall give preference to activities that can be started and completed expeditiously. Grantees are required to award contracts based on bids within 120 days from the date funds are made available. The City's goal is to carry out these projects as soon as possible to create jobs and improve pedestrian safety in the City.

SECTION 108 LOAN:

In October 2002, the City of Merced amended the FY 2002 HUD Annual Plan to approve the financing package for the Grove Apartment project. The Grove Apartments consist of 204 new apartment units on Parsons Avenue between Childs and Gerard Avenues in Southeast Merced. Because the Grove utilized State tax-exempt housing bonds, State tax credits, Section 108 loan, RDA, and HOME funds, all 204 units were set-aside for low and moderate-income tenants that meet the strict income requirements of all these programs.

The funding package included a \$4 million loan from the HUD Section 108 Loan Guarantee Program. HUD 108 loans are guaranteed by future CDBG allocations to the City. The loan for the Grove project is \$4 million for a 20-year term at about 5 percent interest. If the Grove's income proves to be insufficient for debt service in any given year, repayment must come from the City's CDBG funds.

ACCOMPLISHMENTS/OUTCOMES:

The City will make Section 108 Loan payments for the Grove Apartments until the complex becomes self-sufficient and able to service the debt from income from the project. The City expects to make these payments for the period covered by this plan.

HUD Matrix Code:

19F

X. 2010 ANNUAL ACTION PLAN

A Executive Summary 91.220 (b)

1. The Executive Summary is required. Include the objectives and outcomes identified in the plan and an evaluation of past performance.

The City of Merced is located in the fast-growing San Joaquin Valley in Central California. The past decades have seen the Valley area change from an agricultural economy to a mixed economy in which manufacturing is playing an increasingly important role along with government, retail trade and service industries. Merced has opened its door to bring tremendous opportunities for the region with the opening of the 10th Campus of the University of California, Merced, which opened in the fall of 2005. From conducting world-class research to stimulating future development opportunities, UC Merced is playing a significant role in the region's economy. As of Fall 2009, the University had 3,414 students enrolled. In addition to the existing programs offered at the University, there are future plans to develop a medical program on the campus. This should not only encourage more students and help the economy, but will also help provide better medical care throughout the community.

Over the last 5 years, Merced has experienced significant growth in the number of housing units in the City. With the much-anticipated opening of the 10th University of California Campus in the Merced area, growth began to increase at the beginning of 2000. From 2000 to 2006, 5,389 permits were issued for single-family dwellings. A total of 823 new multi-family units were constructed during that time frame. In 2007, these numbers fell dramatically and have continued to decline. In 2007, building permits for single-family dwellings dropped to 164 units and permits for multi-family units dropped to 6 units. For 2008 and 2009, only 34 single-family dwelling permits were issued and 1 permit for a duplex. This drastic decline has continued into 2010 and is not expected to change until 2011 to 2012. Any increase in the number of dwelling units is not expected to be as significant as it was from 2000 to 2006, but instead a slow, steady increase is anticipated.

To go along with the increased housing, Merced is looking for ways to improve the economic climate and provide more jobs to the area. In March 2010, the unemployment rate was at a record high of 22.1 percent. Some of the plans to improve the job market include the construction of a Wal-mart distribution center. This project was expected to be open in 2010-2011 but environmental issues have slowed the approval process. The City hopes these issues will be resolved in the near future and construction can begin by early 2011. In addition to the distribution center, a new state of the art hospital just opened in North Merced. There are still preliminary plans for a new shopping center in southeast Merced and plans are in the approval process for a 74,000 square foot office complex in North Merced that would include a pharmacy, bank, restaurant, and hotel. The City's Economic Development Department works diligently to bring more industry to Merced as well as other businesses to provide more jobs to the residents.

In recent years, the City has annexed lands with multi-family land use designations. Although many of these properties are vacant, they are ready for development as they have urban services readily available. The City still has several annexations that have stalled due to the declining housing market. As the market improves, the City anticipates these annexations will be activated again along with others. These annexations will likely include land for both multi-family and

single-family dwelling uses. Currently, the City has a large inventory of single-family dwellings and vacant lots ready for development as the market for housing increases.

FY 2010 Annual Action Plan

The 2010 Annual Action Plan, in line with a five-year strategy of the 2010 Consolidated Plan, is committed to pursuing all available federal, state and local resources to meet its housing and community development needs. The City has been awarded \$1,357,144 in Community Development Block Grant (CDBG) funds and \$666,386 in HOME Investment Partnerships Program (HOME) funds for fiscal year 2010. The FY 2010 Action Plan details the various projects and programs on which these funds will be spent. Funds will primarily be used for housing and community livability activities.

The number of single-family home new construction and rehabilitation projects has been down from previous years due in part to the City's previous obligation to fund loan payments for The Grove and Sunny View Apartment complexes. In addition, the cost of single-family rehabilitation and new construction has increased dramatically over the last few years making it difficult to fund a large number of owner-occupied projects. Because the previous loan payment obligation for the Sunny View Apartments has been paid off and the cost of construction is falling to a more reasonable level, we expect an increase in new construction and rehabilitation projects for fiscal year 10-11. However, we will provide \$339,550 to service the loan for The Grove Apartments. The developer is required to reimburse the City based on the project's cash flow. This obligation will reduce the funding available for rehabilitation and new construction projects, but The Grove project has provided 204 low-income housing units to the community.

Citizen Participation

The City of Merced has developed and follows a detailed Citizen Participation Plan that strongly encourages the involvement of low, very low and extremely low-income residents, minorities and the disabled in decisions regarding the expenditure of housing and community development funds. Public meetings and hearings are publicized and conveniently scheduled, and the City staff upon request provides technical assistance to citizens. A Public meeting will be held on May 3, 2010 to allow citizen participation before the adoption of the FY 2010 Annual Action Plan.

Community Profile

According to the 2000 Census, the City had a population of 63,893. The 2006-2008 American Community Survey (ACS) 3-year estimates show the population at that time to be 74,135 (a 16 percent increase). Currently, the California Department of Finance (DOF) estimates show the population has grown to 80,608, an increase of 26.2 percent from 2000. Due to the current economic situation, it's doubtful the City will see such a large increase in population over the next five years. The opening of the 10th campus of the University of California on the edge of the City created much of the growth seen over the last several years.

Median Family Income in Merced in 2000 was \$32,470. Median Family Income in 2000 in Merced was lower than Merced County (\$38,009), and Median Household Income in Merced (\$30,429) was also lower than the County's (\$35,532). Merced's Median Family and Median Household Incomes were significantly lower than California and the nation in 2000. The ACS 3-year estimates indicate the Median Family Income at \$36,432 (a 12 percent increase) and the

Median Household Income for Merced at \$34,955 (a 14.9 percent increase). These numbers are still significantly below the median incomes for California and the nation.

According to City's demographics, in 2000, the number of White population had decreased from previous years to 52.4 percent. The ACS 3-year (2006-2008) estimates show a very slight increase to 52.7 percent. The African American population also decreased 6.3 percent in 2000. The ACS estimates indicate this number is unchanged. The percentage of Asian, Native Hawaiian, and Pacific Islanders is showing a continual decrease. In 2000, this population was 11.6 percent (a decrease from 1990). The ACS shows a continual decrease at 10.1 percent. This group is primarily comprised of Hmong and Laotian refugees and their families. The percentage of American Indians and Alaskan Natives remained the same. The Hispanic or Latino (of any race) population is continuing to grow. From 2000, this sector of the population increased from 41.4 percent to an estimated 48.5 percent according to the 3-year ACS estimates. The Hispanic population is the second largest ethnic group in Merced, and has the highest birth rate.

The majority of racial and ethnic minority households are concentrated in South Merced, where the occurrence of substandard housing is the highest. The City's Affordable Housing Action Plan has set a goal of achieving a more equitable mix of affordable housing throughout the City. However, it continues to be a difficult goal to achieve due to the higher land costs in the North Merced area. Although property values have dropped significantly over the past 2 years, the costs in North Merced continue to be higher. For the City to achieve its goal, it is more likely that housing conditions for low-income families in South Merced will be improved through the City's Housing Rehabilitation and Reconstruction Program that is designed to meet the needs of those families. In recent years, over 430 affordable rental units were provided through City's support and joint funding efforts to develop three apartment complexes—The Grove, Sunnyside, and Sunny View Apartment complexes.

Housing and Community Development Needs

Housing Needs

The greatest need for housing assistance is among extremely low and very low-income households where the incidence of housing overpayment affects the vast majority of households, particularly among renter households and among households making less than 30 percent of median income. Elderly households also represent a significant assistance need, particularly among elderly households with incomes of less than 30 percent of median and elderly household renters. The housing needs of large family households are greatest among those households in the very low income category where severe overpayment is widespread. For large family households with incomes greater than 50 percent of median, the most significant housing problem is overcrowding (*CHAS Data - 2000 Census*).

The City of Merced has made a very considerable effort to alleviate the shortage of larger rental housing units in the past 5 years. Three large rental housing projects, whose development was supported in a variety of ways with government assistance, have added more than 430 units of affordable 3 and 4 bedroom housing to the City's rental housing stock since 2004 (The Grove, Sunnyside, and Sunny View). The City is to be commended for its actions and ongoing commitment in support of these projects, and for seeing them through to completion. Collectively they represent a direct and significant response to an Impediment to Fair Housing Choice identified in the 2003 Analysis of Impediment to Fair Housing Report.

Housing Market Conditions

Over the last 5 years, Merced has experienced significant growth in the number of housing units in the City. With the much-anticipated opening of the 10th University of California Campus in the Merced area, growth began to increase at the beginning of 2000. From 2000 to 2006, 5,389 permits were issued for single-family dwellings. A total of 823 new multi-family units were constructed during that time frame. In 2007, these numbers fell dramatically and have continued to decline. In 2007, building permits for single-family dwellings dropped to 164 units and permits for multi-family units dropped to 6 units. For 2008 and 2009, only 34 single-family dwelling permits were issued and 1 permit for a duplex. This drastic decline has continued into 2010 and is not expected to change until 2011 to 2012. Any increase in the number of dwelling units is not expected to be as significant as it was from 2000 to 2006, but instead a slow, steady increase is anticipated.

In recent years, the City has annexed lands with multi-family land use designations. Although many of these properties are vacant, they are ready for development as they have urban services readily available. The City still has several annexations that have stalled due to the declining housing market. As the market improves, the City anticipates these annexations will be activated again along with others. These annexations will likely include land for both multi-family and single-family dwelling uses. Currently, the City has a large inventory of single-family dwellings and vacant lots ready for development as the market for housing increases.

Affordable Housing Needs

There is a shortage of housing units in the City of Merced that are affordable to very low and low income households. Many low and very low-income households pay more than 30% of their income on housing costs. In particular, there is a shortage of housing units that can meet the needs of large family households with very low or low-incomes. These households currently experience the highest incidence of housing overpayment, with nearly 100% of such households with incomes below 30% of median paying more than 30% of their income on housing.

Using a variety of programs and incentives, since 2003, Merced has successfully added well over 430 units of new affordable rental housing to the City's housing stock. Three privately developed projects, The Grove, Sunnyside, and Sunny View Apartments, containing primarily 3 and 4 bedroom units, have been built. By virtue of their respective agreements with the City and other funding requirements, all three projects have rent structures making all of their units affordable to low and very low-income households. While these 3 projects undoubtedly have not resolved the shortage of affordable rental housing in the City, or the overcrowding of larger households, they surely have had a significant positive impact on both problems.

It might seem strange to maintain that a City in which the housing stock has increased at a faster pace than its population nonetheless faces a major housing affordability problem. But, at least for a very large segment of the City's residents, that is sadly the case. Merced is today, by any measure, a bargain hunter's dream for potential single-family home buyers with sufficient resources to make the requisite down payment, pay closing costs, and meet their monthly mortgage payments. But for those in the rental housing market, particularly moderate, low, and very low-income residents, housing affordability, and the range of housing choices, remains a serious dilemma.

The affordability problem for low and moderate-income Merced rental households is a matter of basic supply and demand. Between 2000 and 2007 the total number of renter households in the City increased by more than 3,500, representing an increase in the population of over 10,000 people. This latter figure exceeds the population increase for the entire City in this 7 year period. During the same time, the total number of new housing units in multiple-dwelling structures (i.e., the units most likely to be rental properties) increased by just 1,455. This means that an ever increasing number of renter households were competing for a proportionally smaller inventory of available rental units.

Another factor potentially affecting affordability in Merced is the extent to which renter households are compelled to occupy single-family dwellings. Because the supply of multiple-dwelling rental housing units has historically lagged far behind the demand for rental housing, and continues to do so, it is apparent that a very sizeable segment of Merced's renters live in single-family dwellings. Even if one were to suppose that all housing units in multiple-dwelling structures in Merced were occupied by renter households, there would still have been well over 3,000 renter households in single-family properties in 2000, and more than 5,600 by 2007.

The exact cost impact of so many renters in single-family properties is not clear. It may reasonably be assumed, however, that such rentals are, on average, more costly than rental units with the same number of bedrooms in multiple-dwelling structures, for at least 3 reasons. First, single-family houses are typically larger than the average rental unit. Second, the cost of utilities is likely to be greater on a per unit basis, even when compared to similarly sized rental units in multiple-dwelling structures. And third, single-family properties offer more amenities (more parking, yard space, and so on) than typical multiple-dwelling apartments, and can demand higher rents accordingly. It is also reasonable to assume that there is a continuing high demand for single-family rentals due to the continuing shortage of larger (3-4 bedroom) rental units elsewhere in the City. With recent foreclosure activities, many of single family homes have been purchased by investors and have entered the rental market. These additional rental units, however, are offset by the number of households losing their homes due to foreclosure and become renters.

To date, the centerpiece of the City's Housing Program effort has been the Housing Rehabilitation Loan Program, representing the largest budget allocation for housing related programs in the City. The program has been extremely popular and successful, providing low-interest loan funds to eligible households and then revolving those funds into additional loans for other households as they are repaid over time. The structural integrity of area housing stock was surveyed in 2003. At that time, the survey revealed that over 300 units were in need of major repair or demolition. In 2009, another survey was conducted by the City's Building Division. The survey concluded that approximately 95 percent of the housing units surveyed were rated sound; 4 percent were rated having minor repairs needed; less than 1 percent were rated as having moderate repairs; 0.1 percent were rated as having substantial repairs needed; and 3 percent were rated as having dilapidated conditions. Overall the majority of the City of Merced existing housing is in sound condition.

From FY 2005 through FY 2009, 119 rehabilitation or reconstruction projects have been completed through the Rehabilitation Program. The City also operates a Homebuyer Down-payment Assistance Program. Prior to 2005, due to the housing boom, down payment assistance was an active program. Despite the lower housing prices in recent years, between 2005 and early 2007, housing purchase has become more difficult due to high prices and after that due to tighter

credit regulations. This has resulted in a much smaller number of loans over the last 5 years. From FY 2005 through FY 2009, 25 loans have been closed using HOME, CalHome and BEGIN funds. The City has also facilitated and contributed to funding for three affordable housing projects (The Grove, Sunnyside, and Sunny View Apartments) in recent years. The Grove provided 204 affordable units, Sunnyside provided 115, and the Sunny View Apartments provided 113 affordable units. The Grove funding was provided by a Section 108, RDA, and HOME funds and HOME funds were also used to provide a loan over a 3-year period for the Sunny View Apartment project.

Homeless Needs

The City of Merced does not directly operate any homeless facilities or provide any other services for the homeless. The City contributes funding annually to the Merced County Association of Governments (MCAG) for the preparation of the Continuum of Care (CoC). The CoC collects data on the homeless and assesses their needs as well as the facilities and services available. The CoC staff perform interviews and attempt to collect as much information as possible from the homeless community. The "Point-in-Time" count taken in January 2009, revealed there were 372 homeless persons County-wide.

In an effort to help the homeless make the transition to permanent housing and independent living, the CoC provides services through several agencies. The Community Social Model Advocates Program houses up to 76 people and brings them through a substance abuse recovery program over the course of 18 months. The Rescue Mission offers a year-long transitional housing program including job training, life skills management, etc. to 21 adults. Mental Health houses up to six mentally ill adults and provides life skills training, counseling, etc. until the adults are able to move into permanent housing. Community Action Agency provides life skills training, employment assistance, etc. to 24 people through their New Hope House. Meanwhile, most CoC agencies help the homeless get connected with mainstream resources such as TANF, SSI, SSDI, food stamps and other services. The Merced County Housing Authority also provides hotel vouchers and referrals for other assistance.

Recently, the City of Merced was awarded \$515,203 for the Homelessness Prevention and Rapid Re-Housing Program (HPRP). This program is focused on housing for homes and at-risk households. It will provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The City will distribute these funds to the some Continuum of Care agencies providing homeless services within the City of Merced.

In FY 2007, the City contributed \$300,000 towards the construction of the permanent shelter in the City of Merced. In 2008, the Community Action Agency opened the doors to the shelter providing 60 beds. The shelter offers showers, laundry facilities, and assists the homeless with other needs. In addition to the 60 beds provided at this shelter, there are 186 beds provided by other agencies. Citywide, there are 60 beds available for households with children and 186 beds for households without children for a total of 244 beds available.

Public and Assisted Housing Needs

Public housing in the City of Merced is provided and managed by the Housing Authority of the County of Merced (HACM). The City of Merced Housing Program works in conjunction with the Housing Authority to ensure that the City and County housing programs work in tandem to provide quality housing for all City residents.

The Housing Authority currently owns 174 housing units that are rented to low to moderate-income families in the City of Merced. This number was previously 417 units, but because many of the units have been sold to former housing authority clients through the ROSS program, and 39 units were demolished to make way for a new project, the number of units has been significantly reduced.

The HACM has plans to replace the 39 units that were demolished with 89 new units of affordable housing for low-income families. Due to the current economy and funding issues, however, the agency has been unable to move forward with the project. The Housing Authority also operates the Housing Choice Voucher program. Currently, they provide approximately 1911 vouchers to families living in the City.

There are 4,648 families on the Housing Choice Voucher waiting list. The Housing Authority uses "Broad Base Rent" selection criteria to draw from the waiting list of prospective applicants. The waiting list for this program opens and closes depending on waiting list volumes. The Housing Authority also has programs to assist low-income households to purchase a home. Through the Homeownership Program, down payment set aside funds and home buying assistance is provided.

The Resident Opportunities for Self-Sufficiency (ROSS) program is also offered through the Housing Authority. Through this program, families earn an escrow account that they receive after they fulfill their Family Self Sufficiency (FSS) contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance. There are currently approximately 130 families participating in this program.

The City of Merced has identified two strategies to address the needs of public housing in this Consolidated Plan--1) the City will pursue funds to construct new affordable rental housing units; and 2) the City to continue working with the Housing Authority to continue/expand the Housing Choice Voucher program and other programs to help provide housing to low-income families.

There are several programs in the City of Merced that provide housing and housing-related services for people with special needs. These programs provide assistance to the elderly, persons with mental illness, substance abusers, persons with AIDS, victims of domestic violence and farm workers. Many of these programs are operated in conjunction with or through the County of Merced. While the City of Merced has not adopted a priority for providing housing assistance to special needs populations, the City has assisted in the rehabilitation and re-construction of residential units for low-income tenants and homeowners, as well as the rehabilitation of a day care center, two recreation centers, and an alcohol/drug recovery center.

Barriers to Affordable Housing

Barriers to affordable housing consist of those considered to be "governmental constraints" and "non-governmental constraints". Governmental constraints refer to policies and regulation that

can affect new residential development. The following is a summary of public policies that impact the cost/and or delivery of housing in Merced.

- Open Space Requirements
- School Facilities Dedication and Impact Fees
- Offsite Improvements
- Permit Fees and Other Exactions

Fair Housing

The City of Merced updated its Analysis of Impediments to Fair Housing Choice (AI) in 2009. The AI included an analysis to identify impediments to fair housing choice within the community and taking appropriate action to overcome the effects of any discrimination practices or other limitations identified. The AI was last updated in 2003. As a follow up to that AI's recommendation, the City has established a fair housing enforcement program with CDBG funds to provide fair housing services. The Central Valley Coalition of Affordable Housing is the service provider and has established a fair housing hotline, 1-888-MERCED8, and will provide referrals to outside agencies as required if complaints need to be filed. The Coalition also has a Tenant and Landlord Education Program, which involves working with the Housing Authority of the County of Merced, and other organizations in developing educational materials and workshops to educate tenants and landlords on their rights and responsibilities.

Lead-Based Paint

In the City of Merced it is estimated that about 7,000 housing units occupied by low-income or very low-income households contain lead-based hazards. Although accurate statistics are not available, it is likely that many of these homes are concentrated in the South Merced area where there is a concentration of families in poverty and substandard housing, two factors that are often correlated with the incidence of lead poisoning. Lead based paint hazards represent an immediate risk to children.

Lead poisoning education and abatement efforts in Merced are provided through the cooperative efforts of the County Public Health Department, Environmental Health Division and Child Health and Disability Program. The abatement of lead-based hazards is a vital component of the City of Merced's Housing Rehabilitation Loan Program. All housing rehabilitation projects are assessed for lead based paint and lead based paint abatements are performed by licensed contractors.

Community Development Needs

The City of Merced is committed to ensuring the safety and well being of its citizens. The overall non-housing priority is to improve the quality and quantity of community and recreational services, public facilities, and infrastructure in eligible neighborhoods. Urgent community development needs are to ensure funding for essential services in the community including adequate police education and outreach services for gang prevention activities, further cooperation and goodwill between the City Police and the Southeast Asian and Hispanic Communities, and other needed public services and youth activities in the community. There is

also concern regarding the escalation of gang related youth violence and criminal activity that has to be addressed through establishment of suitable activities for youth.

Housing and Community Development Five-Year Strategy

Vision for Change

The City’s rehabilitation and reconstruction of substandard housing along with neighborhood stabilization is the most significant need in the City of Merced. The City will continue to use CDBG, HOME, and other available funds including Neighborhood Stabilization Program (NSP), and CalHome funds to pursue the creation and preservation of all types of affordable housing. The City also emphasizes in development of affordable rental housing. The emphasis for rental housing is to assist rent-burdened and large families living in overcrowded situations. Aside from housing, the City will continue to pursue funding for activities that will enhance and ensure community safety, livability, and economic activities.

In January 2009 the City was awarded \$2,046,968 in Federal Neighborhood Stabilization Program funds. The City has determined to spend about 70% of this money for direct acquisition, rehabilitation, and resale of foreclosed properties. The remaining 30% of the funds are to be used to support FTHB loans to enable qualified homebuyers to purchase foreclosed properties within the City.

The City has described its NSP goal to be the placement of as many families as possible into foreclosed properties as quickly as possible, in order both to increase the level of homeownership for qualified very low and moderate income households, and to stabilize neighborhoods impacted by foreclosures. The City estimates that up to 40 acquisition and FTHB loans will be made under the NSP initiative. A complete summary of the City's five-year priorities, goals, and strategies is presented in the 2010 Consolidated Plan. Highlights of these priorities are discussed below.

Housing Objectives & Outcomes

OBJECTIVE	OUTCOME
Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization	1) Complete a minimum of 5 rehabilitation projects. 2) Completion of at least 2,000 Code Enforcement cases.
New Affordable Rental Housing Construction	1) Service the Section 108 Loan for the Grove Apartments which provides 204 affordable housing units. 2) Complete 1 project with the City’s CHDO. 3) Continued “fast-track” permit review from the Inspection Services and Planning Departments to decrease time for permit issuance.

OBJECTIVE	OUTCOME
Housing Affordability (Homebuyers Assistance Programs)	Complete 5 First Time Home Buyers Loans.
City Coordination	1) The completion of the Countywide Continuum of Care and continued work on the 10-year plan to end homelessness. 2) The continued operation of the Fair Housing Hot-line. 3) Continue to provide information on the City's Housing Programs.
Improvement of the Quality and Quantity of Public Services	1) Officers from the Gang Violence Suppression Unit (GVSU) will make presentations to local schools to help educate young people about the dangers of gang involvement. It is expected they will reach at least 500 to 1,000 kids through this program. In addition, it is anticipated that the GVSU will assist in the arrest of 400-500 people involved in gang-related crimes. 2) Provide assistance to residents of the Hmong and Hispanic communities through Police Community Aides. It is expected that these Aides will assist approximately 700 people throughout the year.
Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities	Continued progress on the installation of sidewalks in the South Merced area.
Planning for Future Housing and Infrastructure Needs	1) Completion of HUD required reports and continued support for the development of low-income housing. 2) Completion of the Housing Element update

Anti-Poverty Strategy

The City of Merced Housing Program works closely with the City's Economic Development Department to ensure that affordable housing efforts are properly coordinated with economic development activities to reduce the incidence of poverty in the City of Merced.

The Economic Development Department works to recruit new industry to the City and expand existing business. The goals, policies, and programs of the City of Merced's Housing Program help to support these anti-poverty initiatives by helping to ensure an adequate supply of quality, affordable housing in the community, thereby supporting business development activities.

The City of Merced along with its Redevelopment Agency (RDA) is also committed to working with the Merced County Housing Authority, the Merced County Community Action Agency, the Merced County Human Services Agency, and the Private Industry Training Department on such anti-poverty programs as the Family Self-Sufficiency Program, Head Start, WorkNET, Workforce Development Initiative programs, and CalWORKS job training programs.

In addition, the City is working to develop a program for economic development job creation through small business assistance. Employment opportunities can be created for low and moderate income persons through business expansion. Business expansion can be fostered through a business revolving loan fund and business management counseling.

Neighborhood Services Strategy

For many years, the City of Merced has instituted a "community-based" policing program in order to combat crime through increased citizen involvement and communication within neighborhoods. Beginning in FY 1999, the City of Merced expanded that concept by modifying traditional programs and services to become more oriented toward neighborhoods. The goal is to foster and sustain safe, viable, and vital neighborhoods through the City's Code Enforcement Program.

The Code Enforcement Specialists supported with CDBG funds, work with property owners in low-income neighborhoods to restrain physical decline. Code Enforcement Division, overall, works on both a citywide basis and in specific targeted areas. Problems such as accumulated trash and debris, inoperable and unlicensed vehicles, and inadequately maintained or substandard dwelling units lead to the impression and sometimes the reality that the neighborhood is in decline. These physical conditions continue a vicious cycle that invites criminal activity and further deterioration. The Code Enforcement Specialists would inform citizens on the availability of City Housing resources for housing rehabilitation and rejuvenation and inform property owners when repairs are necessary to combat unacceptable conditions. The Specialists would also be responsible for gathering information regarding the need for public facility improvements, so that neighborhoods located in the eligible census tracts would benefit from CDBG and other available funds.

Housing and Community Development Resources

Federal Programs: The primary federal resources are the HUD Community Development Block Grant (CDBG) Program and the Home Investment Partnerships Program (HOME). CDBG funds are provided to urban communities for use in neighborhood revitalization, economic development, community facility improvement, prevention and elimination of slums and activities aiding low-moderate income persons. The HOME Program is a flexible grant program that provides money to participating jurisdictions for use in responding to local housing needs. HOME funds may be used for acquisition, rehabilitation, new construction, tenant-based assistance, homebuyer assistance, planning, and support services.

State Programs: The City of Merced Housing Program works closely with the State of California Department of Housing and Community Development (HCD) to receive funding. In recent years the City has been awarded CalHome, Building Equity and Growth in Neighborhoods (BEGIN), and Neighborhood Stabilization Program. These funds deal with rehabilitation of owner occupied residential units, assisting homebuyers with down payment assistance, and addressing the foreclosure crisis in the community.

The City will work with private developers to obtain bond financing from the California Housing Finance Agency (CalHFA) and other funds for the development of rental housing. Such funds and financing agreements are between the State and the developers themselves. The Housing Program provides assistance to developers in applying for those financing. The City of Merced Housing Program will continue to apply for State and all other funds available to support housing in the City of Merced.

Local Programs: The City of Merced Redevelopment Agency (RDA) provides funding for the City's housing activities through tax-increment funds raised as the result of private investment in the City's redevelopment area. State law requires that 20 percent of all property tax increments in a redevelopment area be set aside to subsidize new, existing, or rehabilitated low- and moderate-income housing.

By State law, 20% of the tax increment funds accruing to the City's Redevelopment Agency must be set aside for affordable housing related projects. On average, this amounts to approximately \$900,000 per year. Unlike Federal or State resources, RDA funds must be utilized within the agency's established "Project Areas." At present, there are two such areas. "Project Area 2" encompasses the heart of downtown Merced for 2 to 4 blocks on either side of 16th Street, plus an area adjoining the Western Industrial Park. The "Gateways Project Area" covers a sizeable portion of Central and South Merced, as well as segments of the Airport Industrial Park and the University Industrial Park. Although a separate agency, the RDA works closely with the City Housing and Planning Departments, and successfully coordinates its housing related projects with other City housing activities.

In recent years RDA funding has been utilized to provide initial financial support for construction of the Grove Apartment complex; to construct 24 units of affordable loft housing above commercial properties in downtown Merced, the majority of which were for low and moderate-income tenants; to convert the Merced Theatre into studio and 1 bedroom apartments, 4 of which are set aside for low income residents; and to work with Habitat for Humanity by purchasing single-family homes or lots, which the agency then deeds over to the non-profit for \$100 per property for development of affordable units. In 2008, the agency purchased 3 such

properties for \$450,000. RDA funding is also routinely used for rehabilitation and reconstruction projects. RDA also utilizes its resources to “bank” properties for future use as affordable housing sites. Between 2000 and 2008, approximately 15 such properties were acquired for future development.

Other projects include possible public amenity improvements (sidewalks, streetlights, ADA accessible ramps and parking) to the mid-town area and three more affordable housing projects – 1) 73 South R Street; 2) 150 W. 19th Street; and 3) the 2800 block of North Highway 59. These projects are in different stages of development, but RDA staff is hopeful they will all be completed by 2015. The Redevelopment Agency has also implemented a façade improvement program to improve the appearance of housing within their project areas.

Additionally, the City of Merced's Housing Program operates the housing rehabilitation loan and First Time Home Buyer (FTHB) programs. These programs provide financing for qualified homebuyers and the rehabilitation of housing units occupied by low-income households. Income from these programs recycles back into new loans for homebuyer's or rehabilitation projects. In previous years, these funds would typically average over \$1,000,000 in a single program year. Unfortunately, due to the current economic situation, fewer loans are being paid off which has resulted in much lower program income.

Non-Profit: While there are no nonprofit organizations that contribute significant financial resources towards housing activities in the City, the Central Valley Coalition for Affordable Housing (Coalition) works closely with the City to promote the development of affordable housing projects. Coalition is also the City's designated Community Housing Development Organization (CHDO) and collaborates in development of affordable housing projects. The City provides 15% of its HOME funds to a CHDO for the development of affordable housing projects.

Coordination of Strategic Plan

In the 2010 Consolidated Plan, the City of Merced provides a detailed description of the coordination efforts that will be undertaken by the City of Merced Housing Program over a five-year period. The goal is to enhance coordination with other service providers in the City, namely the Merced County Housing Authority, the Merced County Community Action Agency, the Merced County Human Services Agency, the County Departments of Public Health and Mental Health, and other affordable housing for-profit and nonprofit organizations.

Funding Recommendation for the period July 1, 2010 to June 30, 2011

SOURCE	CDBG	HOME	TOTAL
Grant FY 2010	\$1,357,144	\$666,386	\$2,023,530
Carry-over from FY 2009	\$10,000	\$90,000	\$100,000
Estimated Program Income FY 2010	\$120,000	\$80,000	\$200,000
Total	\$1,487,144	\$836,386	\$2,323,530
ACTIVITIES			
Housing Rehabilitation and Reconstruction	\$451,094	\$561,428	\$1,012,522
*CHDO Set-Aside		\$101,958	\$101,958
First Time Home Buyer Program		\$100,000	\$100,000
Code Enforcement	\$240,000		\$240,000
HUD Section 108 Loan (The Grove)	\$339,550		\$339,550
**Police Officer Funding	\$168,500		\$168,500
**Police Community Aide	\$40,000		\$40,000
**Other Public Services	\$10,000		\$10,000
***Planning/Urban Development	\$75,000	\$30,000	\$105,000
***Continuum of Care + 10 year Plan	\$55,000		\$55,000
***Fair Housing Services	\$3,000	\$8,000	\$11,000
***Indirect Admin Expense	\$105,000	\$35,000	\$140,000
Total	\$1,487,144	\$836,386	\$2,323,530

- * 15% CHDO min. HOME set-aside = \$101,958 (includes \$2,000 for operation costs).
- ** 15% Public Services Cap: FY 2010 CDBG grant (\$1,357,144) + Prior FY (2009) CDBG estimated \$100,000 program income = \$218,500.
- *** 20% Planning and Admin Cap for CDBG: FY 2010 CDBG grant (\$1,357,144) + projected program income (\$120,000) = \$295,428; and
10% Planning and Admin Cap for HOME: FY 2010 HOME grant (\$666,386) + projected program income (\$80,000) = \$74,638.
Of the \$370,066 cap, a total of \$311,000 of CDBG and HOME is allocated for Planning and Admin expense.
The \$140,000 Indirect Admin Expense also includes admin expenses for the Code Enforcement.

Note: All funds not expended in their respective categories and additional underestimated amount of program income will revert to Housing Rehabilitation and Reconstruction activity.

Description of Key Projects

The City of Merced One-Year Annual Action Plan for FY 2010 outlines the proposed use of approximately \$2,323,530 in CDBG, CDBG program income, HOME, HOME program income, and carry-over from FY 2009. These funds will be spent on a variety of activities including:

- \$1,012,522 for housing rehabilitation/reconstruction loans/emergency loans to low-income persons for the rehabilitation of substandard units (citywide);
- \$100,000 for homeownership assistance. These funds will provide down payment and closing costs for first time homebuyers (citywide);
- \$339,550 for HUD Section 108 Loan for “The Grove” Apartment Project;
- \$240,000 for three Code Enforcement Specialists to provide code enforcement activities in low and moderate-income neighborhoods;
- \$168,500 for police officer funding. This continues financial support for six additional officers hired under a Federal Police grant to fund additional police officers (citywide);
- \$40,000 for a police community aide for the Southeast Asian Community (citywide);
- \$140,000 for indirect administrative expenses;
- \$105,000 for planning, urban environmental design, and capacity building;
- \$55,000 for additional planning funds for Continuum of Care Plan and 10-year plan to address homelessness;
- \$11,000 for additional planning funds for Fair Housing Services; and
- \$101,958 in Community Housing Development Organization (CHDO) funding for development of low-income housing.

Contact Person:

For additional information regarding HUD Annual Action Plan FY 2008 for the City of Merced, please contact:

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2010 HUD Annual Plan

Annual Action Plan includes the SF 424 and is due every year no less than 45 days prior to the start of the grantee's program year start date. HUD does not accept plans between August 15 and November 15.

A. CITIZEN PARTICIPATION 91.220 (b)

2. Provide a summary of the citizen participation and consultation process (including efforts to broaden public participation in the development of the plan.
3. Provide a summary of citizen comments or views on the plan.
4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

The City of Merced follows the Citizen Participation Plan that strongly encourages the involvement of low, very low and extremely low-income residents, minorities and the disabled in decisions regarding the expenditure of housing and community development funds. Public meetings and hearings are publicized and conveniently scheduled, and the City staff upon request provides technical assistance to citizens.

On April 3, 2010, a public notice appeared in the Merced Sun-Star announcing the availability of the draft 2010 Annual Plan upon request and on the City's web site. Notices and various other publications were also posted at Merced Lao Family, the bulletin board in front of the Civic Center, and the City of Merced Housing web page. The notices also advised citizens of a public hearing before the Merced City Council on Monday, May 3, 2010 regarding the 2010 Annual Plan. Verbal translations of the Executive Summary of the 2010 Annual Plan were offered in English, Hmong, Lao, and Spanish upon request. Citizens were also advised that a translator would be made available to help them review the entire document upon request.

City Council Review of Draft Annual Action Plan

The City Council reviewed and approved the DRAFT 2010 Annual Plan at their meeting of May 3, 2010.

Summary of Citizen Comments

No written comments were received. The City received several inquiries on the homebuyer's and owner-occupied rehab/reconstruction programs. Throughout the year, the public has also emphasized the needs for development of affordable rental housing, neighborhood stabilization, and public facilities needs. We also had inquiries on how the funding process worked and what types of programs could be funded using CDBG and HOME funds. No other comments were provided regarding the plan.

B. RESOURCES 91.220 (C) (1) AND (C) (2)

5. Identify the federal, state, and local resources (including program income) the jurisdiction expects to receive to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.
6. Identify federal resources the jurisdiction expects to receive from the Housing and Economic Recovery Act and the American Recovery and Reinvestment Act that will be used to address priority needs and specific objectives identified in the plan. Identify whether Neighborhood Stabilization Program funding is being used to address priority needs. Identify whether CPD funding will be coordinated with Department of Energy's Energy Efficiency and Conservation Block Grants, and the Department of Labor's Workforce Investment Act programs to provide opportunities for unemployed, lower-skilled, and low-income women and men to advance along a middle class career track of increasing skills and wages.
7. Explain how federal funds will leverage resources from private and non-federal public sources.

Funding

The 2010 fiscal year is the first year of implementation for the five-year strategy presented in the *City of Merced 2010 Consolidated Plan*. **Table 1** (Page 6) provides a summary of the action plan for the City of Merced's Housing Program in the 2010 fiscal year. The City of Merced's CDBG funding for FY 2010 is **\$1,487,144** (including \$1,357,144 CDBG federal grant, \$120,000 estimated CDBG loan repayment program income, and \$10,000 of un-obligated carry-over from FY 2009). HOME funding for FY 2010 is **\$836,386** (including \$666,386 HOME federal grant, \$80,000 of estimated program income, and \$90,000 carry-over from FY 2009). The total funding for HOME, CDBG, program income, and carry-over for FY 2010 is **\$2,323,530**.

Statement of Support for the Funding Applications of Other Entities

The City of Merced will support applications of other government entities and nonprofit organizations in its jurisdiction to maximize the resources available for affordable housing and community development efforts in the City.

Leveraging of Federal Funds and Matching Requirements

The City of Merced has indicated in the specific program activities section of this plan that it plans to use non-federal funds either in combination or independently in order to achieve greater leverage for HUD monies. This does not preclude the use of private funds in other project activities. The City of Merced meets both of the distress criteria under HOME and receives a 100 percent reduction of match. In prior years, combinations of Redevelopment Agency Housing Set-Aside funds and private monies have been used to build rental new construction or

rehabilitation projects. Examples of this type of project are the Grove Apartments, the Sunny View Apartment Project and the Sunnyside Apartments. Together, these developments added a total of 430 affordable units to the City's housing inventory.

Summary of Low-Income Housing Tax Credits and Competitive McKinney Vento Homeless Assistance Act Funds

The Sunny View Apartment project applied for Low-income Housing Tax Credits. The project received \$1,761,000 in financial assistance from the City. This project, which consists of 113 affordable housing units, was completed in January 2008. In addition, Housing Tax Credits were used for the Grove and the Sunnyside Apartments with 125 affordable housing units. The Grove and Sunnyside Apartments were completed in 2003 and 2005, respectively, and have maintained a high occupancy rate since opening.

The City and County of Merced have contracted with the Merced County Association of Governments (MCAG) to develop a Continuum of Care strategy and apply for Federal Grant funds. MCAG prepares an application for McKinney Vento Homeless Assistance Act funds. These funds are used to provide services countywide to the homeless community.

Neighborhood Stabilization Program Funds

The City of Merced did not receive any direct Neighborhood Stabilization Program (NSP) funding. Based on HUD methodology for allocation, California received \$529.6 million of the \$3.92 billion available nationwide for the program. Over \$384.5 million was allocated directly to 46 CDBG entitlement counties or cities in California as determined by HUD. The remaining \$145,071,506 was allocated to the State of California to be administered by HCD. Based on the allocation formula, the State allocated \$2,046,968 of the funds to the City of Merced. As a result of this funding, the following activities have been undertaken:

- 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.
- 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.

The Grant allows 5% for the administrative costs at a maximum of \$102,348. Of the remaining \$1,944,620, the City has planned to spend about 70% of this money for acquisition, rehabilitation, and re-sale of foreclosed properties within the City. About 30% has been allocated for homebuyer's program to provide loans in order to enable qualified homebuyers to purchase foreclosed properties within the City. These activities target household populations with income of no more than 120% of the Area Median Income (AMI).

The NSP Home Buyer Assistance Program allows a maximum \$30,000 loan.. The applicant must be able to provide 1% of the sales price of the home and they must be able to qualify for a first mortgage loan. The home purchased must be a foreclosed home and the applicant must have lived or worked in the City of Merced for at least 6 months prior to obtaining the loan.

HUD considers the implementation of the NSP an urgent matter. Therefore, specific requirements, activities, and timeliness have been established to ensure grantees use the funds in an expeditious manner. HUD requires all grantees to obligate funds within 18 months of grant receipt and spend all funds within 48 months of grant receipt. The City's goal is to place families in homes as quickly as possible using NSP funds to help stabilize neighborhoods impacted by the foreclosure crisis.

Homelessness Prevention and Rapid Re-Housing Program (HPRP)

The City was awarded a grant of \$515,203 in HPRP funds. These funds are required to be used for programs and activities focused on housing for homeless and at-risk households. The City of Merced is using these funds to provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The funds under this program are intended to target two groups facing housing instability:

- Individuals and families who are currently in housing but are at risk of becoming homeless and need temporary rent or utility assistance to prevent them from becoming homeless or assistance to move to another unit (prevention), and
- Individuals and families who are experiencing homelessness (residing in emergency or transitional shelters or on the street) and need temporary assistance in order to obtain housing and retain it.

The HPRP program is not a mortgage assistance program. Funds are only eligible to help the program participant whether they are renters or homeowners about to become homeless. These funds are to pay for utilities, moving costs, security deposits, rent in a new unit, storage fees, case management, and other financial costs or services.

There are four categories of eligible activities for the HPRP programs:

- Financial assistance
- Housing relocation and stabilization services
- Data collection
- Administrative costs

These activities are intentionally focused on housing, either financial assistance to help pay for housing, or services to keep people in housing or to find housing. HPRP assistance is not intended to provide long-term support for program participants. Assistance, rather is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability. At least 60 percent of funds must be spent within 2 years of the date of grant agreement and all funds received must be expended within 3 years.

The City is not directly administering these funds. Instead they have been distributed among four of the continuum of care agencies providing homeless services in the City of Merced. These agencies were invited to submit proposals for the use of the HPRP funds. The City received five applications and has funded programs from four of the agencies. The City also set aside 3% (\$15,203) of the allowable 5 % for administrative costs. The remaining \$500,000 has been awarded as follows:

<u>Agencies Funded</u>	<u>Amount</u>
Merced County Community Action Agency	\$310,000
Sierra Presbyterian Church	\$100,000
Love INC.	<u>\$90,000</u>
Total	\$500,000

Energy Efficiency and Conservation Block Grant

The City of Merced was awarded \$749,200 in Energy Efficiency and Conservation Block Grant funds. This grant is part of the Federal Stimulus Package. The City of Merced developed a strategy and subsequent programs to help reduce the total energy used by the City as a whole. One of the programs that will be implemented is a loan program through the City's Housing or Redevelopment Agency (RDA) Programs. This program will provide funding and assistance to developers of affordable rental housing or homeowners to make their home more energy efficient.

Approximately \$250,000 has been set-aside for Housing Programs. The specifics of the loan program have not yet been determined; all projects using these funds will be required to provide some form of energy conservation and efficiency. The projects will involve installing new windows, new heating and air conditioning units, adding insulation, and installing weather-stripping around doors and windows, installation of solar panels, or water heaters.

Community Action Agency Energy Efficiency Program

In addition to the City's program, the Merced County Community Action Agency also operates a program to help conserve energy. Their program goal is to provide free, or low-cost energy conservation, and health/safety quality improvements that benefit low-income households. By doing this, they hope to improve the cost, comfort, and energy consumption in the homes of economically disadvantaged persons in Merced County.

Table 1

Funding Recommendation for the Period July 1, 2010 to June 30, 2011:

SOURCE	CDBG	HOME	Total
Grant FY 2010	\$1,357,144	\$666,386	\$2,023,530
Carry-over from FY 2009	\$10,000	\$90,000	\$100,000
Estimated Program Income FY 2010	<u>\$120,000</u>	<u>\$80,000</u>	<u>\$200,000</u>
Total	\$1,487,144	\$836,386	\$2,323,530
ACTIVITIES			
Housing Rehabilitation and Reconstruction	\$461,094	\$561,428	\$1,022,522
*CHDO Set-Aside		\$101,958	\$101,958
First Time Home Buyer Program		\$100,000	\$100,000
Code Enforcement	\$240,000		\$240,000
HUD Section 108 Loan (The Grove)	\$339,550		\$339,550
**Police Officer Funding	\$168,500		\$168,500
**Police Community Aide	\$40,000		\$40,000
**Other Public Services	\$10,000		\$10,000
***Planning/Urban Development	\$75,000	\$30,000	\$105,000
***Continuum of Care + 10 year Plan	\$55,000		\$55,000
***Fair Housing Services	\$3,000	\$8,000	\$11,000
***Indirect Admin Expense	\$105,000	\$35,000	\$140,000
Total	\$1,487,144	\$836,386	\$2,323,530

* 15% CHDO min. HOME set-aside = \$101,958 (includes \$2,000 for operation costs).

** 15% Public Services Cap: FY 2010 CDBG grant (\$1,357,144) + Prior FY (2009) CDBG estimated \$100,000 program income = \$218,500.

*** 20% Planning and Admin Cap for CDBG: FY 2010 CDBG grant (\$1,357,144) + projected program income (\$120,000) = \$295,428; and
 10% Planning and Admin Cap for HOME: FY 2010 HOME grant (\$666,386) + projected program income (\$80,000) = \$74,638.

Of the \$370,066 cap, a total of \$311,000 of CDBG and HOME is allocated for Planning and Admin Expense.

*** The \$140,000 Indirect Admin Expense also includes admin expenses for the Code Enforcement.

Note: All funds not expended in their respective categories and additional underestimated amount of program income will revert to Housing Rehabilitation and Reconstruction activity.

C. ANNUAL OBJECTIVES 91.220 (c) (3)

***If not using the CPMP Tool:** Complete and submit Table 3A.

***If using the CPMP Tool:** Complete and submit the Summary of Specific Annual Objectives Worksheets or Summaries.xls

8. Provide a summary of specific objectives that will be addressed during the program year.

The 2010 Consolidated Plan sets forth objectives to be accomplished through the implementation of the Annual Plan for each of the five years included in the Consolidated Plan. For each objective, the City has developed goals to help implement the objectives and measure success.

Objective A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization

Goals:

- Ensure quality affordable housing through the Rehabilitation and Reconstruction of the existing housing stock.
- Support the Code Enforcement activities to diminish slum and blight and to revitalize low-income neighborhoods.

Objective B: New Affordable Rental Housing Construction

Goals:

- Increase the Stock of Affordable Housing for Very Low, and Low-Income Households.
- Encourage a Mix of Housing Throughout the City To Meet The Needs of Different Income Groups.
- Encourage the Construction of Housing and Facilities to Meet Special Needs, Including Farm Workers, Homeless, Large Families, Seniors, and People with Physical or Mental Disabilities.

Objective C: Housing Affordability (Homebuyers Assistance Programs)

Goals:

- Increase Homeownership Opportunities for Low-Income Groups.
- Provide Financial Assistance as Needed to Very Low and Low-Income Renter Households.

Objective D: City Coordination

Goals:

- Coordinate Innovative Housing Efforts with Private and Nonprofit Developers as well as Other Jurisdictions and City Departments.
- Promote and Support Fair Housing Opportunities.
- Continue the Efforts to End Homelessness in Merced.

Objective E: Improvement of the Quality and Quantity of Public Services

Goals:

- To Ensure Funding for Adequate Police Community Services.
- Increase the Level of Youth Services, Child Care, and Other Public Services Programs in the Community.

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities

Goals:

- To Ensure the Availability and Adequacy of Necessary Infrastructure to Accommodate Qualified Residents, Business, and Industry.
- To Maintain High-Quality Public Facilities to Serve Low-Income Residents.

Objective G: Planning for Future Housing and Infrastructure Needs

Goals:

- To Pursue Planning Efforts to Ensure Future Housing Demands Are Met.
- Ensure Accountability and Success of the Housing Annual Action Plan and Other HUD Documents and Environmental Reports.

D. DESCRIPTION OF ACTIVITIES 91.220 (d) AND (e)

**If not using the CPMP Tool: Complete and submit Table 3C*

**If using the CPMP Tool: Complete and submit the Projects Worksheets and the Summaries Table.*

9. Provide a summary of the eligible programs or activities that will take place during the program year to address the priority needs and specific objectives identified in the strategic plan.

Describe the outcome measures for activities in accordance with Federal Register Notice dated March 7, 2006, i.e., general objective category (decent housing, suitable living environment, economic opportunity) and general outcome category (availability/accessibility, affordability, sustainability).

Objective A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization

3) Housing Rehabilitation Loan Program

This activity provides low interest rehabilitation/reconstruction loans to qualifying home owners and owners of rental properties. Loan principal and interest are paid back over time and these funds are used for eligible CDBG and HOME activities. This activity also includes emergency loans, which provides funds to repair failing roofs, inoperable sewer lines, and other emergencies regarding health and safety. The funds can also be utilized for sewer hook-ups.

In general, the main emphasis of the Housing Program has been placed on Housing Rehabilitation and Reconstruction, where the need has continued to grow. This year, due to contribution to the Grove apartments, CDBG funds are considerably less than the previous years. In this FY \$1,012,522 is set aside for this category (\$451,094 CDBG and \$561,428 HOME). These projects consist of owner-occupied rehabilitation, reconstruction, and emergency conditions. This category also includes activity delivery costs for the Housing Division.

Source of funds:	CDBG, HOME, and program income funds
Expected Level of Funding, 2010:	1,012,522 Total [CDBG \$451,094; HOME \$561,428]
Clients to be served:	Low-income households or renters
Number of households to be assisted:	5
General Objective Category:	Decent Housing
General Outcome Category:	Availability/Accessibility

4) Code Enforcement Program

This activity will provide partial funding for City Code Enforcement Specialist positions. These persons will work in low-income neighborhoods to promote building rehabilitation, reduce crime and improve the overall living environment for the residents of these neighborhoods.

Source of funds:	CDBG
Expected Level of Funding, 2010:	\$240,000
Clients to be served:	Low-income persons
General Objective Category:	Suitable Living Environment
General Outcome Category:	Sustainability

5) Lead Hazard Evaluation and Abatement

This activity will continue the requirements of the City's Housing Rehabilitation Loan Program to ensure that rehabilitation funds are available for the inspection and removal of lead-based paint hazards. The City is taking all necessary steps to ensure compliance with revised federal regulations regarding lead-based paint (effective September 2000) as outlined in the 2000 and 2005 Consolidated Plans. There are a number of certified contractors that perform the inspection, abatement, and clearance on the projects and the costs are part of the loan awarded to the clients. For the projects that require costly lead-based paint abatement, the City will develop a formula to pay part or all of the lead-based paint related costs as a grant to the very low income or senior clients on a case-by-case basis.

Source of funds:	CDBG and HOME
General Objective Category	Suitable Living Environment
General Outcome Category:	Availability/Accessibility

Objective B: New Affordable Housing Construction

The following activities will be undertaken in the 2010 fiscal year to encourage the development of affordable housing in the City of Merced:

1) Priority Review Planning and Permitting:

This is an ongoing activity for the City, providing "fast-track" processing for development proposals that include affordable housing. This helps to reduce the carrying costs for such projects.

Source of funds:	This is a procedural activity (covered under admin costs) that does not require the expenditure of any additional Housing Program funds.
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2) Housing to Meet Special Needs (CHDO Set-Aside):

The City of Merced Housing Program continues to focus on providing housing opportunities to groups with special housing needs. A potential source of funding for such activities is the HOME, CHDO Set Aside. The City of Merced works closely with the Central Valley Coalition for Affordable Housing (a local CHDO) in trying to develop projects. At this time, a specific project has not been determined for this Fiscal Year. In previous years, the City and the Coalition performed a major rehabilitation on a 4-bedroom single-family unit to be used for housing mental health clients of the Merced County Mental Health Department. The Central Valley Coalition for Affordable Housing will purchase and rehabilitate an abandoned foreclosed home for rent to very low-income households or those with special needs. For FY 2010, the set aside amount for CHDO is \$101,958, which includes \$2,000 for operation costs.

Source of funds:	HOME (CHDO) Set-Aside.
Expected level of funding, 2010:	\$101,958
Clients to be served:	Low and very low-income households with special housing needs (e.g., elderly, homeless, people with AIDS, people with disabilities, etc.).
Number of households to be assisted:	1
General Objective Category	Decent Housing
General Outcome Category:	Availability/Accessibility

3) Affordable Housing Projects (The Grove Apartments)

In FY 2004, the City paid from the CDBG funds for the first year of the loan while the project was under construction. Since 2004, CDBG funds have been used to pay the loan due to lack of sufficient cash flow from the project. The City provided \$354,850 in funding for the loan payment to HUD for FY 2008 and \$350,000 in FY 2009. In FY 2010, the loan payment being made by the City is \$339,550. As the cash flow condition improves, the developer will pay all shortfalls and unpaid balances of the loan to the City.

The City will continue providing financial assistance for development of other affordable housing projects targeting very low-income residents of the community. The City works closely with the developers of affordable housing projects to bring in more Federal and State funds. In addition, the City will provide CDBG and HOME loans available to the developers of affordable housing projects. In recent years, the City has also provided \$1,761,000 of its HOME funds to support the construction of the Sunny View Apartments, which provided an additional 113 units for low-income families.

Source of funds:	CDBG
Expected Level of Funding, 2010:	\$339,550
Clients to be served:	Low to very low-income households
Number of households to be assisted:	204
General Objective Category	Decent Housing
General Outcome Category:	Affordability

Objective C: Housing Affordability (Assistance Programs)

1) Down Payment Assistance

This program, also known as the First Time Home Buyer Program (FTHB), provides low-interest loans to first-time, low-income homebuyers. Loans are provided interest free for the first five years, with a fixed three (3) percent interest rate, initiating on the 61st month. Debt is amortized over the following 25 years and there are penalties for subsequent sale to non low-income homebuyers. The Program has gone through several changes in the past. Among the changes are: 1) an increase in the loan amount from \$25,000 to \$35,000; 2) modifying the interest rate from 4% to 3% rate; and 3) increasing the maximum City funds on the down payment to 10%.

Housing prices in the City of Merced have dropped dramatically over the last few years. However, due to the high unemployment rate and the more stringent rules for obtaining a home loan, this program has not been as productive as the City had hoped. While the funding for this program in FY 2010 is still relatively low, it is anticipated that within the next few years, there will be an increased demand for this program.

The City's recent CalHome and BEGIN grant will also supplement the First Time Home buyer Program. The City has been awarded \$660,000 in BEGIN (Building Equity and Growth in Neighborhoods) for the first time homebuyers and \$600,000 in CalHome for first time homebuyers and rehabilitation projects. In addition, the City has received \$2,046,968 in Neighborhood Stabilization funds. Of that amount, about \$600,000 (close to 30% of funds) are being used for first time homebuyer down payment and closing costs financing for the purchase of foreclosed homes.

Source of funds:	HOME
Expected level of funding, 2010:	\$100,000 [HOME]
Clients to be served:	Low-income first time homebuyers.
Number of households to be assisted:	5
General Objective Category	Decent Housing
General Outcome Category:	Affordability

Objective D: City Coordination

1) Educational Programs

This activity will ensure that information on affordable housing issues and programs in the City of Merced is made available to City residents, developers, and local lenders, by placing program brochures, copies of City documents, and other pertinent information on the City's website and at the Merced Civic Center Housing Division. In addition, this information is made available to community-based groups serving lower income residents.

Source of funds: This is a procedural activity (covered under administrative costs) that does not require the expenditure of any additional Housing Program funds.

2) Fair Housing Programs:

As a result of the Analysis of Impediments to Fair Housing study done in 2003, the City established a fair housing enforcement program with CDBG funds to provide fair housing services. The Central Valley Coalition of Affordable Housing is the service provider to those households who feel they have been discriminated against.

The Coalition has established a fair housing hotline, 1-888-MERCED8, and provides referrals to outside agencies as required if complaints need to be filed. All complaints are addressed within 30 days. In case of a high number of complaints, the Coalition will conduct fair housing testing to determine the level of discrimination (if any) in the community. The Coalition also has a Tenant and Landlord Education Program, which involves working with the County Housing Authority, and other organizations in developing educational materials and workshops to educate tenants and landlords on their rights and responsibilities. Several workshops are held each year.

Source of funds:	CDBG, HOME
Expected level of funding, 2010:	\$11,000 [\$3,000 CDBG; \$8,000 HOME]
Clients to be served:	Citywide
Number of households to be assisted:	Undefined
General Objective Category	Decent Housing
General Outcome Category:	Availability/Accessibility

3) Continuum of Care Plan

The City and County of Merced have taken a lead role in providing resources to the homeless. In FY 2002, Merced County Association of Governments (MCAG) was selected by the City and County of Merced to develop a "Continuum of Care" (CoC) Strategy for the entire County to be eligible for Emergency Shelter Grant (ESG) funds. The preparation of the Continuum of Care Plan for Merced County is again a priority in the FY 2010 plan.

In 2004, the Plan received its first funding for the Homeless Management Information System (HMIS). Funding has continued for the last several years. In 2007 and 2008, the plan received

\$327,494 and in 2009 received \$81,163. The preparation and submittal of the plan is necessary in order to receive the McKinney Act/Emergency Shelter Grant funds and to meet the needs of the homeless people in Merced. MCAG continues to take the lead in the preparation of this plan.

As part of the Continuum of Care preparation, MCAG asks each participating jurisdiction to provide information on the funding sources to be used each year. The City of Merced will contribute \$25,000 to the preparation and implementation of this plan. An additional \$10,000 has been set aside toward the preparation of a 10-year plan to help end homelessness.

Source of funds:	CDBG
Expected level of funding, 2010:	\$55,000 [CDBG]
Clients to be served:	Homeless persons and persons with special housing needs (elderly, people with AIDS, mental and physical disabilities, etc.)
Number of households to be assisted:	Undefined
General Objective Category	Decent Housing
General Outcome Category:	Availability/Accessibility

Objective E: Improvement of the Quality and Quantity of Public Services

1) Public Service/Crime Awareness:

This program utilizes CDBG funds as partial funding for the support of six additional police officers, which were added in 1995 with assistance from a Federal Police Grant. The primary focus of the officers is gang activity prevention and intervention in low-income neighborhoods and school sites.

Source of funds:	CDBG
Expected level of funding, 2010:	\$168,500 [CDBG]
Clients to be served:	South Merced Residents
General Objective Category	Suitable Living Environment
General Outcome Category:	Availability/Accessibility

2) Police Community Aide

This program funds the salary of a police aide to assist the City's Police Department in meeting the needs of the City's Southeast Asian and Hispanic communities. While the aides work primarily with the Southeast Asian and Hispanic communities, services are provided to all City residents in need of assistance.

Source of funds:	CDBG
Expected level of funding, 2010:	\$40,000 [CDBG]
Clients to be served:	Low-income residents
General Objective Category	Suitable Living Environment
General Outcome Category:	Sustainability

3) Merced Lao Family

Funds will be used for Youth Cultural Activity Program. This program is designed for the Southeast Asian and other at-risk youth. The intent is to bridge cultural and generational gap and aid in keeping at-risk youth from entering the ever-increasing gang activity in the City of Merced.

Source of funds:	CDBG
Expected level of funding, 2010:	\$7,100 [CDBG]
Clients to be served:	Low-income residents
General Objective Category	Suitable Living Environment
General Outcome Category:	Sustainability

Objective F: Improvement of the Quality and Quantity of Community Infrastructure and Public Facilities.

The City of Merced Engineering Department will continue the South Merced Sidewalk Improvement project. No additional funding is provided in this program year, however, funds remain available from previous years to continue this program.

Source of funds:	CDBG
Expected level of funding, 2010:	\$0 (funds remain from previous years)
Clients to be served:	Residents citywide
General Objective Category	Suitable Living Environment
General Outcome Category:	Sustainability

Objective G: Planning for Future Housing and Community Needs

The City of Merced Development Services Division is comprised of the Inspection Services Division, the Planning Department, the Engineering Department, and the Housing Program. The Development Services Division will carry out a number of CDBG eligible activities in furtherance of good community development, neighborhood revitalization, planning, and capacity building.

Planning Department Staff prepare the Annual Plan, the CAPER, and the Consolidated Plan. In addition, Planning Staff along with Inspection Services Staff will provide priority permit processing for all projects funded by the Housing Program. The City will be updating the Housing Element of the General Plan this year in addition to other activities.

Source of funds:	
Source of funds:	CDBG & HOME
Expected level of funding, 2010:	\$105,000 [\$75,000 (CDBG) \$30,000 HOME]
Clients to be served:	Residents citywide
General Objective Category	Suitable Living Environment
General Outcome Category:	Sustainability

FUNDING RECOMMENDATION FOR THE PERIOD JULY 1, 2010 TO JUNE 30, 2011:

SOURCE	CDBG	HOME	Total
Grant FY 2010	\$1,357,144	\$666,386	\$2,023,530
Carry-over from FY 2009	\$10,000	\$90,000	\$100,000
Estimated Program Income FY 2010	\$120,000	\$80,000	\$200,000
Total	\$1,487,144	\$836,386	\$2,323,530
ACTIVITIES			
Housing Rehabilitation and Reconstruction	\$461,094	\$561,428	\$1,022,522
*CHDO Set-Aside		\$101,958	\$101,958
First Time Home Buyer Program		\$100,000	\$100,000
Code Enforcement	\$240,000		\$240,000
HUD Section 108 Loan (The Grove)	\$339,550		\$339,550
**Police Officer Funding	\$168,500		\$168,500
**Police Community Aide	\$40,000		\$40,000
**Other Public Services	\$10,000		\$10,000
***Planning/Urban Development	\$75,000	\$30,000	\$105,000
***Continuum of Care + 10 year Plan	\$55,000		\$55,000
***Fair Housing Services	\$3,000	\$8,000	\$11,000
***Indirect Admin Expense	\$105,000	\$35,000	\$140,000
Total	\$1,487,144	\$836,386	\$2,323,530

- * 15% CHDO min. HOME set-aside = \$101,958 (includes \$2,000 for operation costs).
- ** 15% Public Services Cap: FY 2010 CDBG grant (\$1,357,144) + Prior FY (2009) CDBG estimated \$100,000 program income = \$218,500.
- *** 20% Planning and Admin Cap for CDBG: FY 2010 CDBG grant (\$1,357,144) + projected program income (\$120,000) = \$295,428; and
 10% Planning and Admin Cap for HOME: FY 2010 HOME grant (\$666,386) + projected program income (\$80,000) = \$74,638.
 Of the \$370,066 cap, a total of \$311,000 of CDBG and HOME is allocated for Planning and Admin Expense.
- *** The \$140,000 Indirect Admin Expense also includes admin expenses for the Code Enforcement.

Note: All funds not expended in their respective categories and additional underestimated amount of program income will revert to Housing Rehabilitation and Reconstruction activity.

E Geographic Distribution/Allocation Priorities 91.220 (d) and (f)

10. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.
11. Describe the reasons for the allocation priorities, the rationale for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) during the next year, and identify any obstacles to addressing underserved needs.

The City of Merced has significant concentrations of low-income households and racial/ethnic minorities in Central and South Merced. The target area for all activities and services as outlined in this annual Action Plan for FY 2010 is the entirety of the City of Merced, with a concentration of activities in South and Central Merced.

According to the 2000 Census, Census Tracts in Central, South, and portions of North Merced have significant concentrations of low and moderate-income residents. Census Tracts 10.03 and 10.05, located just north of Bear Creek and west of R Street in North Merced have 68.9 and 66.0 percent low and moderate-income residents respectively. Census Tracts 13.01, 13.02, and 14.01 in Central Merced have 67.6, 75.0, and 57.7 percent. Census Tracts 15.02, 15.03, 16.01, and 16.02 in South Merced have 74.8, 80.4, 83.9, and 78.5 percent respectively. Census Tracts 17.00 and 18.02 in Southeast Merced (northeast of Highway 99 and south of Highway 140) have 53.8 and 72.5 percent.

Figure 14 of the 2010 Consolidated Plan shows that both of the tracts in South Merced have significant concentrations of racial and ethnic minorities. In particular, the concentration of people identifying themselves as Asian or Pacific Islander (primarily Hmong and Laotian in Merced) is more than twice the citywide concentration. Likewise, the concentration of people of Hispanic origin is more than one and a half times the concentration Citywide.

Merced's current mix of racial and ethnic groups makes it one of the most diverse cities in the country. It also has several important impacts on the local housing market. Most importantly, many Hmong, Laotian and Hispanic households fall into the moderate, low and very low-income categories. Thus, there is a higher degree of housing overpayment in these groups than there is among Whites. It is also more likely that households in these groups will require housing assistance, will live in substandard housing, and/or will live in overcrowded conditions. Overcrowding, in particular, is a widespread problem among these groups due to large family size and the desire to live in extended family situations. The dominant pattern of housing construction in Merced, as in most of the U.S., does not respond to the needs of these families, and the few large homes that exist are typically out of these families' range of affordability.

In addition, the majority of racial and ethnic minority households are concentrated in South Merced, where the occurrence of substandard housing is the highest. The City's Consolidated Plan has set a goal of achieving a more equitable mix of affordable housing throughout the City. Housing conditions for low-income families in South Merced will also be improved through the City's Housing Rehabilitation Program and new construction or rehabilitation that is designed to

meet the needs of large families. Because of the Central and South Merced status, the City of Merced directs most CDBG and HOME activities in South and Central Merced.

F. Obstacles to Meeting Underserved Needs:

The largest obstacle to meeting underserved needs is funding. With the large number of households with some type of housing problem, it's difficult to stretch the available funds to meet all the needs. In addition, governmental controls such as density requirements, the permit process, and especially the fees associated with new construction and some rehabilitation projects present an obstacle to development. Finally, community opposition or "NIMBYism" (Not In My Back Yard) presents an obstacle to meeting needs when new facilities are developed.

Section "C" of the City's Strategic Plan (Section IV of the 2010 Consolidated Plan) identifies various land use controls and development fees that may result in obstacles to affordable housing. Two strategies and their associated activities have been identified to address these possible negative effects (Section IV, subsection D of the 2010 Consolidated Plan). In summary, these strategies and activities include:

- ◆ Policy B-1: *Support increased densities in residential areas.* There are several activities associated with this strategy that are intended to help alleviate the negative effects that City land use policies have on the development of affordable housing. These activities include a comprehensive review of residential densities (Implementing Program A-1a), with the goal of increasing the density in residential areas that are 1) within one-quarter mile of school facilities, retail areas, or employment districts; or 2) within three city blocks of major arterials and public transportation routes. This program will be part of the City's comprehensive General Plan Update expected to be completed in late 2011. Other activities that are intended to alleviate any potential negative effects of City land-use policies include Implementing Program A-1b that promotes the use of the Residential Planned Development Zoning designation. This designation will be used to encourage innovative site planning and clustered housing designs and is widely used in new growth areas by developers to develop single-family homes on smaller lots (2,800 to 4,000 s.f.) than what is allowed under the City's R-1 ordinance.

Additionally, the City recently amended our Zoning Ordinance to bring our rules on second units in residential zones (Granny Units) into compliance with state law. The new ordinance allows removes the occupancy requirements from second units. This allows the second units to be occupied by anyone rather than only those related by blood or marriage. The amendment also increased the maximum size requirement for secondary units allowing units up to 1,200 square feet. It is anticipated that these changes will help facilitate more affordable housing in the City of Merced. However, the draft Analysis of Impediments (AI) encourages the City to explore the necessity of requiring

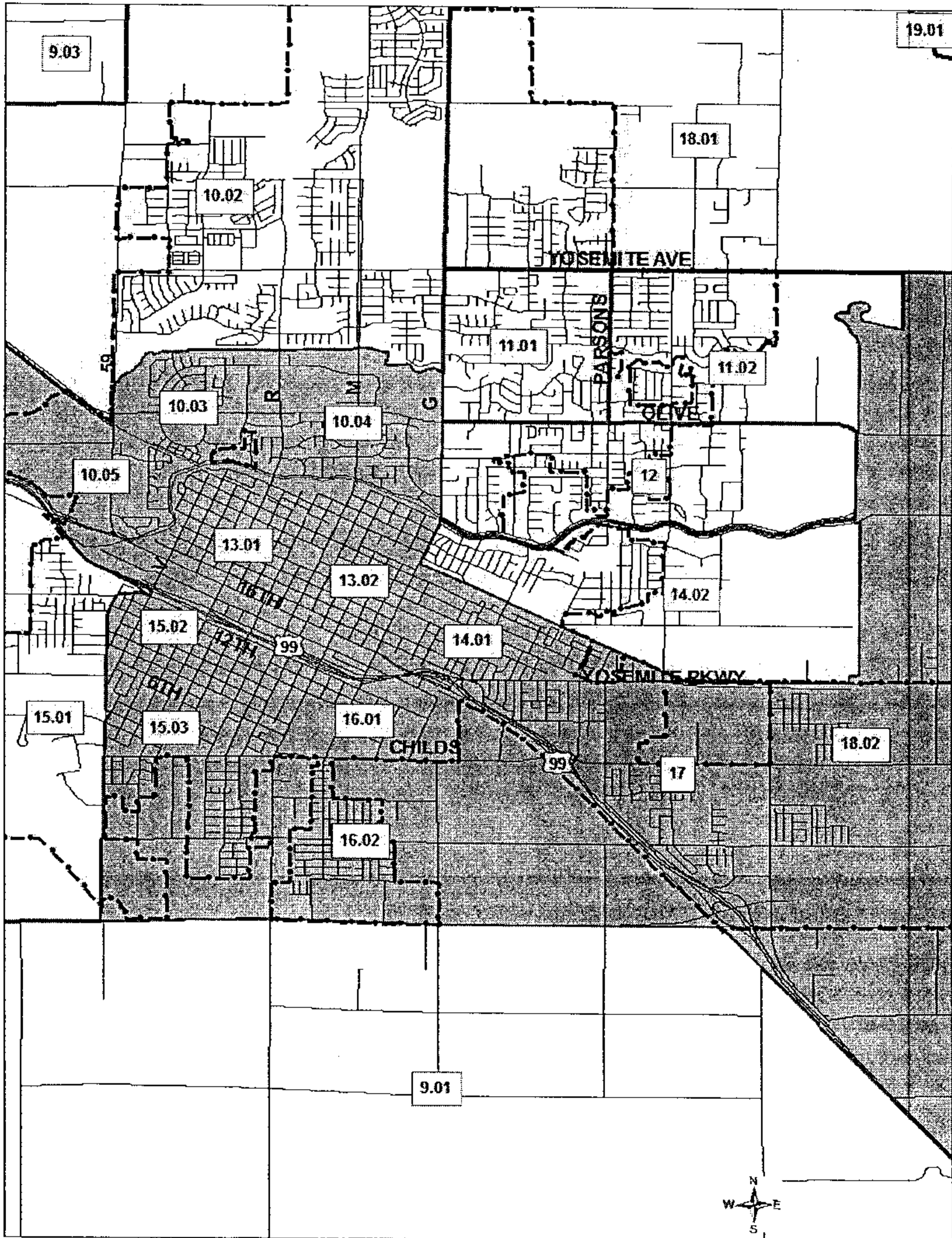
- ◆ Policy B-3: *Provide priority review and permitting for affordable housing projects.* This is an ongoing program of the City that helps to reduce the impact of the permitting process on the schedule and cost of affordable housing developments.

The City recognizes the constraint placed on development as a result of these fees and, as previously mentioned, has recently reduced the PFIF for residential construction within in-fill areas. The City is currently conducting a study on the sewer fees for all types of construction. If

approved, the sewer fee could be reduced by as much as half. It's anticipated a reduction in fees will be approved by July 2010.

The City will continue discussions with members of the Merced Building Industry Association, to identify additional strategies by which the cost impact of required off-site improvements can be minimized without compromising public health and safety or community quality.

Figure 18
Census Tracts



G. Annual Affordable Housing Goals 91.220(g)

**If not using the CPMP Tool: Complete and submit Table 3B Annual Housing Completion Goals.*

**If using the CPMP Tool: Complete and submit the Table 3B Annual Housing Completion Goals.*

12. Describe the one-year goals for the number of homeless, non-homeless, and special-needs households to be provided affordable housing using funds made available to the jurisdiction and one-year goals for the number of households to be provided affordable housing through activities that provide rental assistance, production of new units, rehabilitation of existing units, or acquisition of existing units using funds made available to the jurisdiction. The term affordable housing shall be defined in 24 CFR 92.252 for rental housing and 24 CFR 92.254 for homeownership.

Homeless:

The City does not directly provide any homeless services. The City works with other local agencies to provide shelters and other housing needs for the homeless community. In Fiscal Year 2010, the City will continue to provide funds for the preparation of the Countywide Continuum of Care to address the needs of the homeless community. In addition, funds will be used to help prepare a 10-year plan to end homelessness.

In 2006, the City contributed funds for the construction of a new homeless shelter in the City of Merced, providing 60 beds. This shelter was opened in May 2007. The shelter is operated by the Merced County Community Action Agency (a non-profit organization) and provides meals, beds, showers, and laundry facilities. In addition, the shelter provides health care, including mental health services, counseling, job searches, and classes in a variety of educational areas.

In 2009, the City was awarded \$515,203 by HUD for the Homelessness Prevention and Rapid Re-Housing Program (HPRP). These funds will be used to target individuals and families who are currently in housing but are at risk of becoming homeless and those who are currently experiencing homelessness. The City has set aside 3 percent (\$15,203) of the funding of the allowable 5 percent for administrative costs. The remainder of the funds will be distributed among continuum of care agencies providing homeless services in the City of Merced to implement the program. This program will target those who are at risk of becoming homeless as well as those who are currently experiencing homelessness.

Activities provided through this funding are focused on either providing financial assistance to help pay for housing, or services to keep people in housing or to find housing. HPRP assistance is not intended to provide long-term support. Assistance is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability. These funds will be distributed as follows:

Merced County Community Action Agency	\$310,000
Sierra Presbyterian Church	\$100,000
Love INC.	\$90,000
Total	\$500,000

Special Needs Households:

As defined in Policy B-5.b of the City's 2010 Consolidated Plan, the City will continue to work closely with the Central Valley Coalition for Affordable Housing (a local CHDO) to develop projects to serve groups/individuals with special needs.

For many years, the City has assisted disabled individuals through the Housing Rehabilitation and Reconstruction Program. These projects are not reported separately from other rehabilitation projects. Since 1994, the City has assisted 85 households through this Program. Improvements made to these homes include handicap-accessible kitchens and bathroom, and ramps for wheelchair accessibility. Any of the rehabilitation or reconstruction projects under taken in FY 2010 will be considered for handicap accessible improvements as needed.

The City's goal for FY 2010 is to assist at least one special needs household with CDBG funds. This will be accomplished either through a joint project with the Central Valley Coalition for Affordable Housing or through the rehabilitation/reconstruction program.

Non-Homeless Special Needs:

The City of Merced contracts with the Merced County Association of Governments to prepare and implement the Continuum of Care strategy. Strategies to prevent homelessness and address the special needs community who are not homeless include activities to prevent low-income individual persons and families from becoming homeless by providing free finance management classes, life skills training, counseling, utility and rental assistance, free furniture, clothes, meals, and groceries. There are a number of privately and publicly funded organizations, including the County of Merced, participating in these efforts.

Rental Housing:

As part of the financing package for the Grove Apartments, a \$4 million loan from the HUD Section 108 Loan Guarantee Program was obtained. HUD 108 loans are guaranteed by future CDBG allocations to the City. The loan for the Grove project is \$4 million for a 20-year term at about 5 percent interest. If the Grove's income proves to be insufficient for debt service in any given year, repayment must come from the City's CDBG funds. In FY 2010, the City will pay \$339,550 in CDBG funds to pay the Section 108 loan. This funding continues to provide affordable housing for 204 rental households.

Rehabilitation/Reconstruction Program

Through the Rehabilitation/Reconstruction Program, affordable decent housing is provided to low-income households. These activities constitute a scope of work that restores or replaces the dwelling unit to fully acceptable standards. This category also includes single-family new construction projects on vacant lots and emergency loans. Emergency Loans are issued to correct deficiencies in a short time frame that if left uncorrected would lead to greater deterioration or make the property uninhabitable. Examples of such activities are roof repairs and sewer line replacements. Due to the debt service obligation for the Grove, funding for this program has less for the last several years. In FY 2010, the City has a goal of assisting 5 households through this program.

First Time Home Buyers Program

The City's First Time Home Buyer Down Payment Assistance program uses HOME funds to provide low-interest loans to qualified home buyers. Loans are provided interest free for the first five years, with a fixed three (3) percent interest rate, initiating on the 61st month. Debt is amortized over the following 25 years and there are penalties for subsequent sale to non low-income homebuyers. The maximum loan amount is \$30,000, with a 3 percent interest rate. The City has a goal to provide loans to at least 5 first time home buyers in FY 2010.

Neighborhood Stabilization Program

In January 2009, the City was awarded \$2,047,000 in Federal Neighborhood Stabilization Program ("NSP") funds. The City determined to spend approximately 30% of this money to support FTHB loans to enable qualified homebuyers to purchase foreclosed properties within the City. The other 70% of the funds are to be used for the direct acquisition, rehabilitation, and resale of those foreclosed properties. The City has, so far, purchased approximately 15 properties and will soon be rehabilitating them for resale to qualifying home buyers.

The City has described its NSP goal to be the placement of as many families as possible into foreclosed properties as quickly as possible, in order both to increase the level of homeownership for qualified very low and moderate income households, and to stabilize neighborhoods impacted by foreclosures. The City estimates that up to 50 FTHB loans will be made under the NSP initiative.

H PUBLIC HOUSING 91.220(H)

13. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in home ownership.
14. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation

Public housing in the City of Merced is provided and managed by the Housing Authority of the County of Merced. The City of Merced Housing Program works in conjunction with the Housing Authority to ensure that the City and County housing programs work in tandem to provide quality housing for all low-income City residents. Operations of the Housing Authority are controlled by a 7-member Board of Directors, which are appointed by the Merced County Board of Supervisors. Five members serve 4-year terms and two members are "Tenant Representatives" and serve 2-year terms. The City of Merced is not involved in these appointments. It should be noted that the Housing Authority of the County of Merced **is not** designated a "troubled Public Housing Authority" (PHA) by HUD.

The Housing Authority of the County of Merced has created a full-time position responsible for the implementation of resident initiatives. The Housing Authority offers a home ownership program. Numerous residences have been purchased by the Authority and have subsequently

been renovated. The Authority is now offering the residences to qualified families with a minimum 50% earned income. The rent on these residences is increased gradually and a portion is automatically put into a reserve account for the residents. A non-routine maintenance account is also established. The residents are required to attend personal finance and home improvement workshops. The income accrued in the reserve account is ultimately used for a down payment to purchase the property from the Housing Authority. The Housing Authority of the County of Merced is not currently providing a resident manager program.

The City of Merced has identified two strategies to address the needs of public housing in the 2010 Consolidated Plan--1) *Implementing Program B-4c* that calls for the City to pursue funds to construct new affordable rental housing units; and 2) *Policy C-2* which calls for the City to continue working with the Housing Authority to continue/expand Section 8 programs.

I HOMELESS AND SPECIAL NEEDS 91.220(I)

15. Describe, briefly, the jurisdiction's plan for the investment and use of available resources and describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness.
16. Describe specific action steps to address the needs of persons that are not homeless identified in accordance with 91.215(e).
17. Homelessness Prevention—Describe planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.

As previously mentioned, the City coordinates with the Merced County Association of Governments (MCAG) to prepare and implement the Continuum of Care (CoC) programs. The City will assist as much as possible in implementing the strategies and objectives identified in the CoC and in coordinating efforts among different service providers. The following is excerpted from the CoC describing the actions planned to address chronic homelessness:

The CoC ranked a permanent housing project for the chronically homeless as the highest priority in the 2009 CoC Plan. The project, if funded, will provide eight permanent housing units for Merced's chronically homeless population. Additionally, the CoC will develop a permanent housing committee to begin identifying other possible resources to increase the permanent housing supply. This committee will meet at least quarterly beginning in January 2010.

Mental Health Services Act (MHSA) funding will be accessed to create 10 units of permanent housing within a new construction project (Gateway Terrace). This project will serve transitional youth age 18 and over, adult/older women and men who are homeless or at risk of homelessness and have psychiatric disability.

Currently there are 4 beds available for chronically homeless persons. The CoC will strive to create 6 new beds within the next year, an additional 5 beds over the next 5 years and a total of 30 beds within the next 10 years. The City will provide assistance, as needed, to help achieve these goals."

The City relies on the strategy provided by the CoC to implement homelessness prevention programs. As part of that strategy, the CoC will strive to create an apartment complex in the

City of Merced where some, if not all, the units will be designated for homeless families. Residents will be provided with opportunities to develop skills through employment and vocational training to help them gain self-sufficiency.

The CoC will also work to improve their method of calculating the number of homeless households with children. Future counts will be coordinated with the local school districts in an effort to achieve a more accurate count.

Although the City does not operate any homeless facilities, it does endeavor to provide opportunities for more affordable housing through the Housing Program. This includes joint projects with private developers, rehabilitation projects, and recently through the use of funds awarded for the Homelessness Prevention Rapid Re-Housing Program (HPRP) which are being used by CoC agencies to implement or continue programs to assist individuals and families who are currently homeless or at risk of becoming homeless.

The Community Action Agency (another member of the Continuum of Care) also offers Homeless Prevention Funds that are offered in the form of a one-time cash payment to place the homeless in permanent housing, or to maintain current housing. Additional information on this program was previously provided in this report under "Priority Homeless Needs".

J BARRIERS TO AFFORDABLE HOUSING 91.220(J)

18. Describe the actions that will take place during the next year to remove barriers to affordable housing.
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The barriers to affordable housing include economic, governmental, and political. The City has little control over the economic barriers. However, the City Housing Programs described in the previous sections of this plan, strive to provide affordable housing opportunities to the community. With the declining cost of housing, it could be assumed that more people would be able to afford to purchase a home. However, with the decline in the cost of housing, the job market has also seen a dramatic decline. In March 2010, the unemployment rate for Merced County was at an all-time high of 22.1 percent.

The Housing Program works closely with the City's Economic Development Department to help provide economic opportunities to the community. The most significant effort taken by the City of Merced in this area is the approval to borrow up to \$2.6 million through the CDBG Section 108 Loan Guarantee Program. The funds were used to construct infrastructure improvements needed to make the 100 acres of the South Airport Industrial Park (44 parcels) useable for industrial development and job creation. To date, more than 600 jobs have been created by this project.

The Economic Development Department has two plans currently in place to help draw businesses to Merced, creating jobs. In 2006, the City approved the Economic Development Business Plan called Prosper Merced. The plan contains six strategies and several action items designed to increase job opportunities, investment, and prosper Merced. In 2007, the City also adopted the Downtown Strategy which identifies tasks and actions to encourage business opportunities and draw job generating development.

Governmental constraints to affordable housing include land use policies and development costs. The City has taken a number of steps in recent years to encourage increased density and more

affordable housing. The City addressed many of the land use policies identified in the 2003 Analysis of Impediments as barriers to affordable housing.

The Zoning Ordinance has been modified to give a broader definition of a household and removed the definition of “family” which limited the number of un-related individuals who could occupy a single dwelling. In addition, the second-unit ordinance was amended to comply with state law allowing the second dwelling unit to be larger in size than previously allowed and removed the limitation requiring someone related by blood or marriage occupy the second unit. These changes along with the implementation of the Residential Planned Development (RPD) zoning designation and the adoption of small lot design guidelines allowing higher density development have made development of affordable housing more feasible for many developers.

The final barrier that the City has control over is the cost of development fees. The City is currently reviewing the sewer facility fees. The high costs of these fees have been a major barrier to development. It is anticipated that a reduction in these fees will be approved in July 2010. Other fees that have created a barrier to housing are the City’s Public Facility Impact Fees (Public Facilities Impact Financing Plan). In 2009, these fees were reduced for infill sites within the Central and South Merced. The majority of the eligible census tracts are in these areas.

One of the most difficult barriers to overcome is that of neighborhood opposition to affordable housing developments. NIMBYism (Not In My Back Yard) is an impact that is often difficult to overcome. The City encourages developers of affordable housing to host neighborhood meetings to help educate the neighborhood on affordable housing issues prior to seeking City approval. Not all developments require special approval such as a conditional use permit or other entitlement.

If a development only requires a building permit, the opportunity for NIMBYism is reduced. However, when entitlements are required and public hearings are held as required by law, NIMBYism can be a formidable barrier that may be difficult to overcome. Although there are laws in place limiting the reasons a City can deny an entitlement for affordable housing, neighborhood opposition can be a deterrent to development. The City will strive to educate the community on affordable housing issues and to work with developers to construct attractive developments that will be an asset to a neighborhood and the community.

K OTHER ACTIONS 91.220(K)

19. Describe the actions that will take place during the next year to address obstacles to meeting underserved needs, foster and maintain affordable housing, evaluate and reduce the number of housing units containing lead-based paint hazards, reduce the number of poverty-level families develop institutional structure, enhance coordination between public and private agencies (see 91.215(a), (b), (i), (j), (k), and (l)).
20. Describe the actions to coordinate its housing strategy with its transportation planning strategies to ensure to the extent practicable that residents of affordable housing have access to public transportation.

Actions to Address Obstacles to Meeting Underserved Needs and to Foster and Maintain Affordable Housing:

Expanding the supply and improving the quality of affordable housing are high priority goals identified in the 2010 Consolidated Plan to address obstacles to meeting underserved needs and to foster and maintain affordable housing. In order to accomplish these goals, the City of Merced will implement actions to:

- Provide 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 and HOME funds;
- Work with private developers to leverage funds, including state and federal funds, to acquire, rehabilitate, or construct new affordable multi-family housing;
- Increase homeownership opportunities for extremely low, very low, low, and moderate income households through the City's First Time Homebuyer's Program, the CalHome and BEGIN programs, and Neighborhood Stabilization Program funding;
- Work with the City's CHDO to help provide housing for individuals with special needs; and
- Work to revitalize neighborhoods and improve the quality and quantity of public services by eliminating blight, reducing crime, and providing public facilities by providing partial funding for the City's Code Enforcement, Police Officers, Police Community Aides, and the construction or repair of public facilities (i.e., parks, streets, alleys, and sidewalk improvements, and other infrastructure needs).

The following is a summary of the key strategies needed to address aforementioned priorities.

Housing Rehabilitation and Reconstruction

Rehabilitation and Reconstruction is a central strategy for maintaining the City's existing stock of affordable housing. The Consolidated Plan gives high priority to continuing the City's Housing Rehabilitation Loan Program.

Also included in this strategy is contingency funding for unforeseen housing emergencies. This activity provides loans to low-income property owners to repair failing roofs, inoperable sewer lines, and other emergencies regarding health and safety. The funds can also be utilized for residential sewer hook-ups. This program has been folded into the Housing Rehabilitation Program for funding purposes.

Joint Development Agreements

The Consolidated Plan supports City staff efforts towards working with private developers to construct affordable housing in Merced. Through creative joint development projects, the City is able to leverage its funds for the development of new affordable housing units. Monies for such projects may be targeted to land acquisition or write-down, equity participation, or low interest financing in return for affordability guarantees. This is an important mechanism for encouraging new construction of multi-family units and housing to meet special needs.

Priority Review and Permitting

The City of Merced is committed to providing expedient processing of development proposals that include affordable housing. This helps to reduce the carrying costs of such projects.

Housing to Meet Special Needs

The City is committed to seeking and assisting with quality housing projects targeted towards groups in the City with special housing needs throughout the next five years and beyond.

Code Enforcement:

The City is committed to ensuring that its various land use regulations are fully and fairly enforced by providing ongoing funding for three full-time City Code Enforcement Officers. These officials will intervene in low and moderate-income neighborhoods to promote building rehabilitation, reduce crime, and improve the overall living environment for the residents of these neighborhoods.

Lead Based Paint Hazard Reduction

The City of Merced Housing Program aims to abate lead based paint hazards in the City by working with the County Department of Public Health and certified contractors in the Housing Rehabilitation Program to identify and reduce lead hazards in the City's housing stock.

Down-payment Assistance

To assist low-income households in becoming homeowners, the Consolidated Plan gives high priority to continuing the City's First Time Home Buyers Program. Down-payment assistance is provided to eligible first-time homebuyers in the form of a low or no interest loan to be paid back over the course of several years or at the time of resale.

Police Officers (Gang Prevention/Intervention Activities)

The City is committed to ensuring the safety of its residents and private property. The City intends to match existing Federal Grant funds to finance police officers and their necessary supplies to achieve this goal. The officers will be assigned to duty at the South Merced Police Station and will patrol the South Merced area, which has a high concentration of low-income individuals and families.

Community Police Aide

Given the City's increasing Southeast Asian population, the Merced Police Department and the Southeast Asian community feel it would be beneficial to create a Community Police Aide position. The qualified individual will help the City's Police Department meet the special needs of this segment of the community.

Lead-Based Paint Hazard Abatement

The five-year plan of the Consolidated Plan includes three strategies for addressing lead-based paint hazards in the City:

- ◆ City staff shall continue to conduct lead based paint hazard inspection and abatement as a priority activity under the City's Housing Rehabilitation Loan Program;
- ◆ Staff shall continue to work closely with the County Department of Public Health, Environmental Health Division to support public education and the prevention of lead-poisoning in the City; and
- ◆ Implement new procedures within the City's Rehabilitation Loan and First Time Homebuyers Programs in order to meet federal regulation, "Requirements for Notification, Evaluation, and Abatement of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance" (effective September 15, 2000).

These three programs will help ensure that lead-based paint hazard abatement becomes an integrated activity of the City's housing policies and programs and will help reduce the incidence of lead poisoning in children in Merced.

Activities to Prevent Homelessness and to Address the Special Needs Persons Who Are Not Homeless

The City of Merced contracts with MCAG to prepare and implement the Continuum of Care strategy. Strategies to prevent homelessness and address the special needs community who are not homeless include activities to prevent low-income individual persons and families from becoming homeless by providing free finance management classes, life skills training, counseling, utility and rental assistance, free furniture, clothes, meals, and groceries. There are a number of privately and publicly funded organizations, including the County of Merced, participating in these efforts. In addition, the City is applying for a grant from the Homelessness Prevention Fund. These funds can be used to provide rental assistance and housing relocation, stabilization services (i.e., mediation, credit counseling, security or utility deposits, moving costs, and case management).

Anti-poverty Strategy:

This strategy manages to ensure that affordable housing efforts are properly coordinated with economic development activities to reduce the incidence of poverty in the City of Merced. The City's Gateways Redevelopment Project Area covers most of South Merced. Through the Gateways Project, needed economic development activity (such as bringing in more commercial businesses and industries) can be developed in the area. Funding for infrastructure and housing projects will also be available through this source.

In 1997, the City of Merced received a \$1.6 million Section 108 Loan to accomplish infrastructure improvements in order to make 100 acres of industrial land available for development at the South Merced Airport Industrial Park. As a result, 44 parcels of industrial land were made available for economic development purposes in South Merced. Since 2002, over 28 parcels have been developed in this area creating between 450 and 500 jobs (given seasonal fluctuations). In 2008, 5 more jobs were added in the Industrial Park.

In 2009, the City approved an application for Wal-Mart to locate a distribution center in southeast Merced. The opening of the distribution center would create as many as 600 jobs in Merced paying well above the current minimum wage rate. This project was originally

scheduled to begin construction in late 2006 or early 2007. However, due to Environmental Review requirements and legal issues, the project has been. The City is hopeful the project will begin construction within the next year.

The City's Economic Development staff is continually working with Industrial and Commercial users to locate in Merced to help provide more jobs within the area. They place a special emphasis on companies with a beginning pay scale higher than minimum wage. Such development would bring needed jobs to the community benefiting low and moderate-income households. The City of Merced is also committed to working with the Housing Authority of the County of Merced, the Merced County Office of Education, and the Merced County Human Services Agency on the programs described below.

The Housing Authority of the County of Merced has approximately 130 families throughout the county enrolled in the Resident Opportunities Self Sufficiency (ROSS) Program. Under this program for *Housing Choice Voucher* (formally Section 8) participants, the families develop goals and a plan to work towards financial independence. Under this program, the family earns an escrow account that they receive after they fulfill their Family Self-Sufficiency (FSS) contract. Rent increases resulting from increased earned income are placed in an escrow account, which is given to the family when they have completed their Family Self Sufficiency Contract of becoming economically independent. The Housing Authority provides case management and goal setting assistance.

The Merced County Office of Education runs the Head Start program within Merced County. There are currently 16 centers throughout the County, serving approximately 1,060 children/families per year. Two of those centers are located within the City of Merced. These centers serve 194 children within the City of Merced. Head Start is a national program that provides comprehensive child development services which helps enrolled children and their families achieve their full potential by experiencing a greater degree of social competence through education, health, nutrition, disabilities, social services, parent involvement activities, and training. Head Start offers year round recruitment using an application process for an enrollment period of August through May. The composition of Head Start consists of 90 percent of the children, ages 3 to 4, coming from families who fall within Federal poverty guidelines. A minimum of 10 percent of the enrollment will have children with a diagnosed disability and no more than 10 percent of the children may be from families whose income exceeds federal guidelines. The County Office of Education also runs the Constructing Connections program. This program is dedicated to providing quality, affordable child care services throughout Merced County.

Merced County Human Services Agency administers the Welfare-to-Work (WtW) program for Merced County residents. The primary goal of WtW is to assist recipients of Temporary Assistance for Needy Families (TANF) in becoming financially independent through employment. Clients become competitive in the work force by improvement of their math and English skills, learning a vocational trade, and training in the employment process. The overall goal of the Welfare-to-Work program is to eliminate the need for clients to become long-term dependents of the welfare system.

The Department of Workforce Investment (DWI) offers employment and training services for people who are out-of-work, laid off, have a low income, or receive financial help, such as food stamps, welfare, or unemployment. In addition to these programs, the County operates the

Private Industry Training Department (PITD). PITD offers employment and training services for people who are out-of-work, laid off, have a low income, or receive financial help, such as food stamps, welfare, or unemployment. Special programs are available under both programs for both youth and adults and include on-the-job training, vocational training, work experience, Jobs for California Graduates.

Coordination Efforts:

Coordination is addressed under Priority "D" in the "Special Housing Needs" section of the 2010 Consolidated Plan. Priority "D" provides a detailed description of the coordination efforts that will be undertaken by the City of Merced Housing Program over the five-year planning cycle to enhance coordination between itself and other housing and service providers in the City. These providers include the Housing Authority of the County of Merced, the Merced county community action board, the Merced County Human Services Agency, and the County Departments of Public Health and Mental Health.

Institutional Structure:

The City of Merced Housing Program will administer all of the activities specifically identified in the investment plan. This does not preclude the Housing Authority of the County of Merced or Central Valley Coalition for Affordable Housing from undertaking activities within the City of Merced. Other, as yet unidentified nonprofit housing entities are likewise welcome to participate in the delivery of affordable housing projects and activities.

The City of Merced Housing Program works closely with other housing-related organizations and service providers in the County to ensure that the housing needs of City residents are addressed to the best ability of the network of such providers given available resources. Organizations and service providers in this network include:

- ◆ Other City agencies, including planning, building inspection, and redevelopment (public)
- ◆ Housing Authority of the County of Merced (public)
- ◆ Merced County Planning Department (public)
- ◆ Merced county community action board (nonprofit)
- ◆ Central Valley Coalition for Affordable Housing (nonprofit)
- ◆ County Bank of Merced (private)
- ◆ Merced Building Industry Association (private)

Public housing in the City of Merced is provided and managed by the Housing Authority of the County of Merced. The City of Merced Housing Program works in conjunction with the Housing Authority to ensure that the City and County housing programs work in tandem to provide quality housing for all low-income City residents. Operations of the Housing Authority are controlled by a 7-member Board of Directors, which are appointed by the Merced County Board of Supervisors. Five members serve 4-year terms and two members are "Tenant Representatives" and serve 2-year terms. The City of Merced is not involved in these appointments. It should be noted that the Housing Authority of the County of Merced **is not** designated a "troubled Public Housing Authority (PHA) by HUD.

The working relationships between the City and these organizations are strong and facilitative. Due to the City's relatively small size, communication is typically direct and immediate. As a result, gaps in program or service delivery are typically not the result of poor institutional structure or lack of intergovernmental cooperation, but rather due to shortcomings in available resources.

The City of Merced's Housing Action Plan and the descriptions of Implementing Programs presented in this Consolidated Plan identify the City departments and decision-making bodies responsible for each implementing program. Overall coordination of affordable housing efforts, particularly those to which federal funds are allocated, is provided by the City's Housing Program under the direction of the Housing Program Manager and Director of Development Services. The five-year strategy plan of this Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Therefore, the City of Merced Housing Program does not propose to take any actions or steps to improve the institutional structure over the coming year.

XI. PROGRAM SPECIFIC REQUIREMENTS

A. CDBG 91.220(I)(1)

1. Identify program income expected to be received during the program year, including:
 - amount expected to be generated by and deposited to revolving loan funds;
 - total amount expected to be received from each new float funded activity included in this plan; and
 - amount expected to be received during the current program year from a float funded activity described in a prior statement or plan.
2. Program income received in the preceding program year that has not been included in a statement or plan.
3. Proceeds from Section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in its strategic plan.
4. Surplus funds from any urban renewal settlement for community development and housing activities.
5. Any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan.
6. Income from float-funded activities.
7. Urgent need activities, only if the jurisdiction certifies.
8. Estimated amount of CDBG funds that will be used for activities that benefit persons of low- and moderate income.

The following table shows the CDBG funding available for FY 2010:

CDBG Grant – FY 2010	\$1,357,144
Carry-over from FY 2009	\$10,000
Estimated Program Income FY 2010	\$120,000
Total	\$1,487,144

All CDBG funding is used to benefit persons of low and moderate income.

B. HOME 91.220(I)(1)

1. Describe other forms of investment. (See Section 92.205)
If grantee (PJ) plans to use HOME funds for homebuyers, did they state the guidelines of resale or recapture, as required in 92.254.
2. If grantee (PJ) plans to use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, state its refinancing guidelines required under 24 CFR 92.206(b).
3. Resale Provisions -- For homeownership activities, describe its resale or recapture guidelines that ensure the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4).
4. HOME Tenant Based Rental Assistance -- Describe the local market conditions that led to the use of a HOME funds for tenant based rental assistance program. If the tenant based rental assistance program is targeted to or provides a preference for a special needs group, that group must be identified in the Consolidated Plan as having an unmet need and show the preference is needed to narrow the gap in benefits and services received by this population.
5. If a participating jurisdiction intends to use forms of investment other than those described in 24 CFR 92.205(b), describe these forms of investment.
6. Describe the policy and procedures it will follow to affirmatively market housing containing five or more HOME-assisted units.
7. Describe actions taken to establish and oversee a minority outreach program within its jurisdiction to ensure inclusion, to the maximum extent possible, of minority and women, and entities owned by minorities and women, including without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts, entered into by the participating jurisdiction with such persons or entities, public and private, in order to facilitate the activities of the participating jurisdiction to provide affordable housing under the HOME program or any other Federal housing law applicable to such jurisdiction.
8. If a jurisdiction intends to use HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds, state its financing guidelines required under 24 CFR 92.206(b).

Resale Provisions

First Time Home Buyer Assistance Program

All loans for down-payment assistance through the City's First Time Home Buyers Assistance Program include conditions to insure compliance with the requirements of 24 CFR 92.254. These conditions are as follows:

1. The house must be owner-occupied and the deed shall restrict the resale of the property for a period of 10 years. If there is a prepayment on the loan or should the property be sold within 10 years from the date of the loan origination, the applicant will be obliged to pay the City a penalty of 4% on the original loan amount starting from the loan origination date.

2. 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 prices 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 net proceeds are treated as “program income” and are recycled back into the program for funding future loans.

First Time Home Buyer Assistance Program

The City of Merced has been operating a successful First Time Home buyer Assistance Program since 1993. It is the City’s intention to continue this program with the use of HOME funds (federal HOME funds and program income from previous State HOME funds). The Program provides loan funds of up to \$30,000 to households meeting the eligibility guidelines. These guidelines are consistent with HOME Program regulations, when applicable.

The First Time Home Buyer Assistance Program (FTHB) has gone through several changes to meet the market demand. The program was last updated in August 2005 to address the escalating housing prices in the City. These changes are intended to help make home ownership more accessible to first-time homebuyers who meet the minimum qualifications of the program. The program calls for the funds to be loaned for a period of 25 years with a deferral of payments and no interest during the first 5 years (60 months). Beginning on the 61st month, interest at the rate of three (3) percent will begin to accumulate and payments at an amount necessary to pay off the principal and interest during the next 25 years will begin. The full amount of the HOME subsidy is recaptured and is utilized for other loans to first-time homebuyers meeting the HOME Program income guidelines. The interest rate was reduced from four percent (4%) to three percent (3%) for these loans.

The City has also been allocated \$660,000 in funding from the BEGIN program to help provide down payment assistance for first-time homebuyers with moderate to low-income. The City has been awarded an additional \$600,000 funding from the CalHome program. These funds will be used to provide down payment assistance for first-time home buyers, as well as, funds for the rehabilitation of existing owner-occupied units. These funds will be targeted to assist people with low to very low-income.

Affirmative Marketing

The jurisdiction must describe the policy and procedures it will follow to meet the affirmative marketing and minority and women business outreach requirements as defined in 24 CFR §92.350 and §92.351, respectively.

It is the affirmative marketing goal of the City of Merced to assure that individuals who normally might not apply for the vacant rehabilitated units because of their race or ethnicity are informed of the vacancies, are encouraged to apply and are given the opportunity to rent the units.

Methods

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 through handouts and application forms, periodic advertisements in general circulation newspapers, and regularly scheduled public meetings.
- The City shall at times display informational posters in the Merced City Hall Lobby, open to the public. All graphic presentations concerning the HOME Program shall display the HUD Equal Housing Opportunity logo or slogan.
- The owners of buildings selected for rehabilitation shall likewise be informed about the City's Affirmative Marketing Policy at the time that an application is submitted to the Housing Division.
- The City shall also provide tenants and rental property owners with copies of the "Landlord-Tenant Fact Sheet" produced by the State Department of Consumer Affairs.
- The City shall 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 the services of the Fair Housing Services provider for all Merced residents. In addition to the toll-free hotline 1-888-MERCED8, the services are to provide 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*, *Merced County Times*, and/or any other general circulation newspapers for advertising vacant units if it is feasible to advertise in advance of selecting a tenant without holding units off the market. All ads must 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 board and outreach programs in the community of Merced and request that they make information available on vacant units available to their clients.

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 the *Merced Sun-Star*, *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 Program staff 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 HOME Program; or,
- Notify the borrower of HOME 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 APR 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 Procedures:

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 HOME and CDBG funds. Furthermore, the Housing Division will conduct periodic outreach efforts to inform minority and women licensed contractors of the opportunities to take part in the competitive bidding process by direct mailing to minority and women-owned firms, public notices, and invitations to attend contractor meetings sponsored by the Housing Division and other agencies.

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 to be contracted for inclusion on the Rehabilitation Contractors List. Staff will contact the listed businesses to invite their participation in the CDBG and HOME activities administered by the Housing Program.

Contractors who perform work that is 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 the employees on the HUD-funded project 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 they are potential sources;
- 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.

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.

C. HOPWA 91.220(1)(3)

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|---|
| <ol style="list-style-type: none">1. One year goals for the number of households to be provided housing through the use of HOPWA activities for: short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family, tenant-based rental assistance, units provided in housing facilities that are being developed, leased, or operated. |
|---|

The City does not receive HOPWA funding.

D. MONITORING

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 which will subsequently be submitted 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.

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 with Sub-recipients before funds are distributed and workshops with applicants and all new Sub-recipients to ensure that they understand all reporting requirements. In addition, annual reports are required of each sub-recipient. The City also has a memorandum of understanding with other City Departments (i.e. the Police Dept.) that receive CDBG funds.

City Housing staff also conducts site visits at least annually and verifies that Sub-recipients are keeping required records and meeting eligibility requirements. If discrepancies are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is then given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to understand 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 for the next fiscal year.

XII. OTHER NARRATIVES AND ATTACHMENTS

Inventory of Vacant Land for Residential Development

Zone	Vacant	Average Dwelling Units	Average ¹ Dwelling Unit	Maximum Dwelling Units	Maximum ³ Dwelling Unit
	Acres (City-Wide)	Per Acre	Potential (City-Wide)	Per Acre	Potential
LR (Limited Residential)	3.5	3.0	10	3.0	10
P-D (Planned Development – Low Density)	622.3	4	2,489	6	3,734
P-D (Planned Development – Low-Medium Density)	1,078.1	8	8,625	12	12,937
P-D (Planned Development – High-Medium Density)	69.2	16	1,107	24	1,661
P-D (Planned Development – Village Residential)	115.8	21	2,432	30	3,474
R-1-20 (Low Density)	17.7	2.0	35	3.0	53
R-1-10 (Low Density)	5.6	3.0	17	4.0	22
R-1-6 (Low Density)	211.9	5.0	1,060	7.0	1,483
R-1-5 (Low Density)	361.4	6.0	2,168	8.0	2,891
R-2 (Low-Medium Density)	6	10	60	15	90
R-3-1.5 (High-Medium Density)	1.3	20	26	29	38
R-3-2 (High-Medium Density)	10.0	12.1	121	22.0	220
R-4 (High Density)	10.0	30.4	304	43.0	430
R-MH (Mobile Home Park)	2.9	6.0	18	10.0	29

Total	2,768.9	N/A	18,472	N/A	27,072
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Vacant Parcels by Size and Zoning within the City Limits

Zone	10,000 Sq. Ft. or Less	10,000 Sq. Ft. to One Acre	One to 10 Acres	10 Acre & Greater
LR (Limited Residential)	0	0	1	0
P-D (Planned Development – Low Density)	997	29	4	11
P-D (Planned Development – Low-Medium Density)	598	7	7	5
PD (Planned Development – High-Medium Density)	1	0	5	3
PD (Planned Development – Village Residential)	71	0	7	5
R-1-20 (Low Density)	1	1	0	1
R-1-10 (Low Density)	0	7		0
R-1-6 (Low Density)	283	52	18	1
R-1-5 (Low Density)	4191	9	17	8
R-2 (Low-Medium Density)	25	2	1	0
R-3-1.5 (High-Medium Density)	2	2	0	0
R-3-2 (High-Medium Density)	0	1	4	0
R-4 (High Density)	4	0	1	0
R-MH (Mobile Home Park)	0	0	1	0

ATTACHMENTS:

Table 3-C

TABLE 3C

CITY OF MERCED

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Non-homeless Special Needs

Project
Housing to meet special needs (CHDO Set-Aside)

Activity
Provide housing opportunities to groups with special housing needs..

Description
The City of Merced works closely with the Central Valley Coalition for Affordable Housing (a local CHDO) in trying to develop projects. At this time, a specific project has not been determined for this Fiscal Year. In previous years, the City and the Coalition performed a major rehabilitation on a 4-bedroom single-family unit to be used for housing mental health clients of the Merced County Mental Health Department. The Central Valley Coalition for Affordable Housing will purchase and rehabilitate an abandoned foreclosed home for rent to very low-income households or those with special needs

Objective category: Suitable Living Environment Decent Housing Economic Opportunity

Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
City-wide

Specific Objective Number	Project ID
HUD Matrix Code 12	CDBG Citation 570201 (m)
Type of Recipient Sub-recipient	CDBG National Objective LMH
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Completed Projects	Annual Units 1
Local ID CA62250 Merced	Units Upon Completion 1

Funding Sources:

CDBG	_____
ESG	_____
HOME	\$101,958
HOPWA	_____
Total Formula	_____
Prior Year Funds	_____
Assisted Housing	_____
PHA	_____
Other Funding	_____
Total	\$101,958

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need

Homeless & HIV/AIDS

Project

Continuum of Care Plan and 10-year Plan to End Homelessness

Activity

Funding for the preparation of the Continuum of Care and the 10-year Plan to End Homelessness

Description

The City and County of Merced have taken a lead role in providing resources to the homeless. In FY 2002, Merced County Association of Governments (MCAG) was selected by the City and County of Merced to develop a "Continuum of Care" (CoC) Strategy for the entire County to be eligible for Emergency Shelter Grant (ESG) funds. The preparation of the Continuum of Care Plan for Merced County is again a priority in the FY 2011. As part of the Continuum of Care preparation, MCAG asks each participating jurisdiction to provide information on the funding sources to be used each year. The City of Merced will contribute \$25,000 to the preparation and implementation of this plan. An additional \$10,000 has been set aside toward the preparation of a 10-year plan to help end homelessness.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:

Citywide

Specific Objective Number	Project ID
HUD Matrix Code 19F	CDBG Citation
Type of Recipient Sub-recipient	CDBG National Objective
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Completion of CoC	Annual Units
Local ID CA62250 Merced	Units Upon Completion

Funding Sources:

CDBG	\$55,000
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$55,000

primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Neighborhood Revitalization

Project
Code Enforcement Program

Activity
Partial funding for three Code Enforcement Officers

Description
This activity will provide partial funding for City Code Enforcement Specialist positions. These persons will work in low-income neighborhoods to promote building rehabilitation, reduce crime and improve the overall living environment for the residents of these neighborhoods.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
City-wide

Specific Objective Number	Project ID
HUD Matrix Code 15	CDBG Citation 570.202(c)
Type of Recipient Local Government	CDBG National Objective LMA
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Households	Annual Units 2000
Local ID CA62250 Merced	Units Upon Completion 2000

Funding Sources:

CDBG	\$100,000
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$100,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Rental Housing

Project
Fair Housing Program

Activity
Operation of a fair housing hotline.

Description
The City helped establish a fair housing enforcement program with CDBG funds to provide fair housing services. The Central Valley Coalition of Affordable Housing (the Coalition) is the service provider to those households who feel they have been discriminated against. The Coalition provides referrals to outside agencies as required if complaints need to be filed. All complaints are addressed within 30 days.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
City-wide

Specific Objective Number	Project ID
HUD Matrix Code 05J	CDBG Citation 570.206(a)
Type of Recipient Sub-recipient	CDBG National Objective LMA
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Number of calls	Annual Units
Local ID CA62250 Merced	Units Upon Completion

Funding Sources:	
CDBG	\$11,000
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$11,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3C
Consolidated Plan Listing of Projects**

Jurisdiction's Name City of Merced

Priority Need
Owner Occupied Housing

Project
First Time Home Buyers Program

Activity
Down payment assistance program.

Description
This program, known as the First Time Home Buyer Program (FTHB), provides low-interest loans to first-time, low-income homebuyers. Loans are provided interest free for the first five years, with a fixed three (3) percent interest rate, initiating on the 61st month. Debt is amortized over the following 25 years and there are penalties for subsequent sale to non low-income homebuyers. The Program has gone through several changes in the past. Among the changes are: 1) an increase in the loan amount from \$25,000 to \$35,000; 2) modifying the interest rate from 4% to 3% rate; and 3) increasing the maximum City funds on the down payment to 10%.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
City-wide

Specific Objective Number	Project ID
HUD Matrix Code 13	CDBG Citation 570.201(n)
Type of Recipient Local Government	CDBG National Objective LMH
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Housing Units	Annual Units 5
Local ID CA62250 Merced	Units Upon Completion 5

Funding Sources:

CDBG	_____
ESG	_____
HOME	\$100,000
HOPWA	_____
Total Formula	_____
Prior Year Funds	_____
Assisted Housing	_____
PHA	_____
Other Funding	_____
Total	\$100,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Rental Housing

Project
The Grove Apartments (204 Units)

Activity
Loan Payment for Section 108 Loan

Description

In FY 2004, the City paid from the CDBG funds for the first year of the loan while the project was under construction. Since 2004, CDBG funds have been used to pay the loan due to lack of sufficient cash flow from the project. The City provided \$354,850 in funding for the loan payment to HUD for FY 2008 and \$350,000 in FY 2009. In FY 2010, the loan payment being made by the City is \$339,550. As the cash flow condition improves, the developer will pay all shortfalls and unpaid balances of the loan to the City.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:

340 S. Parsons Ave.
Merced, CA

Specific Objective Number	Project ID
HUD Matrix Code 19F	CDBG Citation 570.705 (c)
Type of Recipient Local Government	CDBG National Objective
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Number of Units Provided	Annual Units 204
Local ID CA62250 Merced	Units Upon Completion 204

Funding Sources:

CDBG	\$339,550
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$339,550

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Planning/Administration

Project
Indirect Administrative Expense

Activity
Administrative Expenses related to the operation of the City's Housing Programs.

Description
Administrative costs required to ensure the continuation of City Housing Programs and to develop plans to ensure future housing needs for all income levels throughout the City are met.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
Community wide

Specific Objective Number	Project ID
HUD Matrix Code 21B	CDBG Citation 570.206
Type of Recipient Local Government	CDBG National Objective
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator undefined	Annual Units
Local ID CA62250 Merced	Units Upon Completion

Funding Sources:	
CDBG	\$105,000
ESG	
HOME	\$35,000
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$140,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3C
Consolidated Plan Listing of Projects**

Jurisdiction's Name City of Merced

Priority Need
Infrastructure

Project
Improvement of the Quality and Quantity of Infrastructure and Public Facilities

Activity
South Merced Sidewalk Improvement Project

Description

The City of Merced Engineering Department will continue the South Merced Sidewalk Improvement project installing new sidewalk in areas that either don't have sidewalks or the existing sidewalks are in major disrepair. No additional funding is provided in this program year, however, funds remain available from previous years to continue this program.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
South Merced

Specific Objective Number	Project ID
HUD Matrix Code 03L	CDBG Citation 570.201 (b)
Type of Recipient Local Government	CDBG National Objective LMA
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Lineal feet of sidewalk installed	Annual Units
Local ID CA62250 Merced	Units Upon Completion

Funding Sources:

CDBG _____
ESG _____
HOME _____
HOPWA _____
Total Formula _____
Prior Year Funds _____
Assisted Housing _____
PHA _____
Other Funding _____
Total \$0

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need

Owner Occupied Housing

Project

Lead Hazard Evaluation and Abatement

Activity

Provide funds for lead hazard abatement.

Description

This activity will continue the requirements of the City's Housing Rehabilitation Loan Program to ensure that rehabilitation funds are available for the inspection and removal of lead-based paint hazards. The City is taking all necessary steps to ensure compliance with revised federal regulations regarding lead-based paint (effective September 2000). This activity is included as part of the Housing Rehabilitation Program. Therefore, no additional funding is provided.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:

City-wide

Specific Objective Number	Project ID
HUD Matrix Code 14I	CDBG Citation 570.202 (a)
Type of Recipient Local Government	CDBG National Objective LMH
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Households	Annual Units 5
Local ID CA62250 Merced	Units Upon Completion 5

Funding Sources:

CDBG _____
ESG _____
HOME _____
IOPWA _____
Total Formula _____
Prior Year Funds _____
Assisted Housing _____
PHA _____
Other Funding _____
Total _____

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3C
Consolidated Plan Listing of Projects**

Jurisdiction's Name City of Merced

Priority Need
Public Services

Project
Merced Lao Family

Activity
Partial funding for Youth Cultural Activity Program operated by Merced Lao Family.

Description
This program is designed for the Southeast Asian and other at-risk youth. The intent is to bridge cultural and generational gap and aid in keeping at-risk youth from entering the ever-increasing gang activity in the City of Merced.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
Citywide

Specific Objective Number	Project ID
HUD Matrix Code 05D	CDBG Citation 570.201 (e)
Type of Recipient Local Government	CDBG National Objective LMC
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator # of youth served	Annual Units 15-20
Local ID CA62250 Merced	Units Upon Completion 15-20

Funding Sources:

CDBG	\$7,100
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$7,100

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name City of Merced

Priority Need
Public Services

Project
Public Service/Crime Awareness

Activity
Partial funding for six police officers.

Description

This program utilizes CDBG funds as partial funding for the support of six additional police officers, which were added in 1995 with assistance from a Federal Police Grant. The primary focus of the officers is gang activity prevention and intervention in low-income neighborhoods and school sites.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:
Citywide

Specific Objective Number	Project ID
HUD Matrix Code 05I	CDBG Citation 570.206 (a)
Type of Recipient Local Government	CDBG National Objective LMA
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator # of children reached	Annual Units 500
Local ID CA62250 Merced	Units Upon Completion 500

Funding Sources:

CDBG	\$168,500
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$168,500

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

**Table 3C
Consolidated Plan Listing of Projects**

Jurisdiction's Name City of Merced

Priority Need

Owner Occupied Housing

Project

Housing Rehabilitation Program

Activity

Ensure quality affordable housing through the conservation and rehabilitation of the existing housing stock and increase the stock of affordable housing for very low and low income households.

Description

Provide loans city-wide to properties where the occupant is low-income (80% of median income or below). The maximum loan is based on the scope of work. The purpose of the program is to rehabilitate substandard dwellings units. This also includes emergency loans for things such as a leaky roof, water or sewer line repair, etc.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area:

City-wide

Specific Objective Number	Project ID
HUD Matrix Code 14A	CDBG Citation 570.202
Type of Recipient Local Government	CDBG National Objective LMH
Start Date (mm/dd/yyyy) 07/01/2010	Completion Date (mm/dd/yyyy) 06/30/2011
Performance Indicator Housing Units	Annual Units 5
Local ID CA62250 Merced	Units Upon Completion 5

Funding Sources:

CDBG	\$461,094
ESG	
HOME	\$561,428
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

PROJECT PROGRAMMING REQUEST

DTP-0001 (REV. 3/08)

General Instructions

<input checked="" type="checkbox"/> New Project		<input type="checkbox"/> Amendment (Existing Project)		Date:	07/23/10
Caltrans District	EA	PPNO	MPO ID	TCRP No.	
10					
County	Route/Corridor	Project Sponsor/Lead Agency		MPO	Element
MER	Parsons Avenue	City of Merced		MCAG	
Project Title					
Parsons Avenue - Ada Givens Gap					
PM Bk	PM Ahd	Project Mgr/Contact	Phone	E-mail Address	
		Daryl Jordan	(209) 385-6846	jordand@cityofmerced.org	
Location, Project Limits, Description, Scope of Work, Legislative Description					
Merced, Merced County, this project will construct Parsons Avenue between 27th Street and Monte Grosso.					
Component	Implementing Agency		AB 3090	Letter of No Prejudice	
PA&ED	City of Merced		<input type="checkbox"/>	<input type="checkbox"/>	
PS&E	City of Merced		<input type="checkbox"/>	<input type="checkbox"/>	
Right of Way	City of Merced		<input type="checkbox"/>	<input type="checkbox"/>	
Construction	City of Merced		<input type="checkbox"/>	<input type="checkbox"/>	
Legislative Districts					
Assembly:	17		Senate:	12	
Congressional:	18				
Purpose and Need					
<p>This project will greatly improve traffic safety and current congestion. The project will construct a currently missing leg of Parsons Avenue. This will complete the Parsons Avenue arterial throughout central Merced. This will provide congestion relief throughout this neighborhood, providing an alternative to G Street. Currently, Merced has three complete north-south arterials. The completion of Parsons Avenue will provide a fourth arterial and will greatly relieve the strained G Street corridor. This is especially significant due to the single hospital within the community. Additional routes are necessary in order to enhance the safety of citizens when attempting to reach emergency services.</p>					
Project Benefits					
<p>This project will greatly improve traffic safety. Currently, minor collectors serve increased traffic as drivers travel up to one mile in order to reach a north-south arterial. This will allow drivers to drive shorter distances on residential roadways before reaching arterials. In addition, it will provide thousands of residents a direct connection to the intracity Class I bike system. Currently, the majority of the residents of east-central Merced have to travel at least 1/2 mile in order to reach a trailhead. With the completion of this project, there will be a direct route to the Bear Creek trailhead, significantly reducing travel time to this amenity.</p>					
Project Milestone					Date
Project Study Report Approved					
Begin Environmental (PA&ED) Phase					
Circulate Draft Environmental Document			Document Type	EIR	04/01/97
Draft Project Report					
End Environmental Phase (PA&ED Milestone)					10/01/09
Begin Design (PS&E) Phase					05/01/10
End Design Phase (Ready to List for Advertisement Milestone)					12/01/10
Begin Right of Way Phase					
End Right of Way Phase (Right of Way Certification Milestone)					
Begin Construction Phase (Contract Award Milestone)					02/01/11
End Construction Phase (Construction Contract Acceptance Milestone)					06/01/11
Begin Closeout Phase					07/01/11
End Closeout Phase (Closeout Report)					08/01/11

ADA Notice

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