



SF 424

The SF 424 is part of the CPMP

Annual Action Plan. SF 424 form fields are included in this document. Grantee information is linked from the 1CPMP.xls document of the CPMP tool.

SF 424

Complete the fillable fields (blue cells) in the table below. The other items are pre-filled with values from the Grantee Information Worksheet.

5/09/2012	B09-MC-06-0044	Type of Submission	
Date Received by state	State Identifier	Application	Pre-application
Date Received by HUD	Federal Identifier	<input checked="" type="checkbox"/> Construction	<input checked="" type="checkbox"/> Construction
		<input type="checkbox"/> Non Construction	<input type="checkbox"/> Non Construction
Applicant Information			
City of Merced		CA62250 MERCED	
678 West 18 th Street		Organizational DUNS: 169-211-554	
		Organizational Unit	
Merced	California	Department: Housing Division	
95340	Country U.S.A.	Division	
Employer Identification Number (EIN):		County	
94-6000371		07/2011	
Applicant Type:		Specify Other Type if necessary:	
Local Government: City		Specify Other Type	
Program Funding		U.S. Department of Housing and Urban Development	
Catalogue of Federal Domestic Assistance Numbers; Descriptive Title of Applicant Project(s); Areas Affected by Project(s) (cities, Counties, localities etc.); Estimated Funding			
Community Development Block Grant		14.218 Entitlement Grant	
Community Development Block Grant Entitlement Grant		City of Merced	
CDBG Grant Amount: \$950,750	Additional HUD Grants: \$1,779,188	Neighborhood Stabilization Program I & III	
Additional Federal Funds Leveraged: \$390,234	\$Additional State Funds Leveraged: 778,424 – CalHome & Begin		
Local Funds Leveraged: \$300,000	\$Grantee Funds Leveraged		
Anticipated Program Income: \$120,000	Other (Describe)		
Total Funds Leveraged for CDBG-based Project(s) \$ 4,318,596			
Home Investment Partnerships Program		14.239 HOME	
HOME Project Titles: HOME Investment Partnerships Program Participating Jurisdiction		Description of Areas Affected by HOME Project(s): City of Merced	

City of Merced
Annual Action Plan
FY 2012-2013

HOME Grant Amount: \$382,809	Additional HUD Grant(s) Leveraged	Describe
\$1,109,766		\$Additional State Funds Leveraged
\$Locally Leveraged Funds		\$Grantee Funds Leveraged
\$Anticipated Program Income: \$100,000		Other (Describe)
Total Funds Leveraged for HOME-based Project(s): \$1,592,575		

Housing Opportunities for People with AIDS – N/A		14.241 HOPWA
HOPWA Project Titles		Description of Areas Affected by HOPWA Project(s)
\$HOPWA Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged
\$Locally Leveraged Funds		\$Grantee Funds Leveraged
\$Anticipated Program Income		Other (Describe)
Total Funds Leveraged for HOPWA-based Project(s)		

Emergency Shelter Grants Program – N/A		14.231 ESG
ESG Project Titles		Description of Areas Affected by ESG Project(s)
\$ESG Grant Amount	\$Additional HUD Grant(s) Leveraged	Describe
\$Additional Federal Funds Leveraged		\$Additional State Funds Leveraged
\$Locally Leveraged Funds		\$Grantee Funds Leveraged
\$Anticipated Program Income		Other (Describe)
Total Funds Leveraged for ESG-based Project(s)		

Congressional Districts of:		Is application subject to review by state Executive Order 12372 Process?	
Applicant Districts: 15	Project Districts 15	<input type="checkbox"/> Yes	This application was made available to the state EO 12372 process for review on DATE
Is the applicant delinquent on any federal debt? If "Yes" please include an additional document explaining the situation.		<input checked="" type="checkbox"/> X	Program is not covered by EO 12372
<input type="checkbox"/> Yes	X	<input type="checkbox"/> N/A	Program has not been selected by the state for review

Person to be contacted regarding this application		
First Name: John	Middle Initial: M	Last Name: Bramble
Title: City Manager	Phone: 209-385-6834	Fax:209-388-7607
eMail: bramble@cityofmerced.org	Grantee Website: www.cityofmerced.org	Other Contact Elaine Post, Housing Manager, 209-723-1780
Signature of Authorized Representative		Date Signed



Third Program Year Action Plan

The CPMP Third Annual Action Plan includes the [SF 424](#) and Narrative Responses to Action Plan questions that CDBG, HOME, HOPWA, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations. The Executive Summary narratives are optional.

Narrative Responses

GENERAL

Executive Summary

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

Program Year 3 Action Plan Executive Summary:

The City of Merced Annual Action Plan for fiscal year 2012-2013 describes the programs and activities that will be undertaken to carry out the goals and objectives established in the 2010–2015 Consolidated Plan. The Action Plan includes a description of funding available and how these funds will be used to address the identified needs for housing, homelessness, community and economic development. It should be noted that this year's Action Plan has changed from last year as new staff members and Management have worked with Department Heads to align all expenses with HUD National Objectives and Eligible Activities.

The City's allocation for fiscal year 2012 is **\$950,750** in Community Development Block Grant (CDBG) funds and **\$382,809** in HOME funds. These funds are combined with estimated program income (\$220,000 = \$120,000 CDBG + \$100,000 HOME), and anticipated repayment from the Grove Apartments Project (\$300,000) for a total of **\$1,853,559**. **Table 1** (pg. 4) shows the City's activities and funding allocations for the third year of the five year Consolidated Planning period. An additional \$2,956,000 of NSP I & III, Begin, Cal Home and last year's obligated CDBG and HOME funding are included in the Annual Plan to assure funding for First Time Home Buyers (NSP I & II, Begin, Cal Home) and the Gateway Terrace Housing Project mentioned later in this report.

The 2012 Annual Action Plan identifies programs to achieve specific goals as identified in the Consolidated Plan. These include:

- Provide more affordable housing for the community.
- Assist in providing housing for individuals with special needs.

- Increase homeownership opportunities for low-income households.
- Revitalize low-income neighborhoods.
- Continue efforts to end homelessness.
- Promote and support fair housing opportunities.
- Ensure funding for adequate Police Community Services.
- Work with the Merced County Housing Authority, Continuum of Care, and Merced City Housing Element to ensure housing needs are being met for identified populations within the community.

Table 1

Program Activities for FY 2012-13

ACTIVITIES	CDBG	HOME	Total
Housing Rehabilitation and Reconstruction, Plus Activity Delivery Costs	\$261,628.00	\$377,108.00	\$638,736.00
CHDO Set-Aside		\$57,421.00	\$57,421.00
First Time Home Buyer Program*			
Activities – The Potter’s Place	\$10,000.00		\$10,000
Public Service Funding **	\$205,112.00		\$205,112.00
HUD Section 108 Loan – The Grove	\$321,860.00		\$321,860.00
Code Enforcement	\$150,000.00		\$150,000.00
Fair Housing Services***	\$11,000.00		\$11,000.00
Direct Admin Expense***	\$274,150.00		\$274,150.00
Indirect Admin Expense***	\$137,000.00	\$40,280.00	\$177,280.00
Total	\$1,372,078.00	\$482,809.00	\$1,853,559.00

*First Time Home Buyers program will be funded through NSP 1, NSP 3, CalHome & Begin programs

** 15% Public Service Limit - CDBG Only Formula: CDBG Allocation + Program Income + Carry-Over Funds (The Grove Re-Payment) x 15%; $950,750 + 120,000 + \$300,000 = 1,370,750 \times 15\% = \$205,612.50$

***20% CDBG and 10% HOME allowed for Direct and Indirect Administrative costs. Indirect Administrative Costs refer to City departments providing administrative support to the Housing Division: City Clerk’s Office, Finance, City Manager, City Attorney, Economic-Development, and IT.

Administrative CDBG Formula: CDBG Allocation + Program Income + Carry-Over $(\$1,370,750.00) \times 20\% = \$274,150$ (direct) /CDBG Allocation + Program Income + Carry-Over $(\$1,370,750.00) \times 10\% = \$137,000$ (indirect)

Administrative HOME Formula: HOME Allocation + Program Income $\times 10\% = 382,809 + 100,00 \times 10\% = \$48,280$

Objectives and Outcomes

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

The City is required to implement and use HUD’s Outcome Performance Measurement System (OPMS). The OPMS was developed to enable HUD to collect and standardize reporting to Congress on the effectiveness of HUD’s formula entitlement programs. The OPMS includes objectives, outcome measures and performance indicators that describe the intended outputs for entitlement-funded activities.

There are three OPMS objective categories:

- 1) Creating a suitable living environment
- 2) Providing decent housing
- 3) Creating economic opportunities.

In addition, there are three OPMS outcome categories:

- 1) Accessibility/Availability
- 2) Affordability
- 3) Sustainability

An objective statement combined with an outcome statement is designed to describe the City’s objective for undertaking an activity and the ultimate outcome to be achieved with HUD entitlement funds.

The chart below shows the objectives and outcomes assigned to the activities the City will undertake during program year 2012-2013 utilizing HUD’s number system for the OPMS.

OBJECTIVES AND OUTCOMES OF 2012-2013 ACTIVITIES			
	Access/Availability	Affordability	Sustainability
Decent Housing	DH-1	DH-2	DH-3
Suitable Living Environment	SL-1	SL-2	SL-3
Economic Opportunity	EO-1	EO-2	EO-3

Table 2 (below) describes the objectives of this Annual Plan and the expected outcomes. Details of each objective and activities to be undertaken to meet the objectives are found in the Annual Plan.

*Table 2
 Objectives and Outcomes*

OBJECTIVE /OUTCOME	LOCATION	OBJECTIVE CATEGORY	ACTIVITY
SL-1 Outreach to a minimum of 20 youth monthly and provide interviews on a minimum of 6 radio shows throughout the term of this	Schools in South Merced area	Public Service	Partial Funding of police officer responsible for school campus outreach to youth. Discourage graffiti, vandalism, and negative behavior resulting in increased blight, cost to families /businesses for repairs; and could result in incarceration for youth. Presentations on local radio program will be part of outreach; quarterly and annual reporting and monitoring.

grant.			Funded with Public Service dollars.
OBJECTIVE /OUTCOME	LOCATION	OBJECTIVE CATEGORY	ACTIVITY
SL-1 Apply for two or more grants to assist with infrastructure.	Citywide	Public Facilities & Community Infrastructure	The Housing Division will continue to seek funding for infrastructure and public facilities for low to moderate income multi-family projects and those City areas having a high concentration of low to moderate income housing. (PS)
DH-1, DH-2 Loans to 20-30 homeowners for rehab.	Citywide	Rehabilitation	Provide loans to between 20 and 30 homeowners for rehabilitation projects on their homes for health and safety reasons.
DH-1, DH-2, DH-3, SL-2, SL-3 Use of NSP fundings.	Approved Census Tracts	Housing Affordability	Due to a decreased budget, there will be no CDBG First Time Homebuyer's Program. NSP 1 and NSP 3 funds will be used to address this issue locally.
DH-2, SL-3 Provide funds to cover 108 Loan to Grove.	Parsons Avenue	New Affordable Rental Housing Construction	Funds will be used to service the Section 108 Loan for the Grove Apartments on Parsons Avenue, a 204 unit affordable housing project.
DH-1, DH-2 Have at least 2 organizations apply for CHDO eligibility. Selection of one CHDO prior to 2013-14 Annual Action Plan.	Citywide	Housing	Work with local non-profit CHDO-eligible organizations to increase number of CHDO applicants. Will maintain this year's CHDO funding to allow time for local non-profits to apply. Eligible CHDO's will be asked to submit proposals for 2013/2014 funding. Last year's CHDO funding was held for the Gateway Terrace Affordable Housing project, if not funded, CHDO funds will be expended in FY 12/13.

OBJECTIVE /OUTCOME	LOCATION	OBJECTIVE CATEGORY	ACTIVITY
DH-1, DH-2, SL-1, SL-2 Provide 10 or more units in Grove/Gateway Terrace or Woodbridge for target populations.	Citywide	New Affordable Rental Housing Construction	Collaborate with affordable housing developers to provide more affordable rental housing projects. Community input reveals target projects should address Foster Youth, Single Parents, Special Needs Adults, Mental Health Adults, and Homeless.
DH-1 Determine viable time decrease and monitor for effectiveness.	Citywide	Planning Review and Permitting	Continue the “fast-track” permit review from the Inspection Services and Planning Departments to decrease time for permit issuance
DH-1, DH-2 Use reports to determine next year’s needs. Provide overview in 2013 Action Plan	Citywide	Housing & Infrastructure Planning	Completion of HUD required reports and continued support for the development of low-income housing. The Housing Element was completed in 2011 and used in identifying goals for this Plan and will be used for future goals of housing needs within the City of Merced.
EO-1 Determine viable time, monitor for effectiveness.	Citywide	Economic Development	Continue to work with Building and Planning to decrease time needed for plan and inspection approval.
EO-2 Determine viable time, monitor for effectiveness.	Citywide	Economic Development	Continue to work with Building, Planning and the City Council to decrease cost of starting/constructing a new business in Merced
SL-1, SL-2, SL-3 Require monthly effect reports.	Citywide	Homelessness	Continued participation with the County-wide Continuum of Care to end homelessness within a 10-year period. Funding of \$35,000 will be budgeted for this fiscal year.

OBJECTIVE /OUTCOME	LOCATION	PROGRAM AREA	ACTIVITY
SL-1 Require monthly effect reports.	Citywide	Housing	Continued operation of the Fair Housing Hot-line.
SL-1 Track placement, materials, and effectiveness with questionnaire from applicants.	Citywide	City Coordination	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, Merced Civic Center Housing Division, is available to community-based groups serving lower income residents, provided to churches for insertion in Sunday programs and local radio programs.
SL-1, SL-2, SL-3 Monthly reporting with identification and follow-up.	Citywide	Rehabilitation	Work with Code Enforcement to reduce the number of homes that still have lead based paint hazards. Families will be informed of City's CDBG loan programs to assist with cleanup.
DH-1, DH-2, SL-1, SL-2 Monitoring of construction to ensure meeting contract.	Lesher & 4 th Streets	New Affordable Housing Construction	The City has pledged \$1.5 million (FY 11/12) of CDBG, CHDO and NSP funds to Central Valley Coalition of Affordable for construction of a 66-unit Affording Housing Complex.
SL-1 18 youth to be served; must show proof of eligibility, & effectiveness	Merced Lao Family Community	At-Risk Youth	\$11,000 for administrative and supply costs for Youth Cultural Activity Program. Funded with Public Service (PS) dollars.

OBJECTIVE /OUTCOME	LOCATION	PROGRAM AREA	ACTIVITY
SL-3 At least 5 families served; must show proof of eligibility, & effectiveness	Calvary Temple	Low income	\$2,720 for courses to low income families on budgeting and cooking on a budget. Funded with Public Service dollars.
SL-1 At least 20 homeless must be served; must verify eligibility	Merced County Rescue Mission	Homeless	\$3,500 for a warming center from December through March. Funded with Public Service dollars.
SL-1, SL-3 12 - 24 seniors assisted; must verify eligibility & effectiveness	Healthy House	Senior Citizens	\$3,500 to provide bus passes and translator to help seniors learn to use local transit system for medical care. Funded with Public Service dollars.
SL-1, DH-1, DH-2, SL-2 Minimum of 10 eligible adults; Must report effectiveness	Merced Community Action Agency	Low Income	\$19,980 to provide Rapid Re-Housing to families on verge of eviction. Funded with Public Service dollars.
EO-1, EO-3 Must show proof of at least 1 eligible adult gaining employment from program.	The Potter's Place	Low Income – Probation – Recovering Addicts	\$10,000 for landscape training program for low income adults in specific group areas, to learn trade for potential employment.
SL-1 Must assist minimum of 4 eligible adults and show effectiveness.	Sierra Saving Grace	Homeless	\$2,800 for bus passes and utilities for Housing First program for chronically homeless individuals. (PS)

In FY 2011-12 the City accomplished many of its goals identified in the Consolidated Plan. The City also worked with HUD to bring several areas of former planning into compliance. Below is a list of accomplishments and improvements to the Annual Plan

- Rehabilitation projects to provide suitable housing for low-income households.
- First-time home buyer's assistance.

- Purchased homes using Neighborhood Stabilization Program (NSP) funds.
- Provided funds for infrastructure improvements.
- Provided funding for Community Policing and Gang Intervention.
- Provided funding for and completed the City's Housing Element.
- Service of the Section 108 Loan for the Grove Apartment complex.
- Completion of nearly 2,000 code enforcement cases citywide.
- Funding encumbered for a multi-family housing unit project with the City's CHDO.
- Participation and funding for the completion of the Merced County Continuum of Care and 10-Year Plan to End Homelessness.
- Provided funding for a Fair Housing Hotline operated by the Central Valley Coalition for Affordable Housing. The Hotline served 21 callers in FY 10-11. The Coalition also provides Fair Housing Workshops in which 272 people attended and were provided information regarding fair housing.

COMPLIANCE ISSUES

- Worked with City Departments to remove activities that did not meet CDBG eligibility and establish new programs that met the National Objectives and are considered to be an eligible activity.
- Worked within the Housing Division to improve processes, monitoring and reporting to meet HUD standards.
- Improved Public Outreach by holding three community meetings to get public input regarding HUD Community & Housing Programs/Activities for fiscal year 2012-13. Outreach also included participating in a local radio show and providing information about meetings in the City's utility bill.
- Increased funds for training staff for: HUD allowable processes, reporting, recording, financing and eligible activities.
- Implemented a certified payroll process with all federally contractors.

Details regarding these accomplishments will be found in the City's 2011-2012 Consolidated Annual Performance Evaluation Report (CAPER), due for completion by September 2012. Upon completion the CAPER will be available on the City's website at www.cityofmerced.org.

General Questions

1. *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.*

2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a) (1)) during the next year and the rationale for assigning the priorities.
3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs. Identify the federal, state, and local resources expected to be made available 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.

Program Year 3 Action Plan General Question’s response:

Geographic Area and Community Profile

The City of Merced is centrally located in the San Joaquin Valley, evenly spaced between Fresno, Modesto, San Jose and the foothills of Sonora. The past decades have seen the Valley area change from an agricultural economy to a mixed economy in which manufacturing played 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. As of Fall 2011, the University had 5,200 students enrolled and more than 100 organizations created on and off campus.

According to the 2010 Census, the City had a population of 78,958. This is a 23.6 percent increase from the 2000 Census. However, it is slightly less than the 2010 California Department of Finance (DOF) estimate of 80,608. 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.

Table 1

Median Income

Source: 2000 Census, 2006-2010 American Community Survey Estimates

	Median Household Income			Median Family Income		
	2000	2006-2010	% Change	2000	2006-2010	% Change
City of Merced	\$30,429	\$36,269	19.19%	\$32,470	\$37,731	16.20%
Merced County	\$35,532	\$43,844	23.39%	\$38,009	47,924	26.09%
California	\$47,493	\$60,883	28.19%	\$53,025	\$69,322	30.73%

In 2000, the Median *family* income for Merced was \$32,470. According to the Census Bureau’s American Community Survey (ACS) 5-year estimates (2006-2010), median *family* income in Merced rose to \$37,731. The median *household* income for those same time periods was \$30,429 and \$36,269, respectively. The City of Merced’s median income remains lower than that of the county and the state. *Table 1* shows the comparison of median income for the City, the County, and the State.

Although income levels rose in the city, they are still behind the county and state. The rate of increase for the county was almost twice that of the city for median *household* income and was more than two and one-half times that of the median *family* income. Incomes in the City of Merced are substantially lower than the statewide average and have increased at a much slower rate.

Areas of Low Income Concentration

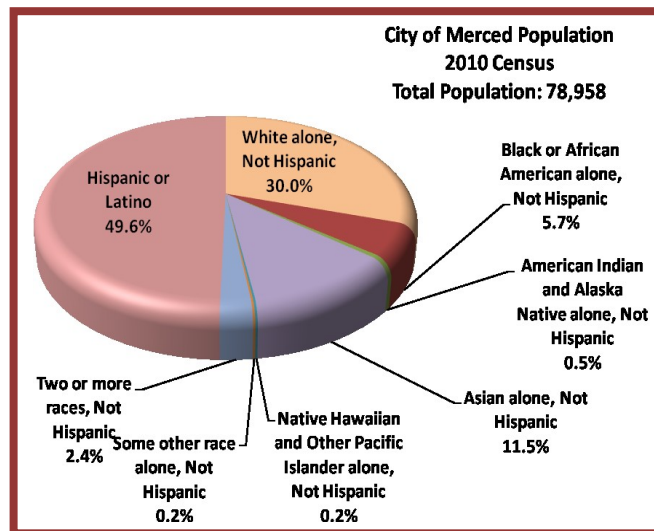
The City of Merced defines an "area of low-income concentration" as any census tract in which the percentage of households with low, very low, or extremely low-incomes exceeds the citywide percentage for such households. According to the 2000 Census, there were 20,435 total households. Of these, 8,085 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.

Map 1 (Page 15) 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 Central and South Merced fall into the low, very low, and extremely low-income categories.

Race/Ethnicity

According to the City's demographics, in 2000, the population for persons who considered their race to be "white alone", was 37.3 percent. The new numbers just released from the 2010 Census show the "white alone" population decreased by slightly more than 7 percent over the last 10 years.

The 2010 Census numbers indicate only 30 percent of the City's population is "white only". The majority of the population is Hispanic or Latino. This population increased by 8.3 percent. The chart to the right shows the percentage of the population for each race within the City of Merced. The race definitions followed by the words "alone, not Hispanic", indicate the person reported themselves as being of one race only and not of Hispanic origin. In comparing other races between the 2000 Census and 2010 Census, there was a slight decrease in all other races except the Asian population which had an increase of .6 percent.



The majority of racial and ethnic minority households are concentrated in Central and South Merced where the occurrence of substandard housing and low-rent housing is the highest due to older housing stock. The City's Affordable Housing Action Plan has set a goal of achieving a more equitable mix of affordable and "to-code" housing throughout the City. The Woodbridge Project, funded with NSP I funding, will meet part of the goal by providing 75 multi-family units in North Merced at Highway 59 and Olive Avenues. This project will be completed during this fiscal year. CHDO, NSP and HOME funds are also being used for a reconstruction multi-family project, Gateway Terrace. This project, located next to the Merced County Housing Authority in the southern section of Merced, will replace single family dwellings with a 66 unit complex. Housing conditions for low-income families in Central and South Merced will be improved through the City's Housing Rehabilitation Program that is designed to meet the needs of those families. These programs provide funds to rehabilitate homes bringing them up to code.

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 show on **Map 2 (Page 16)**.

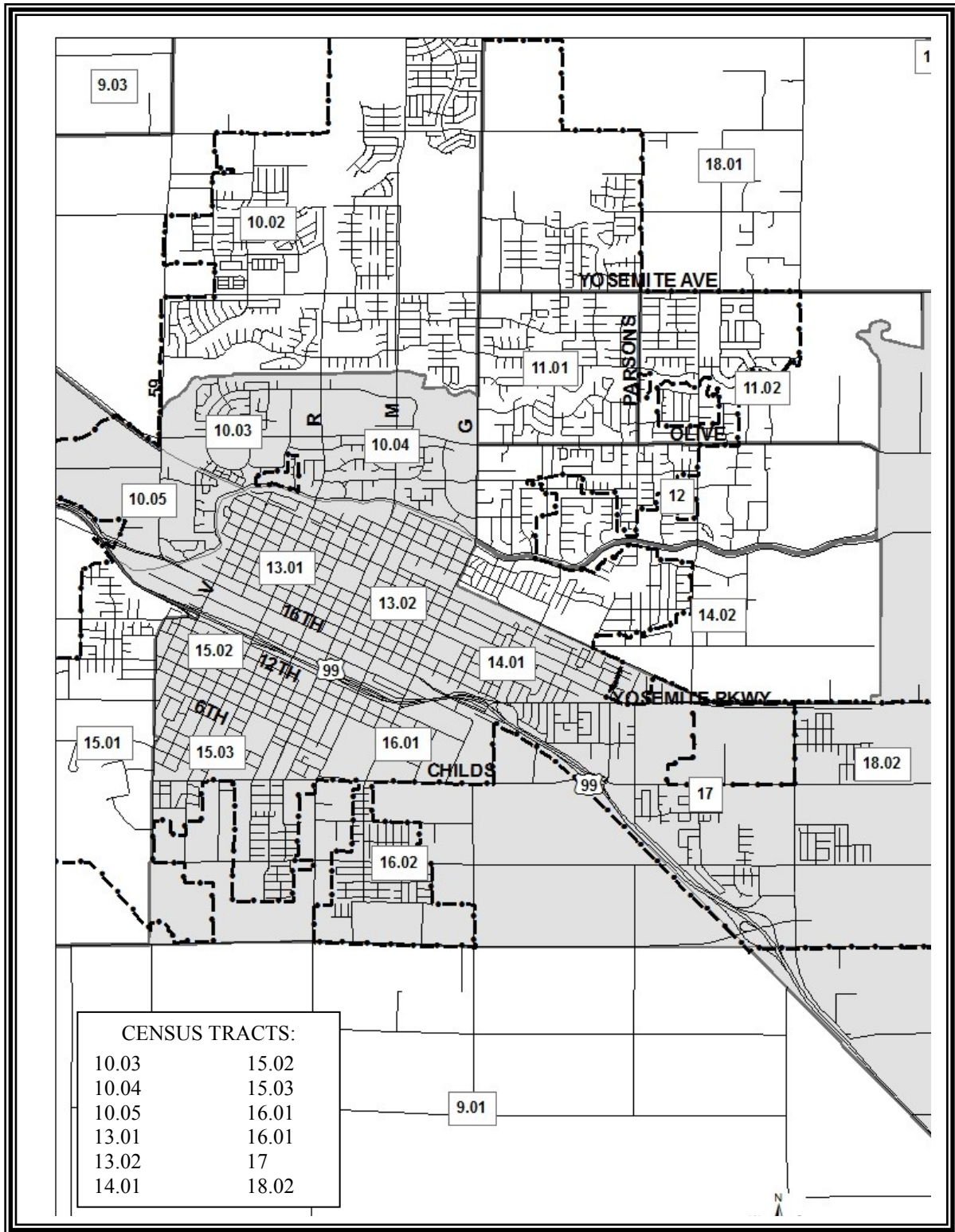
Actions to Address Obstacles to Meeting Underserved Needs and to Foster and Maintain Affordable Housing

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, 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/Reconstruction 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 Neighborhood Stabilization Program funding;
- Work with the City's CHDO eligible non-profit organizations to become CHDO eligible and create programs that help provide housing for individuals with special needs within the community; and
- Work to revitalize neighborhoods and improve the quality and quantity of public services by eliminating blight, rehabilitating homes belonging to the low income, and reducing crime, by providing partial funding for the City's Code Enforcement and one police officer.

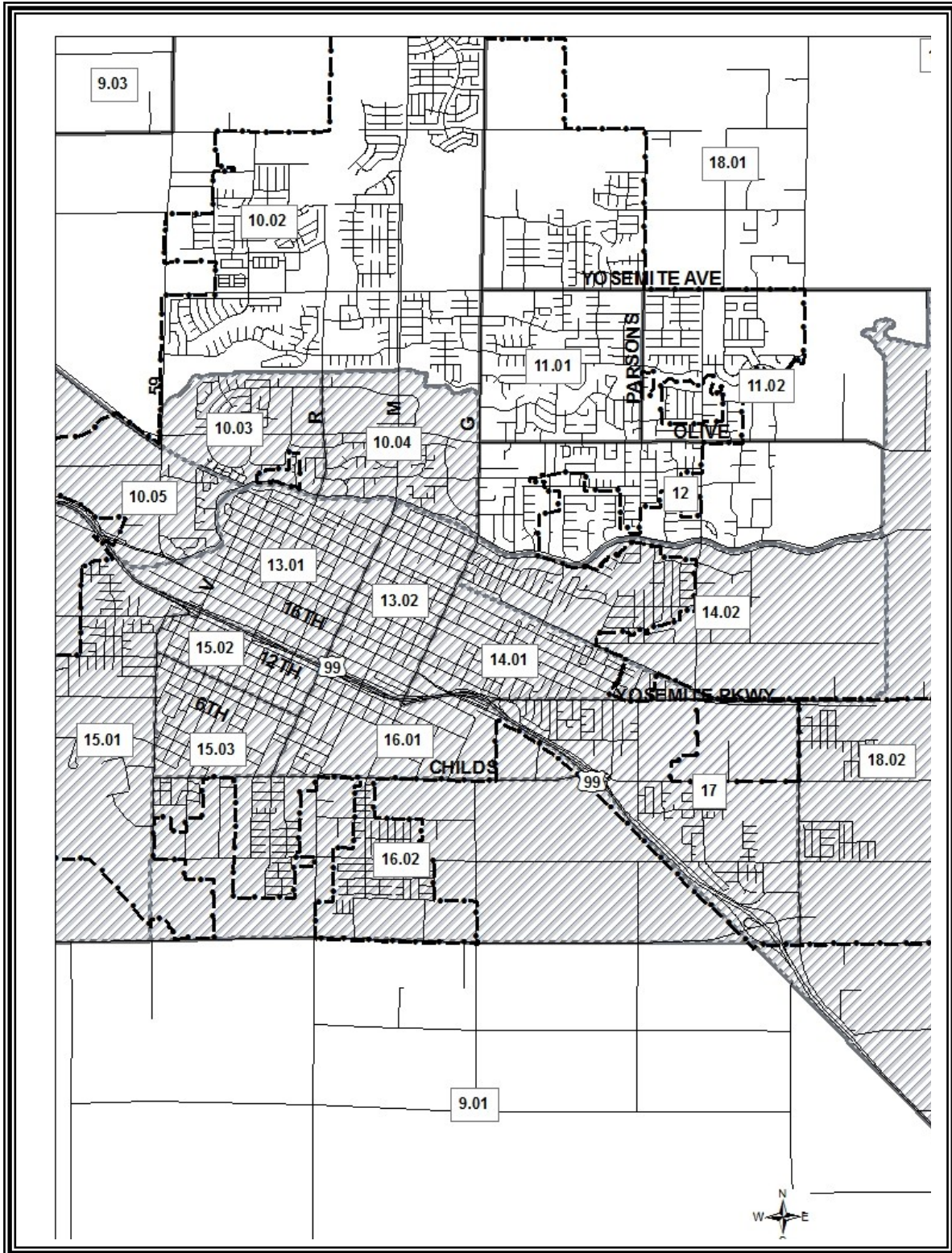
- Increase public outreach to the underserved by working with area churches to provide translated information to parishioners; and use local radio stations to reach multi-language audiences.
- Increase outreach of City loan programs by hosting more Community Meetings in areas highly populated with low to very-low income residents. Working with the Merced Lao Family Community, Boys and Girls Club, Merced Senior Center, Chambers of Commerce, it is hoped staff will reach larger numbers of targeted populations with information about housing, rental, rehab, and lead abatement programs.
- Attend conferences where staff can meet with Affordable Housing contractors and work with these contractors to continue to provide affordable housing in Merced.
- Working with the Merced County Housing Authority, the city's Housing Element, and through continued public meetings, staff members hope to identify underserved targeted populations in need of affordable housing. Community outreach this year has shown a great need for Foster Youth, Special Needs Adults, Mental Health Adults, and Single Mothers.
- Continue working with the Merced County Office of Education, Kingsview, and the Central Valley Regional Center to seek funding for a Special Needs Adult transitional and permanent housing facility. These entities along with Housing are hoping to purchase a used apartment complex that can be renovated to provide a large kitchen that can be used for food preparation and cooking classes; transitional housing for Special Needs Adults wanting to live on their own; vocational classes for training those living in the complex; staff housing; and some units available to older parents of the Special Needs Adults.
- Noticing a lack of public information from the department, staff members have changed the Citizen Participation Plan to include display of notices in non-threatening and more visible locations. The Merced City Police Department, former area of display, was found to be a "threatening" and non-public-enticing environment.
- NIMBYism (Not In My Back Yard) continues to play a role in decision making when housing to address underserved needs is proposed. Additional outreach, community meetings, brochures, and having the specific population as part of the presentation is hoped to be a useful tool this year to discourage NIMBYism.

*Map 1
 Areas of Low-Income Concentration*



Source: Census 2000

Map 2
Areas of Racial/Ethnic Minority Concentration

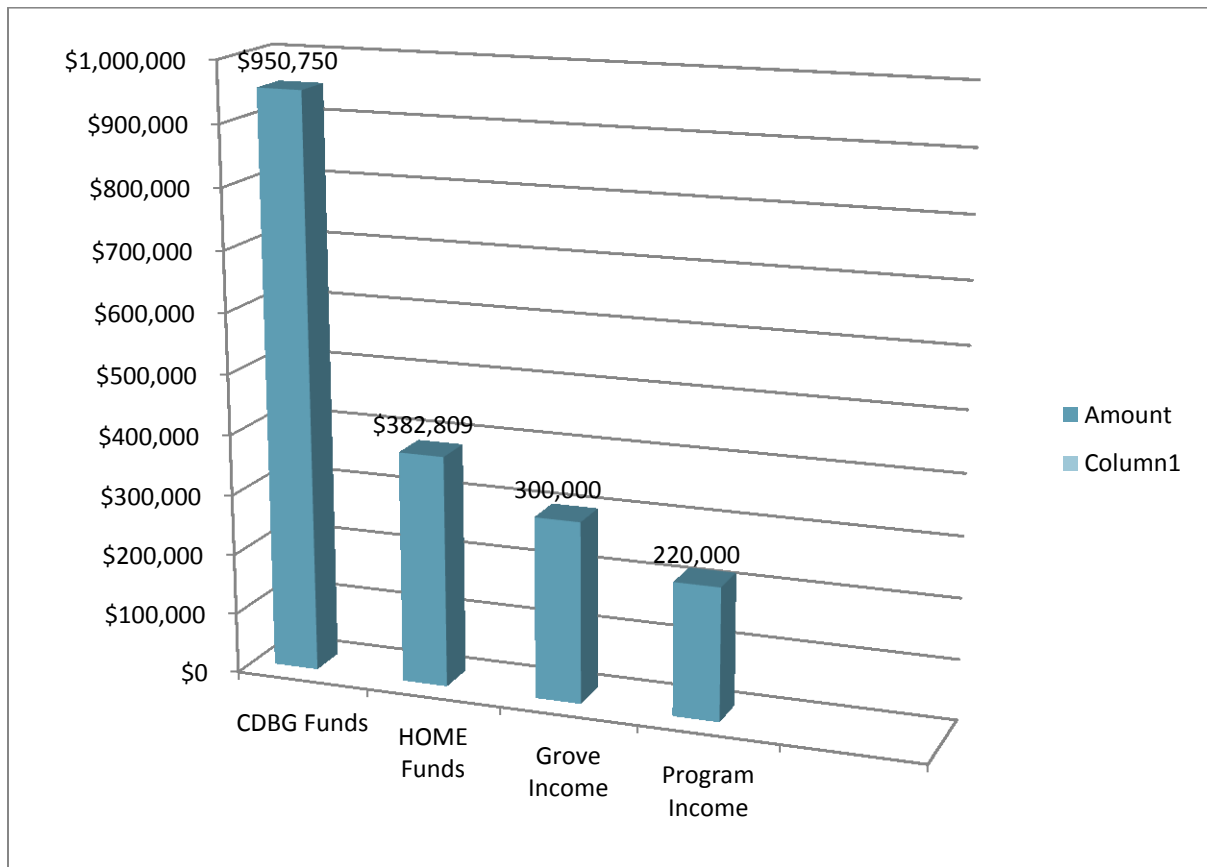


Source: Census 2000

Resources

Funding

The 2012 fiscal year is the third year of implementation for the five-year strategy presented in the *City of Merced 2010 Consolidated Plan*. **Table 1** (Page 13) provides a summary of the action plan for the City of Merced's Housing Program in the 2012 fiscal year. The City of Merced's CDBG funding for FY 2012 is **\$1,370,750** (including \$950,750 CDBG federal grant, \$120,000 estimated CDBG loan repayment program income, and \$300,000 anticipated Grove Section 108 Loan Repayment. HOME funding for FY 2012 is **\$482,809** (including \$382,809 HOME federal grant and \$100,000 of estimated program income). The total funding for FY 2012 from all HOME and CDBG funding sources is **\$1,853,559.00**.



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.

Table 1
Funding Allocations for Fiscal Year 2012 – 2013

SOURCE	CDBG	HOME	Total
Grant FY 2012 (estimate)	\$950,750	\$382,809	\$1,333,559
Program Income FY 2012 (estimate)	\$120,000	\$100,000	\$220,000
Anticipated Grove Repayment (Section 108 Loan)	\$300,000		\$300,000
Total	\$1,370,750	\$482,809	\$1,853,559
ACTIVITIES			
Housing Rehabilitation and Reconstruction plus Activity Delivery Costs (ADC)	\$261,628	\$377,108	\$638,736
**CHDO Set-Aside		\$57,421	\$57,421
Activities – The Potter’s Place	\$10,000		\$10,000
****Public Service Funding	\$205,112		\$205,112
HUD Section 108 Loan – The Grove	\$321,860		\$321,860
Code Enforcement	\$150,000		\$150,000
*****Fair Housing Services	\$11,000		\$11,000
*****Direct Admin Costs	\$274,150		\$274,150
*****Indirect Admin Costs	\$137,000	\$40,280	\$177,280
Total	\$1,372,078	\$482,809	\$1,853,559

Activity Delivery Cost Revenue from HOME funded activities

**15% CHDO min HOME Set Aside - $\$382,809 \times 15\% = \$57,421$

** **15% Public Service Limit - CDBG Only Formula: CDBG Allocation + Program Income + Carry-Over Funds (The Grove Re-Payment) $\times 15\%$; $950,750 + 120,000 + 300,000 = 1,370,750 \times 15\% = \$205,612.50$

*****20% CDBG and 10% HOME allowed for Direct and Indirect Administrative costs. Indirect Administrative Costs refer to City departments providing administrative support to the Housing Division: City Clerk’s Office, Finance, City Manager, City Attorney, Economic-Development, and IT.

*****Administrative CDBG Formula: CDBG Allocation + Program Income + Carry-Over $(\$1,370,750.00) \times 20\% = \$274,150$ (direct) /CDBG Allocation + Program Income + Carry-Over $(\$1,370,750.00) \times 10\% = \$137,000$ (indirect)

*****Administrative HOME Formula: HOME Allocation + Program Income $\times 10\% = 382,809 + 100,00 \times 10\% = \$48,280$

NOTE: Activity Delivery Costs on CDBG & HOME activities and the balance remaining will be used for new FY 12/13 Housing Rehabilitation / Reconstruction activities.

Leveraging of Federal Funds and Matching Requirements

The City of Merced has indicated in the specific program activities section 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 new residential developments or rehabilitating existing residential units. Examples of this type of project are the Grove Apartments, the Sunny View and the Sunnyside Apartments. Together, these developments added a total of 430 affordable units to the City's housing inventory. With the removal of Redevelopment Agencies in the State of California, these set-aside dollars will no longer be available to assist with construction. The Housing Department is looking for other avenues of private and public funding to assist with large scale multi-family construction. While there was a loss of funding from the RDA, the Housing Division did gain housing stock which will be sold and/or rehabilitated then sold to local low-income families. In addition \$2,956,000 of NSP III, \$583,188 of NSP I, \$578,303 of Begin funding, \$200,121 of CalHome '06 funds and last year's set-aside CDBG funding are included in the Housing Division Budget and part of this plan to assure funding for First Time Home Buyers and the Gateway Terrace Housing Project mentioned later in this report.

Summary of Low-Income Housing Tax Credits and Competitive McKinney Vento Homeless Assistance Act Funds

Central Valley Coalition of Affordable Housing:

The Central Valley Coalition of Affordable Housing use \$1,609,204 in low-income housing tax credits to construct a 66-unit Affording Housing Complex on 4th and Leshar Streets in Merced. Of the 66 units, 10 will be for transitional housing. The site had been home of 23 Merced County Housing Authority units that were demolished in 2009. Families were relocated prior to demolition and will move into the new complex once completed. In addition to the tax credits, the City is recommending use of \$1,109,766 in HOME funds, \$90,234 in CHDO funding, and \$299,046 in Neighborhood Stabilization funds; all designated for low income housing projects and from the 2011/12 FY; to complete this project. This item is going before the council this June.

Continuum of Care:

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 each year. These funds are used to provide services countywide to the homeless community. Starting in 2005, Continuum of Care has been awarded more than \$2.5 million through various federal and state grants.

Homeless Management Information Systems:

Of this amount, \$81,164 was used for the Homeless Management Information Systems (HMIS) The HMIS project is to create an unduplicated count of the homeless individuals and families in Merced County's system of care. This program includes demographic information such as age, gender, and veteran and disability status.

The grant insures the availability of funds for continued participation by current agencies and the training and set-up support necessary for any future agencies who wish to become a part of the HMIS project. Funds provide for networking and security, maintaining the required software licenses, online connectivity, hosting/technical services for the project,

personnel and administration; and operational expenditures. This grant has an annual renewal.

Merced County Mental Health:

The Merced County Mental Health Department was awarded \$134,466 for its Project Home Start-Permanent Supportive Housing program. These funds help provide four, dually diagnosed, chronically homeless mental health clients with housing, basic needs and individualized intensive services as clinically appropriate. This grant has an annual renewal.

Turning Point:

Turning Point, another local Mental Health Community Program, was awarded \$248,763 in 2009 for permanent supportive housing for eight, dually diagnosed, chronically homeless mental health clients. The two year grant provides the clients with housing, basic needs and individualized intensive services as clinically appropriate.

Community Social Model Advocates:

The Community Social Model Advocates organization was awarded a two year grant of \$115,534 in 2009. These funds provide transitional housing and supportive services for up to two years for ten women with up to six children.

Merced County Mental Health:

In 2010 the Merced County Mental Health Department was awarded \$281,173 for a two year period for Project Hope Westside, a permanent housing project to be provided in Los Banos, located 45 miles west of Merced. The funding will provide ten, dually diagnosed, chronically homeless mental health clients with housing, basic needs and individualized intensive services as clinically appropriate. This program has yet to begin operation.

Sierra Saving Grace:

Sierra Saving Grace, a local 501c3 was provided \$75,481 in 2010 to provide six chronically homeless individuals, who have disabling medical conditions, permanent housing and supportive services. Another \$76,000 was awarded in 2011 to provide an additional seven chronically homeless individuals with disabling medical conditions permanent housing and supportive services. These programs have yet to begin operation.

Housing Authority of Merced County:

The Housing Authority was awarded \$283,000 in 2011 to provide eight shelters plus care vouchers. Along with the permanent housing vouchers, clients will receive supportive services from Mental Health. This program has yet to begin operation.

City's Other Public Funding:

Neighborhood Stabilization Program I Funds

The City of Merced received \$2,046,968 in Neighborhood Stabilization Program (NSP) funds from the State of California in 2010. As a result of this funding, the following activities have been undertaken:

- Financing mechanisms for purchase and redevelopment of foreclosed homes and residential properties, including soft-second, loan loss reserves, and shared-equity loans for low and moderate-income homebuyers.
- Purchase and rehabilitation of homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

The Grant allowed 5% for the administrative costs at a maximum of \$102,348. Of the remaining \$1,944,620, the City spent 100% of its grant funds for acquisition, rehabilitation, and re-sale of foreclosed properties within the City. These activities target household populations with income of no more than 120% of the Area Median Income (AMI). Funds generated from the program income, \$583,188, are now being used to continue the program with purchase, rehabilitation and gap funding for first time home buyers of moderate to very low income families.

In February 2011, the City received additional NSP funding through a Fannie Mae Grant. The City was awarded \$50,000 in 2010 and \$50,000 in 2011 from Fannie Mae to be used in connection with the NSP funding previously received.

At this time the City of Merced has purchased 22 foreclosed homes in the community and will be using the program income generated to purchase additional homes within the community. Of the homes purchased, 21 have been remodeled and 11 have been sold, 5 houses are currently in escrow. City Housing has also provided 18 program eligible families with First Time Home Buyer loans.

Neighborhood Stabilization Program 3 (NSP3)

The City received an award of \$1,196,192 to be used toward stabilizing neighborhoods that have been significantly impacted by the housing crisis. These funds will be used as follows:

Administration (max. 10% of fund).....	\$119,618
Acquisition, Rehabilitation, Re-sale and Redevelopment.....	\$650,000
Down payment Assistance.....	\$127,518
Housing Redevelopment (min. 25% of funds).....	\$299,046
Total	\$1,196,182

The Neighborhood Stabilization Program 3(NSP 3) program activities are similar to NSP 1, except NSP 3 includes a new activity called Housing Redevelopment. The City of Merced is working with Central Valley Coalition for Affordable Housing to use these funds for a 66-Unit apartment complex to be constructed within the community. To move the NSP 3 program at a faster pace, a local realtor was hired to assist in sales of City housing. The Merced Realtors Association has been contacted and more outreach is provided to increase the number of moderate to low income families that are eligible for this program. To date the Housing Division has purchased 3 NSP 3 homes; has 3 homes

in escrow; and plans to rehabilitate all 6 homes. An estimated 12 homes should be purchased between FY 11/12 and 12/13.

Begin

(California Department of Housing and Community Development)

City staff received permission to extend the Begin program funds which were originally restricted for a housing project in the Bellevue Ranch Master Development Plan area. Approved was the use of \$578,303 for first time home buyers. While the original restriction, for the specific housing project, was lifted, funds may only be used for newly constructed homes within the Bellevue Ranch Master Development Plan area. These programs 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 not less than 30 years with an interest rate of three (3) percent. The full amount of the subsidy is recaptured as program income and is utilized for other BEGIN loans. The Bellevue Ranch Master Development Plan area is on the North side of Merced.

CalHome '06

City staff received permission to extend the CalHome '06 program which provides first time home buyer assistance to families throughout the City of Merced. Like Begin, the program calls for funds to be loaned for a period of not less than 30 years with an interest rate of three (3) percent. Remaining funds in this grant are \$200,121.

Program Year 3 Action Plan Managing the Process response:

The City of Merced Housing Program is the lead agency responsible for administering CDBG and HOME funds as well as Begin, NSP 1 and NSP 3 funds. The Housing Program works with other City departments, non-profit organizations, and private developers to implement the programs identified in the Consolidated Plan.

In preparation of this plan, the City consulted with surrounding entities, 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
- Merced County Community Action Agency – D Street Shelter
- Central Valley Coalition for Affordable Housing
- Merced County Environmental Health Division (Lead-based Paint Issues)
- Merced County Continuum of Care (Homeless Services)
- Turning Point – Mental Health Housing Programs

In addition, Housing staff looked at the City's recently completed General Plan, specifically the Housing Element, and numbers reported by the Housing Authority of Merced County to get a better idea of housing needs relative to specific population groups. Community input from three public meetings substantiated much of what the Housing Authority and Housing Element had reported. With identified areas of need, this and future plans will work toward addressing these specific populations.

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 Development Manager and Director of Economic Development Services. The five-year strategy plan of the Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. Working with HUD staff, however, some institutional positions have been removed and or hours reduced as the Housing Program moves toward a program that is aligned with CDBG and HOME guidelines. The Housing Manager worked with Economic Department Directors and Managers to discuss those areas out of compliance and formulate programs that are needed in the community and meet HUD objectives. Quarterly reporting, regular monitoring, and the need to provide demographic information on clients was also discussed and will be implemented with FY 12/13 programs. Reporting on activities for FY 11/12 was also discussed and as of January, 2012, was to be in place in those departments receiving funds.

Internally, the Director of Economic Development Services will continue to oversee the Development Manager, but the planner hired to work with housing projects is now appropriately named the Housing Specialist. As a full time staff member, this position is joined by a full time financial specialist and full time rehab specialist. Only part of one police position has been funded with a graffiti abatement program in a targeted area that meets CDBG regulations. A part time inspector and rehab specialist from the Planning Department will have salaries paid when they assist in inspections and housing plans for CDBG or HOME projects. Their time is being monitored and recorded. Two code enforcers will also have partial salaries and time paid with a new program created that not only identifies homes in need of rehab, but those with lead based paint. Enforcers are to provide information to families about CDBG funded loan programs to help abate lead based paint and the Housing Division is to be notified for follow up. Hourly tracking and reporting will provide input regarding success of the program. The Division is hopeful these changes will help the Department become CDBG and HOME compliant.

Citizen Participation

- 1. Provide a summary of the citizen participation process.*
- 2. Provide a summary of citizen comments or views on the plan.*
- 3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.*
- 4. Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.*

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

files within the CPMP Tool.

Program Year 3 Action Plan Citizen Participation response:

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.

An ad and public notice advertising three community meetings appeared in the Merced County Times and the Merced Sun-Star. The meetings were held to discuss the availability of CDBG funding and to request public input regarding large CDBG and HOME funded projects as well as provide support for community activities that might request CDBG funds. These meetings were held in March and attendees were informed a public hearing would be held in April when the Draft Plan would be presented to Council. Public meeting sites included the Merced Civic Center and a recreation room in South Merced. Public notices announcing the availability of the 2012-13 draft and Public Hearing on April 16, 2012, and May 7, 2012, were also placed in the Merced County Times and Merced Sun Star. The Annual Plan, once adopted, will be posted on the City's web site and available upon request in hard copy to the public. Notices and various other publications will be posted at Merced Lao Family, the bulletin board in front of the Civic Center, and the City of Merced Housing web page. Verbal translations of the Executive Summary of the 2012 Annual Plan will be offered in English, Hmong, Lao, and Spanish upon request. A translator is also available to help the public review the entire document upon request.

Summary of Citizen Comments

Three meetings were held March 7 through March 9 for public input regarding CDBG funding. Meetings were held in the Sam Pipe's Room at Merced Civic Center on March 7 and 9th and one meeting was held at the Stephen Leonard Center on T Street in South Merced on March 8. A total of 26 members of the community attended; three (3) on March 7; fifteen (15) on March 8; and eight (8) on March 9. Several non-profit organizations also made contact with the Housing Division prior to a March 16 deadline for CDBG applications. Agencies included the Merced County Office of Education, Kingsview Center, Merced Arts Council, COVE, Central Valley Regional Center, Merced County Community Action Agency, Merced County Continuum of Care, and several church organizations.

Citizen comments regarding the "big picture" and CDBG goals focused on the need to house the Homeless, Single mothers with Children, Foster Youth, Veterans, Mentally ill, and other Special Needs populations with multi-family units or safe housing.

Entities suggested programs to assist the low to moderate income with classes focused on budgeting and cooking on a budget with the idea of improving their health and welfare; programs addressing drug and gang prevention; programs providing transitional housing

for many of the above named special needs populations; and funding to increase hours at local shelters.

Local non-profit organizations requested assistance in small projects ranging from training programs for recovering addicts and at-risk youth, to training programs helping the homeless repair bicycles for transportation. Funds for a warming shelter or extended hours for emergency care in areas that are underserved and have high unemployment and low income populations were also presented. An overview of all suggestions and sign-in sheet are included as **Attachment 6** of the Annual Plan.

Following the meeting, 13 applications for CDBG mini grants were received. Upon receipt, an evaluation criteria form **Attachment 3** was used to determine those activities that would be recommended in the draft plan. Five activities were recommended by staff:

1. Continuum of Care request for \$35,000 to continue program
2. Calvary Temple, recommendation for \$2,720 for a cooking/budget training program for low income and homeless individuals
3. Continuation of the Merced Lao Family Community youth program to prevent youth from getting involved in drugs and gangs through music and dance. Recommended allocation, \$11,000
4. Merced County Rescue Mission, recommended \$3,500 for a four month warming shelter.
5. Healthy House – recommended \$3,000 for a bus transportation program that would provide non-English speaking seniors a translator and one year bus pass. Seniors would be trained how to read maps and signs to enable them to ride local buses for transportation to medical offices.

Eight activities were not recommended by staff:

1. Executive Board of Continuum of Care – Denied because not a legal 501c3 (as a board it is not the entity)
2. Healthy House-Cultural Activity – Denied, did not meet HUD Eligibility Criteria 507.201
3. Community Action Agency – Denied, did not meet National Objective – 507.208
4. Vision Enhancement Agency – Did not meet a National Objective – 507.208
5. MCAG – Recommended against program designed to pay a professor to do a report on Merced’s homeless to compare costs of providing service versus housing homeless. Staff felt this report could be obtained by another source
6. Potters Place – Over per person allowable and not quantifiable – 507.209(b)1
7. St. Francis – Over per person allowable – 507.209(b)1
8. Sierra Saving Grace – Over per person allowable – 507.209(b)1

On April 2, 2012, an overview of the Draft Plan and 13 applications received for funding were presented to the Council. No discussion was held as this was a “for information only” presentation. April 16, 2012 a Public Hearing was held to present the Draft Annual Plan and hear public comment. The Housing Division presentation included a copy of all applications and scoring sheets as well as recommendations listed above.

When the Public Hearing was opened, several residents spoke regarding specific activities. Speaking in favor of their programs were representatives from Sierra Saving Grace, Calvary Temple, Continuum of Care, the Continuum of Care request to fund a local homeless report, Merced County Rescue Mission warming center, and Potter’s Place vocational training program. A slide show of Merced’s homeless population was shown by one of the presenters and the Merced County Action Agency requested their application for a \$3,000 bicycle repair program be amended to include a second program, Rapid Re-housing, and \$19,980 to fund the program.

Once closed, Council held discussion with staff and provided recommendations for the Draft Plan. Council was in favor of the Plan as presented and in recommendations provided by staff regarding the five activities. Council then directed staff to work with the Potter’s Place, Merced County Association of Governments/Continuum of Care, and Merced County Community Action Agency to see if their proposals could be improved and presented at the May 7, 2012 Public Hearing.

During the May 7, 2012 Public Hearing, the Merced City Council accepted the Annual Action Plan as presented and approved the inclusion of Activity funds for the Community Action Agency, Potters Place, Merced County Association of Governments(MCAG)/Continuum of Care, and the Sierra Saving Grace. Sierra Saving Grace had submitted a new request after the April 16 Public Hearing. A representative from Continuum of Care and Potters Place spoke in favor of grant approval. One audience member spoke in opposition to the MCAG/Continuum project, stating she believed funds should be used elsewhere and not for a study.

The City Council approved the action with a 6-1 vote.

Those grants approved by the Merced Council are listed under Other Narrative.

Institutional Structure

1. Describe actions that will take place during the next year to develop institutional structure.

Program Year 3 Action Plan Institutional Structure response:

The City of Merced Housing Division will administer all of the activities specifically identified in the Annual Action Plan. This does not preclude the Housing Authority of the County of Merced, Central Valley Coalition for Affordable Housing or other affordable housing developers from undertaking activities within the City of Merced.

The City of Merced Housing Division works closely with other housing-related organizations and service providers in the County to ensure that 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:

- ◆ City departments including planning, building, code inspection and housing inspector (internal)
- ◆ 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)
- ◆ Merced Building Industry Association (private)
- ◆ Kingsview (nonprofit)
- ◆ Central Valley Regional Center (nonprofit)
- ◆ Merced County Office of Education (public)
- ◆ Merced County Continuum of Care – MCAG (nonprofit)
- ◆ Turning Point (nonprofit)
- ◆ Merced County Health Department (public)
- ◆ Child Health and Disability Program (nonprofit)
- ◆ Merced Environmental Health (public)

Public housing in the City of Merced is provided and managed by the Merced County Housing Authority. The City of Merced Housing Division works in conjunction with the Housing Authority to ensure that 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. 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. With the City of Merced facing drastic property tax decreases and one of the highest unemployment rates in the state, entitlement community HUD funding and grants are the only resources available to assist with improved housing, economic development and infrastructure needs within the community.

The City of Merced's Annual Action Plan and the descriptions of Implementing Programs presented in the 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 Division. The five-year strategy plan of the Consolidated Plan does not identify any significant gaps or needs in relation to institutional structure. However changes in FY 11/12 have created a need for the Housing Division to take steps to improve the institutional structure over the coming year.

The Housing Division underwent major change in FY 11/12. The program which was under the Development Department's umbrella was moved to the Economic Development Department and new office spaces on the third floor of the Civic Center.

The Housing Manager left the department as did the Redevelopment Manager and Redevelopment Technician; a result of the State of California's removal of Redevelopment Agencies throughout the State. To assist with the housing program a planner was moved into the Housing Program Specialist position but remained under the "planner" title. This incorrect job description was changed April 16, 2012 by the Council. An engineer from the Engineering Department was moved into the Rehab Specialist position and a correct job description provided at time of move. An expert on AutoCAD, the Rehab Specialist was lacking in construction protocol. A secretary from Parks and Recreation was moved to replace the former Housing Secretary who had retired after years of service to the Division, and a new Development Manager was hired to oversee the Housing Division and housing stock and property as the Housing Successor Agency to the former Redevelopment Agency. Only the Housing Finance Specialist has a history with this department.

This annual plan provides funding for two inspectors from the Inspection Services Department. One of these inspectors works part time now for Housing. A former contractor, he is working with the Rehab Specialist and the two are cross training in AutoCAD (the inspector is taking a course at Merced Community College and getting tutoring from our Specialist), and the Housing Specialist is learning construction protocol and how to work better with contractors. Additional training for all staff will be provided with funds from this plan and continued training will be required as this Division works toward better efficiency in management and meeting HUD guidelines.

In addition the City was notified in September of 2005 (last monitoring) that there were compliance issues that must be improved if further HUD funding was to be provided. As part of the training provided to the new Housing staff, ensuring a TDD number is on all public notices; improved reporting processes; including the City's Section 504/ADA Coordinator's name and number on informational documents available to the public; creating a CDBG, HOME grievance policy; ensuring posting of accessibility signs and EOE signs will become routine for staff.

Monitoring

- 1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.*

Program Year 3 Action Plan Monitoring response:

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. This includes presentations to the Merced Building Industry Association, advertising, radio announcements, and flyers

to all local churches advertising programs and ways for contractors and sub-contractors to become involved in the bidding process.

Multi-Family Housing Program Monitoring

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

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

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

Single Dwelling Housing Program Monitoring

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

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

Activity/Public Service Monitoring

The City Housing Division has established monitoring procedures for its Sub-recipients in order to ensure compliance with all CDBG requirements and objectives. Those procedures include written contracts and invoicing with Sub-recipients before funds are distributed; workshops with applicants and all new Sub-recipients to ensure they understand all reporting requirements; clear timelines for measured success; reporting forms that will include hours, task, client demographic information, and income range. In addition, site visits in the third and sixth month, quarterly and annual reports, and year-end evaluations are required of each sub-recipient. City sub-recipients will also be responsible for meeting these monitoring requirements.

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

Lead-based Paint

1. *Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.*

Program Year 3 Action Plan Lead-based Paint response:

In the City of Merced it is estimated that more than 6,900 housing units occupied by low-income or very low-income households contain lead-based hazards. Although exact 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 built prior to 1978 are assessed for lead based paint and lead based paint abatements are performed by licensed contractors.

Funding for two Code Enforcement Officers will assist in the abatement of Lead Based Paint as their course of action is to identify, educate, and steer homeowners to the Housing Division for potential lead abatement loan programs. **See Action Plans below.**

HOUSING

Specific Housing Objectives

*Please also refer to the Housing Needs Table in the Needs.xls workbook.

1. *Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.*
2. *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 this Action Plan.*

Program Year 3 Action Plan Specific Objectives response:

Objective A: Housing Rehabilitation, Reconstruction, and Revitalization

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 includes emergency loans which provide funds to repair failing roofs, inoperable sewer lines, lead based paint and other emergencies regarding health and safety. The funds can also be utilized for sewer hook-ups. Typically, the main emphasis of the Housing Division 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 in previous years. In this FY, \$577,866 is set aside for housing rehabilitation: \$270,957 from CDBG and \$377,108 from HOME. These projects consist of owner-occupied rehabilitation, reconstruction, and emergency conditions.

Source of funds:	CDBG, HOME, and program income funds
Expected Level of Funding, 2012:	\$577,886.00 Total [CDBG - \$200,778; HOME - \$377,108]
Clients to be served:	Low-income households or renters
Number of households to be assisted:	10- 15
General Objective Category:	Decent Housing - DH-1, DH-2
General Outcome Category:	Availability/Access, Affordable

Resale/Recapture:

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

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

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

1. The house must be owner-occupied and deed restricted against resale for a period of 10 years. Prepayment on the loan or a sale within 10 years from the date of loan origination, results in the applicant obliged to pay the City a penalty of 4% on the original loan amount starting from the loan origination date and calculated on a per month basis. The loan is not assumable and must be paid in full upon sale or transfer of the property. Following the 10-year obligation, the borrower may

prepay the loan plus interest, in part or in whole, at anytime without penalty. Funds collected are reused as program income.

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 price paid for the property and its value at the time of sale or transfer. The percentage share is determined on a declining scale, beginning at 10% in year 1, decreasing one percentage point each year to 1% in year 10.
3. All other HUD and State loan programs have covenants based upon the amount invested into each house/unit. The City may require each house/unit assisted to have a “period of affordability” covenant recorded. The length of the “period of affordability” is determined by the amount of financial assistance invested into each property. The amount per-house/unit and correlating period are as follows:

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

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

State CalHome Loans provided to First Time Home Buyers or for Rehabilitating residential units include conditions to insure compliance with the requirements of 24 CFR 92.254 and:

1. Funds loaned are deferred for 30 years. Interest for the loan is three percent (3%), interest and principal due and payable on the due date in 30 years. The house must be owner-occupied and the deed shall be restricted to allow the resale of the property until the loan is fully paid. The loan is not assumable and must be paid in full upon sale or transfer of the property. The borrower may prepay the loan plus interest, in part or in whole, at anytime without penalty.

State BEGIN Loans provided to First Time Home Buyers include conditions to insure compliance with the requirements of 24 CFR 92.254 and:

1. Assistance to the homebuyer will be in the form of a deferred payment loan with a 30 year term. Interest for the loan is three percent (3%), interest and principal due and payable on the due date in 30 years. The house must be owner-occupied and the deed shall be restricted to disallow the resale of property until the loan is fully paid. The loan is not assumable and must be paid in full upon sale or transfer of the property. The borrower may prepay the loan plus interest, in part or in whole, at anytime without penalty.

All loans provided by the City Program to developers for multi-family residential units include conditions to insure compliance with the requirements of 24 CFR 92.254. All multi-family loans are for construction of new units and are not used to refinance existing debt being carried by the developer. Any multi-family development located within the City limits of Merced may be eligible to make a request for a HOME Loan. These conditions are as follows:

1. The identified units must be for income eligible households. Each development has an affordability covenant and a loan for repayment schedule recorded on the property. The affordability period for each development is for a term not less than 30 years.

All net proceeds from any and all HOME (State or Federal) Loans are treated as “program income” and are recycled back into the program for funding future loans.

Code Enforcement

This activity will provide partial funding for City Code Enforcement Specialist positions. These persons will work in low-income census tract identified neighborhoods to promote building rehabilitation, and to detect lead based paint. While meeting with homeowners regarding regular code enforcement issues, code enforcers are to look for lead based paint and if located, discuss with homeowner the dangers of lead based paint and funding from the City’s Housing Department to help pay for abatement. Flyers from the City’s program will be provided along with staff names and numbers. Housing Staff will be notified of the home address, family name and phone number for follow up contact.

Code Enforcement Officers will also house a table at local events to provide information regarding lead based paint and the city’s rehabilitation loan program. Low income families will be qualified by identification of address and placement in the City’s Census tracts. Primary focus will be on the southern portion of Merced where the majority of homes are believed to be older and in need of lead based paint abatement.

Source of funds:	CDBG
Expected Level of Funding, 2012:	\$150,000
Clients to be served:	Low-income persons
Number of Homes Assisted:	Four (4)
General Objective Category	Suitable Living Environment – SL-1, SL-2, SL-3
General Outcome Category:	Access, Affordability, Sustainability

Lead Hazard Evaluation and Abatement Grant

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 2010-2015 Consolidated Plan. 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. The Housing Rehab Specialist and one part-time inspector assisting the Specialist attended classes for certification and will continue to take classes to remain up-to-date on lead based paint removal. Training funds will be used to continue this practice. For projects that require costly lead-based paint abatement, the City will 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
Clients to be served:	Low-income persons
Number of Families Assisted:	Dependent on Need and Funds Available
General Objective Category	Suitable Living Environment – SL-1, SL-2
General Outcome Category:	Availability/Accessibility, Affordability

Objective B: New Affordable Housing Construction

The following activities will be undertaken in the 2012 fiscal year to encourage the development of affordable housing in the City of Merced:

Objective Review 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:	No funding required for this City Service
General Objective Category:	Housing – DH-1
General Outcome Category:	Availability/Accessibility

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. In past years, the City of Merced has worked closely with the Central Valley Coalition for Affordable Housing (a local CHDO) in trying to develop projects. In an effort to reach out to other potential CHDO's, the City is holding approximately \$57,000 allocation this year and encouraging other housing providers to apply for CHDO status. Next year applications will be taken from all local CHDOs with one more applicant expected to be selected and projects to start again for those areas deemed of primary priority.

Source of funds: HOME (CHDO) Set-Aside.
Expected level of funding, 2012: Placed into reserve until 2013
General Objective Category: Decent Housing – DH-1, DH-2
General Outcome Category: Availability/Accessibility, Affordability

New Affordable Rental Housing Sustainability

Funds will be used to service the Section 108 Loan on the Grove Apartments, 204 unit affordable housing project. CDBG funds were pledged to this project until The Grove is able to generate enough revenue to meet the debt. Last year the City received partial payment for the annual payment. This year more than \$321,860 is pledged to the debt with an anticipated \$150,000 expected in repayment.

Source of funds: CDBG
Expended level of funding: \$321,860
General Objective Category: Affordable, Sustainability - DH-2, SL-3
General Outcome Category: Decent Housing, Affordability,

New Affordable Rental Housing Projects

The Central Valley Coalition for Affordable Housing has received \$1,609,204 in low-income housing tax credits to construct a 66-unit Affording Housing Complex on 4th and Leshler Streets in Merced. The site had been home of 23 Merced County Housing Authority units that were demolished in 2009. In addition to the tax credits, the City is recommending use of \$1,109,766 in HOME funds, \$90,234 in CHDO funding, and \$299,046 in Neighborhood Stabilization funds. These funds are designated for low income housing projects and were approved for funding during the 2011/12 FY. Staff and Legal have been preparing the Disposition and Developer’s Agreement which is expected to be on the City Council Agenda for action in June, 2012. If approved, construction is expected to begin in FY 12/13.

Source of funds: HOME, CHDO, NSP
Expended level of funding, 2012: Held over from FY 11/12 – in reserve
General Objective Category: Affordable Rental Housing Construction
DH-1, DH-2, SL-1, SL-2
Low Income Units Funded: Ten (10)
General Outcome Category: Decent Housing, Access/Availability,
Affordability,

Objective C: Housing Affordability (Assistance Programs)

Due to use of CDBG funds for the Gateway Terrace Project, loss of the City of Merced Redevelopment Agency, and use of funds two years ago on The Grove, the Housing Division is lacking CDBG funding for Housing Affordability programs. To facilitate the program this year, however, NSP I program income and NSP III Grant funds will be used to provide gap funding to qualified home buyers. The City received \$1.2 million in NSP III funding. These funds are being used in the same manner as NSP I, and approximately

\$300,000 has been designated to assist with the construction of a multi-family housing complex.

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 be able to qualify for a first mortgage loan. The home purchased must be a foreclosed home or in short sale if funded through NSP III.

Source of funds:	NSP
Expected level of funding:	\$1,500,000 (with program income)
Clients to be served:	Low-income first time homebuyers.
Number of households to be assisted:	12
General Objective Category	Housing Affordability DH-2, SL-3
General Outcome Category:	Affordability, Sustainability

Objective D: City Coordination

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 and provided to area churches for insertion into Sunday programs.

Source of funds:	CDBG
Expected level of funding:	No funding required for this City service
Clients to be served:	Moderate to low income families
General Objective Category	City Coordination, DH-1, SL-1
General Outcome Category:	Access/Availability

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 to renters, owner/landlords and agencies. The Central Valley Coalition for 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-MERCED-8, 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. Part of the service is provision of mailings to local service agencies, property management companies and apartment complexes with a Fair Housing newsletter and flyers advertising the 800 number. The Coalition 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 and also offered to the public at Merced Civic Center.

Adding to its services, the Central Valley Coalition will provide informational materials at community events advertising the 800 number and fair housing tips, as well as providing these resources in several languages for better distribution.

Source of funds:	CDBG
Expected level of funding, 2012:	\$11,000
Clients to be served:	Citywide
Number of households to be assisted:	Undefined
General Objective Category	Suitable Living Environment, SL-1
General Outcome Category:	Availability/Accessibility

Continuum of Care Plan and 10-year Plan to End Homelessness

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.

Housing staff serve on the CoC executive board, participate in special meetings held to address winter housing of the homeless, and are active in providing input regarding programs, goals, and opportunities available to the CoC mission from the City of Merced.

This past year the City of Merced offered one of its public buildings for use as a temporary shelter during the winter months if other facilities were not available as part of their support to the CoC. Another non-profit offered its facility and by the end of winter, the City's facility had yet to be used. A homeless count conducted in January 2012, by the Continuum showed Merced had 496 homeless.

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 continue to contribute for the preparation and implementation of this plan.

Source of funds:	CDBG - Admin
Expected level of funding, 2012:	\$35,000 [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	Suitable Living Environment, SL-1, SL-2 SL-3
General Outcome Category:	Availability, Affordable, Sustainable

OBJECTIVE E: IMPROVEMENT OF THE QUALITY AND QUANTITY OF PUBLIC SERVICES

Public Service/Graffiti Abatement

This program utilizes CDBG funds as partial funding for the support of one police officer. The primary focus of the officer will be graffiti prevention intervention in low-income neighborhoods and school sites. The officer will meet one on one with youth on campuses located in the southern Census tracts of Merced to talk about graffiti prevention and abatement. Six interviews on the local radio station, KYOS, will be part of this program as well as the organizing of two graffiti abatement days where the officer will be expected to organize a day to remove graffiti with youth either from local schools or the local probation office. Photos and a short report outlining the activity will be proof of the event.

Source of funds:	CDBG
Expected level of funding, 2012:	\$159,112.00
Clients to be served:	At least 20 Youth in eligible census tracts
General Objective Category	Suitable Living Environment – SL-1
General Outcome Category:	Sustainability

Objective F: Planning for Future Housing and Infrastructure Needs

Planning and Urban Development

The City of Merced Planning and Permitting Division will carry out a number of CDBG eligible activities in furtherance of good community development, neighborhood revitalization, planning, and capacity building. The City recently adopted the *Merced Vision 2030 General Plan* and the updated Housing Element. Implementation of these plans as well as other plans developed by the Planning Department assists in the development of affordable housing within the City.

Source of funds:	CDBG & HOME
Expected level of funding:	No funding required for this City Service
Clients to be served:	Residents citywide
General Objective Category	Decent Housing – DH-1, DH-2
General Outcome Category:	Access/Availability, Affordability

Public Facilities and Community Infrastructure

The Housing Division will continue to seek funding for infrastructure and public facilities for low to moderate income multi-family projects and those City areas having a high concentration of low to moderate income housing. CalHome and other housing funding sources will be researched and applied as applicable. Currently the City has use of 2006 CalHome funds, but will apply for additional funding for this fiscal year.

Source of funds:	CalHome '06
Level of funding:	\$200,121
Clients to be served:	4-5 Citywide
General Objective Category:	Suitable Living Environment – SL-1
General Outcome Category:	Access/Availability

Objective G: Economic Development

Economic Development

The Economic Development Program will concentrate on attracting a grocery store to the underserved neighborhood area located between Martin Luther King Jr. Way and V Street, Childs and 13th Streets. The Store would help eliminate blighted lots within this area of the community as well as job creation for moderate to low income families residing within the area.

The Program will also continue to create business opportunities, job development and low income housing by providing one planning and technical assistance grant to a business seeking feasibility of building rehabilitation for retail, office and moderate/low income housing. Request for this grant has been received from owner of the Schaeffer Building in downtown Merced.

Source of funds:	CDBG - Administration
Expected level of funding:	\$150,000
Clients to be served:	Residents in Southeast Merced Areas
General Objective Category:	Economic Development – EO-1, EO-33
General Outcome Category:	Access/Availability, Sustainability

Improved Planning Processes

The Economic Development Director will oversee Economic Development. As such, this department will work with Planning and Building to decrease time needed for businesses to have plans approved and inspection approvals. Fine tuning the process will provide Merced with an incentive that does not affect the General Fund.

Source of funds:	No funding required for this City Service
Clients to be served:	Citywide
General Objective Category:	Economic Development –EO-1
General Outcome Category:	Access/Availability

Decreased Cost of New Business/Construction

The Economic Development Director and staff will work with Building, Planning and the City Council to attempt to reduce fees and costs of starting a new business and/or constructing a new building for business. With such a high unemployment rate in Merced, it is increasingly important to attract industry and business that can provide living-wage employment to local residents. It is believed lower fees will assist with attraction.

Source of funds:	No funding required for this City Service
Clients to be served:	Citywide
General Objective Category:	Economic Development – EO-2
General Outcome Category:	Affordability

Needs of Public Housing

- 1. 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 homeownership.

- 2. 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 during the next year.*

Program Year 3 Action Plan Public Housing Strategy response:

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 Division 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. 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* calls for the City to pursue funds to construct new affordable rental housing units; and 2) *Policy C-2* calls for the City to continue working with the Housing Authority to continue/expand Section 108 programs.

Barriers to Affordable Housing

- 1. Describe the actions that will take place during the next year to remove barriers to affordable housing.*

Program Year 3 Action Plan Barriers to Affordable Housing response:

The barriers to affordable housing include economic, governmental, and political influences. The City has little control over the economic barriers. Knowing this, the City Housing Division described in the previous sections of this plan, strive to provide affordable housing opportunities to the community using as many resources as they can identify. Additional community outreach, flyers used in church bulletins or placed in City utility bills, and radio announcements to inform the public of funding available for

affordable housing will be used to try and increase the number of families that are able to afford affordable housing and/or purchase an affordable home during this fiscal year.

With the declining cost of housing, it could be assumed that more people would be able to afford to purchase a home. This assumption would be wrong. The City has observed a large influx of market buyers who are outbidding low families and paying cash for low market housing. These homes are being turned into rentals and in many cases, local residents are unable to afford the rents charged. The NSP III program and strong outreach to local realtors to make use of the Freddie Mac and Fannie Mae "First Look" program is a possible solution to assisting the Housing Department in purchasing these homes and providing them to the moderate to low income market with funding opportunities.

The decline in the economy has created a dramatic drop in the City's job market. In January, 2012 the unemployment rate was more than 17% and for the past two years the rate has ranged from the low 17 percentile to more than 20 percent.

The Housing Program works closely with the City's Economic Development Department to help provide economic opportunities to the community. In FY 2012-13, additional funding is being provided to the Economic Development Department to assist with attracting business and industry to Merced that will provide more jobs for the City's low-income population.

The Economic Development Department has two plans currently in place to help draw job creating businesses to Merced. 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.

In addition to these plans, the Merced City Council during a goal setting meeting established Economic Development as its number two (2) priority. Attracting businesses that will employ low income residents and/or provide assistance to low income residents starting businesses in the community will be part of this goal and outreach.

The final barrier that the City has control over is the cost of development fees. This year's mayor and council have voiced concern that fees are cost prohibitive and as a City have made one of its goals the study of and hopefully reduction of fees.

In addition to reviewing the fees, the City will revise the Zoning Ordinance to follow the principles of Form-Based Codes. Form-based codes use physical form rather than separation of uses as the organizing principle for the code. This change will result in fewer regulations and will make the development of affordable housing easier. A grant was received by the Planning Department to assist with this revision.

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.

HOME/ American Dream Down payment Initiative (ADDI)

1. *Describe other forms of investment not described in § 92.205(b).*
2. *If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.*

Program Year 3 Action Plan HOME/ADDI response:

The City does not have ADDI funding.

First Time Home Buyer Assistance Program

This activity is covered with funding from the NSP I and NSP III programs listed above. Income eligible applicants must take an 8-hour HUD approved home ownership class, and dependent upon amount of loan, will have covenants placed upon the home from 5 to 15 years. NSP homes can only be purchased in Census Tracts approved by HUD that show a high number of low income residents. Program income received from sale of homes is reused for additional purchases, rehabilitation of purchased homes and as gap funding for eligible families. This program is designed to assist moderate to low income families gain housing as well as remove the number of foreclosed homes from the Merced market. The City of Merced and the County of Merced have been identified in the New York Times, LA Times, and other national media as one of the epicenters of housing foreclosures.

Affirmative Marketing

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

- The Housing Division shall inform the public about the Affirmative Marketing Policy 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 provide tenants and rental property owners with copies of the “Landlord-Tenant Fact Sheet” produced by the State Department of Consumer Affairs.
- The City will continue its practice of providing general information and telephone reference numbers to persons contacting the Housing Division with questions regarding affirmative marketing, federal fair housing, tenant’s rights, assisted housing, and correction of substandard conditions in tenant-occupied dwellings.
- The City shall continue 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 Agency and outreach programs in the community of Merced and request that they make information available on vacant units available to their clients.

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

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

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

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

The City of Merced will keep records of the following:

- Copies of ads which the City of Merced Housing Program places in 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 Division staff member who conducts the annual compliance inspection as described under the "Assessment" section of this Affirmative Marketing Policy.

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

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

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

The City of Merced will take corrective action if it is determined that a participating property owner has failed to carry out affirmative marketing efforts as required by the participation agreement. If a participant property owner continues to neglect

responsibilities made incumbent by the terms of the participation agreement, the City will consider taking one or both of the following actions:

- Declare the property owner disqualified from any further assistance made available under the 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 CAPER to HUD. This assessment will apply to units rehabilitated and first made available for occupancy during the program year.

Minority/Women's Business Enterprise Policy and 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 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.

HOMELESS

Specific Homeless Prevention Elements

*Please also refer to the Homeless Needs Table in the Needs.xls workbook.

1. *Sources of Funds*—Identify private and public resources that the jurisdiction expects to receive during the next year to address homeless needs and to prevent homelessness. These include the McKinney-Vento Homeless Assistance Act programs, other special federal, state and local and private funds targeted to homeless individuals and families with children, especially the chronically homeless, the HUD formula programs, and any publicly-owned land or property. Please describe, briefly, the jurisdiction's plan for the investment and use of funds directed toward homelessness.
2. *Homelessness*—In a narrative, describes how the action plan will address the specific objectives of the Strategic Plan and, ultimately, the priority needs identified. Please also identify potential obstacles to completing these action steps.
3. *Chronic homelessness*—The jurisdiction must describe the specific planned action steps it will take over the next year aimed at eliminating chronic homelessness by 2012. Again, please identify barriers to achieving this.
4. *Homelessness Prevention*—The jurisdiction must describe its planned action steps over the next year to address the individual and families with children at imminent risk of becoming homeless.

5. *Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.*

Program Year 3 Action Plan Special Needs response:

The most recent information available for the City and the County is a “point-in-time” count of sheltered and unsheltered homeless persons conducted by volunteers for the Merced County Continuum of Care (CoC) in January 2012 (County of Merced 2012 Homeless Count: Preliminary Report, published March 2012). The numbers provided from this count are considered to be “preliminary” as the CoC has not released the “official” numbers at this time. This “point-in-time” survey revealed a total of 496 homeless individuals within the City of Merced. Of the 496 homeless individual, 483 are adults and 13 were children. Of this number, 158 persons (32 percent) were considered “sheltered” and 338 persons (68 percent) were considered “unsheltered” (Table 9.3.37). There are 158 shelter beds available within the City of Merced. Although this number of beds is not enough to shelter all those in need, it would provide shelter to 31 percent of the homeless population, which is less than the number of individuals currently seeking shelter.

The City does not directly provide any homeless services, however in January of 2012 agreed to allow one public facility to be used as an emergency warming center for those homeless in need of shelter during the coldest months of January - March. While the facility could house up to 40 individuals, the request to use the center by the CoC was never made as other facilities were never filled to capacity. The City works with other local agencies to provide permanent shelters and other housing needs for the homeless community. Turning Point, which houses homeless adults with mental illnesses, is applying to become a CHDO and/or will work on applying for grants next year to support housing efforts. Merced County Office of Education will be seeking funds to purchase an older apartment complex to be rehabilitated and turned into housing for special-needs adults with emphasis on those adults that are currently homeless. In Fiscal Year 2012, the City plans to provide funds (up to \$35,000 in CDBG funds) for the preparation of the Countywide Continuum of Care and implementation of a 10-year plan to address the needs of 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 and beginning in 2004, provided funding to the Continuum of Care (CoC) effort led by the Merced County Association of Governments (MCAG).

MCAG is 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. In FY 2011, the City contributed \$37,500 towards the funding for this plan. To date, MCAG has made substantial progress on the preparation of the 10-Year Plan. In February 2011, MCAG released a “Mid-Way Progress Report to the Community” on the 10-Year Plan. In May 2011, the “10-Year Plan to End Homelessness was adopted by the MCAG Governing Board. The plan outlines numerous

recommendations to help end homelessness within the community. This report can be viewed on the Merced County 10-Year Plan to End Homelessness website at www.mc10yearplan.com.

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. Turning Point houses 8 Mental Health clients. 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. This year Mental Health also contributed funding to the Central Valley Coalition for Affordable Housing to house an additional ten (10) mentally ill adults. Community Action Agency provides life skills training, employment assistance, counseling and other such programs 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, and this year was successful in obtaining 20 vouchers for Veterans in the City of Merced. The Merced County Housing Authority also provides hotel vouchers and referrals for other assistance.

Emergency Shelter Grants (ESG)

(States only) Describe the process for awarding grants to State recipients, and a description of how the allocation will be made available to units of local government.

Program Year 3 Action Plan ESG response:

The City of Merced has not applied for ESG grants because the City is an Entitlement Community and receives direct funding from HUD. However, MCAG has been working with smaller non-profit organizations and teaming up with the City to submit ESG Grants to the HUD and HCD. The City believes this coordinated effort will be more sustainable and would allow smaller organizations the ability to run these programs within the community.

COMMUNITY DEVELOPMENT

Community Development

**Please also refer to the Community Development Table in the Needs.xls workbook.*

- 1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.*
- 2. 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.

**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.*

Program Year 3 Action Plan Community Development response:

The City of Merced is committed to ensuring the safety and well being of its citizens. 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.

The following describes the Objectives and activities to be undertaken as part of this Annual Plan.

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

CDBG funds are used to provide partial funding for the support of one police officer. The primary focus of the officer will be graffiti prevention intervention in low-income neighborhoods and school sites. The officer will meet one on one with youth on campuses located in the southern Census tracts of Merced to talk about graffiti prevention and abatement. Two abatement days will also be hosted by the officer and youth will participate in painting over graffiti in their respective areas.

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

The City will continue to make improvements to various public facilities and infrastructure needs as part of the funding for low and moderate-income multi-family projects. Funds will be used for sidewalks, handicap access ramps, curb/gutter, and street improvements in the low-income neighborhoods of the City of Merced. In addition, the City will continue to look for grants to help fund infrastructure projects.

Objective G: Economic Development

The City of Merced Housing Program works closely with the City's Economic Development Division to ensure that affordable housing efforts are properly coordinated with economic development activities to reduce the incidence of poverty in the City of Merced. With the loss of Redevelopment funding additional CDBG funds are dedicated toward Economic Development with one of the priority areas being business assistance in the southern area of Merced. The Economic Development Department will work to encourage business growth in these low income areas that will provide employment to residents living in area neighborhoods.

Economic infrastructure grants will also be sought to help pay for infrastructure needs within the Southern Merced boundaries.

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. Merced Community College has offered vocational training for industries moving into the area and through the Economic Development Department and Housing Division, outreach to low income residents would take place to provide training for incoming industry needs if successful recruitment produces new employment opportunities.

Antipoverty Strategy

1. *Describe the actions that will take place during the next year to reduce the number of poverty level families.*

Program Year 3 Action Plan Antipoverty Strategy response:

In addition to the Economic Development activities described above, the City also works 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.

The County Office of Education also provides the Regional Occupational Program to juniors and seniors from high schools within Merced and throughout the County. These vocational programs provide hands-on vocational training to moderate to low income youth in career paths ranging from nursing to nutrition, industrial and construction to business and technology.

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 and educational training and work experience. The DWI also serves all the cities within Merced County as the manager of the Enterprise Zones within each city. Enterprise zones offer tax credits to assist businesses who are located within one of these zones. These tax credits can often help attract businesses to a community.

Merced Community College offers vocational training for any industry moving into Merced in need of a work force. Using the Community College network, the campus has promised instructors to train Merced's workforce for vocational positions that might be offered from incoming industry or technology-based companies.

NON-HOMELESS SPECIAL NEEDS HOUSING

Non-homeless Special Needs (91.220 (c) and (e))

**Please also refer to the Non-homeless Special Needs Table in the Needs.xls workbook.*

- 1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.*
- 2. 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 this Action Plan.*

Program Year 3 Action Plan Specific Objectives response:

As defined in Policy B-5.b of the City's 2010 Consolidated Plan, the City will continue to work closely with a local CHDO to develop projects to serve groups/individuals with special needs. The funding for FY 2012-13 is being placed "on hold" by the City until 2014 in order to allow the City to review the eligible CHDO's within the City and select the best project that will provide the most benefit to the citizen's of Merced.

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 but the City has assisted more than 86 households through this Program since 1994. Improvements made to these homes include handicap-accessible kitchens and bathroom and ramps for wheelchair accessibility. Any of the rehabilitation or reconstruction projects undertaken in FY 2012 will be considered for handicap accessible improvements as needed.

The City's goal for FY 2012 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.

The Housing Division is also working with the Merced County Office of Education, Kingsview Center and the Central Valley Regional Center with the hopes of using CDBG and other funds to purchase an apartment complex in need of rehabilitation and reconstructing the site for a transitional and permanent housing site for adults with special needs. The Merced County Office of Education Special Education Department is heading the project and will use its 18-22 special adults vocational training program on site with Kingsview providing housing oversight and life skill training and the Central Valley Regional Center providing counseling and support services. It is hoped this project will be ready to fund by the 13-14 fiscal year.

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. The Housing Division, with its public outreach for CDBG funding, is assisting CoC in identifying service organizations within the community that are available to assist with special needs individuals.

Housing Opportunities for People with AIDS

**Please also refer to the HOPWA Table in the Needs.xls workbook.*

- 1. Provide a Brief description of the organization, the area of service, the name of the program contacts, and a broad overview of the range/ type of housing activities to be done during the next year.*
- 2. Report on the actions taken during the year that addressed the special needs of persons who are not homeless but require supportive housing, and assistance for persons who are homeless.*
- 3. Evaluate the progress in meeting its specific objective of providing affordable housing, including a comparison of actual outputs and outcomes to proposed goals and progress made on the other planned actions indicated in the strategic and action plans. The evaluation can address any related program adjustments or future plans.*
- 4. Report on annual HOPWA output goals for the number of households 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. Include any assessment of client outcomes for achieving housing stability, reduced risks of homelessness and improved access to care.

5. *Report on the use of committed leveraging from other public and private resources that helped to address needs identified in the plan.*
6. *Provide an analysis of the extent to which HOPWA funds were distributed among different categories of housing needs consistent with the geographic distribution plans identified in its approved Consolidated Plan.*
7. *Describe any barriers (including non-regulatory) encountered, actions in response to barriers, and recommendations for program improvement.*
8. *Please describe the expected trends facing the community in meeting the needs of persons living with HIV/AIDS and provide additional information regarding the administration of services to people with HIV/AIDS.*
9. *Please note any evaluations, studies or other assessments that will be conducted on the local HOPWA program during the next year.*

Program Year 3 Action Plan HOPWA response:

Housing services for people with AIDS and related diseases are currently provided by the Merced County Community Action Agency. The Agency provides housing placement and eviction prevention for persons with HIV/AIDS. The Agency assists approximately 14 people per year equaling \$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 and encourages the development of housing for individuals with these special needs.

Specific HOPWA Objectives

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 Action Plan.

Program Year 3 Specific HOPWA Objectives response:

As explained above, the City does not receive HOPWA funds, but supports all efforts to obtain funding from other agencies.

Public Service Grants - Detailed

Community Activity Grants:

Following three public meetings, two public hearings, and several one-on-one meetings between staff members and community members, 14 applications were submitted for CDBG funding. As noted above, screening was done to ensure applicants were capable of completing the task, that the task met HUD's definition of community need, eligibility and National Objectives. Reporting of these grants will be required with reporting criteria created using the *Managing CDBG – A Guidebook for Grantees on Sub-recipient Oversight*, March '05 edition. Funding for approved activities will amount to \$53,200.

Merced Lao Family Community

Merced Lao Family will receive \$11,000 for administrative and supply costs for their Youth Cultural Activity Program (YCAP). The program is designed for the Southeast Asian at-risk youth, ages 10-18, and the intent is to keep Southeast Asian youth from entering the ever-increasing gang and drug activity in the City of Merced by providing a program that promotes a healthy lifestyle and dedication to a cultural art. This program received \$7,100 last year. This year the amount has increased as the Merced Lao Family Community is hoping to purchase new costumes for the youth and provide more marketing and educational information to the public about the program and the availability of youth to perform at local functions. It is hoped these performances will also aide in the self-esteem and character of those youth involved in the program. This is a one-year program. Reporting will include status update of former students. According to HUD guidelines, this program must be open to any youth, regardless of ethnicity, who meets eligible guidelines and lives within the target area.

Source of funds:	CDBG
Expected level of funding:	\$11,000
Clients to be served:	10-18 South Merced At-Risk Residents
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208 (a) 1
Objective/Outcomes	SL-1, Access/Availability

Calvary Temple

The City has approved a grant of \$2,720 to Calvary Temple to pay for a budgeting and cooking on a budget course for low to very low income residents and the homeless. The local church feeds the hungry on a regular basis providing 40,000 pounds of food per month. Understanding many low and very low income families struggle to make ends meet, this program is designed to help families learn to shop, cook and budget effectively. Funds will pay for bus transportation to a local grocery store where families will learn budget shopping. Remaining funds will finance supplies needed for the cooking course. Reporting will include copies of approved curriculum, proof of targeted income participants, monthly financial and activity reporting and quarterly visits. This program is a 6 week course that will be offered three times. Census tracts for clients will be identified for service.

Source of funds:	CDBG
Expected level of funding:	\$2,720
Client to be served:	At least five (5) Low income families
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208
Objective/Outcomes	SL-3, Sustainability

Merced County Rescue Mission

Merced County Rescue Mission was awarded \$3,500 to provide a warming shelter in Merced from December through March. Merced has 80 emergency shelter beds available,

15 of which are dedicated to men only. During a homeless street count conducted in January 2012, 248 homeless were identified on the streets of Merced. To assist with providing shelter for homeless, this program would offer a warming shelter only with operating hours from 7 p.m. until 7 a.m. The shelter will be coed and two men and two women will staff the facility which offers space for 60 individuals. This program includes outreach to homeless to make them aware of the facility. Funding is requested to pay utilities, toiletry and hygiene products and cleaning supplies. The Rescue Mission will be required to document homeless using the facility and provide receipts for all expenses. Monthly reporting and monitoring will be part of the four-month program.

Source of funds:	CDBG
Expected level of funding:	\$3,500
Client to be served:	At least 20 Homeless
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208
Objective/Outcomes	SL-1, Access/Availability

Healthy House – Bus Transportation for Second Language Seniors

Healthy House has been approved for a \$3,000 pilot program to teach senior citizens in Merced who speak Asian, Hispanic, or other non-English speaking dialects how to take a bus to and from medical visits. Many seniors who are not native speakers are unfamiliar with the bus system and most live on a fixed income. This program would provide \$1,500 to purchase 24 annual bus passes. Seniors in the program must meet the target income and proof of income will be provided as part of the reporting process. An interpreter will be hired at a fee of \$1,500 to work with the 24 seniors, teaching them how to read the bus map and ride the bus to and from medical and other appointments. Monthly reports, financial reporting, and monitoring will be part of the reporting process.

Source of funds:	CDBG
Expected level of funding:	\$3,500
Client to be served:	12-24 Senior Citizens
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208
Objective/Outcomes	SL-1, SL-3, Access/Availability/Sustainability

Merced Community Action Agency

The Merced Community Action Agency will be provided \$19,980 to provide Rapid Re-Housing to provide emergency eviction prevention assistance to families that meet low income eligible requirements. The program would operate like the Neighborhood Stabilization Program funded in 2009 and operated by MCAA. A priority list of prospective clients is listed in the proposal as well as a list of non-eligible clients. Funding would be used for personnel, \$3,480, and \$16,500 to pay rent. The program would provide a maximum of \$1,500 per person. Reporting of this project will include proof of income or census target area and outcome. Families are screened prior to being

provided rent to ensure they can afford their rent and have an opportunity to remain in the house. Referrals to families will be part of the program to help them succeed in their home. From work programs to utility programs or voucher applications, MCAA will assist families that meet the criteria.

Source of funds:	CDBG
Expected level of funding:	\$19,980
Client to be served:	Minimum of 10 eligible adults
HUD Eligible Activity:	570.207(b) 4
HUD National Objective Criteria:	570.208
Objective/Outcomes	SL-1, SL-2, Access/Availability/Affordability DH-1, DH-2, Access/Availability/Affordability

Merced County Association of Governments/Continuum of Care

Funding will be provided to the MCAG/Continuum of Care of \$2,500 to assist with funding a report that would quantify the costs associated with chronic homelessness versus providing supportive housing. Unlike online reports, this would be done using eight (8) Merced and Los Banos homeless adults. A professor from the University of California, Merced, has offered to assist in the creation of the cost study.

Eight adults will be sought who are willing to enter into supportive housing and participate in the cost study. Prior to housing, the adult will be questioned regarding local services used while in a homeless state. It is anticipated many will report use of local services such as ambulance, fire, police, and hospital. Also looked at will be costs to local businesses affected by the homeless population.

This will be an 18-24 month project. Activities required for this project will include identification of the sample population; compilation of homeless cost data of the sample population; examination of actual costs associated with first year of supportive housing; and cost comparison analysis.

This project is identified in the 10-Year Continuum of Care Action Plan. Actual cost of the report will be \$10,000. Other funding sources will include Mercy Medical and the County of Merced.

Source of funds:	CDBG
Expected level of funding:	\$2,500
Clients to be served:	Homeless
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208
Objectives/Outcomes	SL-1, SL-2, SL-3 Access/Affordability/Sustainability

The Potters Place – Hand-Up Project

The Potter's Place Inc., a training program offered through St. Matthew Baptist Church was awarded \$10,000 for a 6-month pilot training program. The training will be provided to youth, recovering addicts, parolees/probationers, or any unemployed individual, male or female, wanting to learn landscaping, irrigation, and concrete work. In addition, Potter's will partner with area sober-living homes and other such agencies for participant

referrals. It is hoped the training will provide enough skill to enable those participating to gain either employment or an apprenticeship after completion.

The pilot program will involve landscaping and providing a parking lot at The Potter's Place, located at 1057 N Street in Merced. The site has been in operation for 13 years and provides teaching and training programs as well as an alcohol and drug counselors institute for California State Certification. Funds requested will be used for equipment, supplies, labor, and plants.

Candidates in the program will have to fill out an application proving they are in the low to very low income bracket. The project will operate Monday through Saturday, 8 a.m. until 4 p.m. After the pilot, it is hoped local businesses in need of such services will contract with those completing the program. Reporting from this project will follow HUD guidelines.

Source of funds:	CDBG
Expected level of funding:	\$10,000
Clients to be served:	Low/Very Low Income
HUD Eligible Activity:	570.201(c)
HUD National Objective Criteria:	570.208
Objectives/Outcomes	EO-1, EO-3 Access/Availability/Sustainability

NOTE: The Potter's Place is funded with CDBG Economic Development Funds.

Sierra Saving Grace

Sierra Saving Grace Homeless Project was awarded \$2,800 for a transitional housing project addressing a population of chronically homeless with disabling medical conditions that reduces their chances of survival on the street.

Sierra Saving Grace is governed by a Board of Directors and an Executive Director. This program is designed to work in collaboration with the D Street Homeless Shelter, the Merced Rescue Mission, Community Social Model Advocates and other programs in the community that work with the homeless population.

Source of funds:	CDBG
Expected level of funding:	\$2,800
Clients to be served:	Minimum of 4 Homeless Adults
HUD Eligible Activity:	570.206
HUD National Objective Criteria:	570.208
Objectives/Outcomes	S-1, Access/Availability

Attachments

1. CDBG Public Notice
2. Public Notice Sun Star Advertisement
3. Public notice
4. 2012-13 CDBG Activity Evaluation Form
5. County of Merced 2012 Homeless Count
6. Fair Housing Services
7. CDBG Suggestions from Public
8. Merced County Rescue Mission Application
9. MCAG Continuum of Care Application
10. Healthy House Application
11. Calvary Temple Application
12. The Potter's Place Application
13. Merced Lao Family Community Application
14. MCAG/Continuum of Care Application – Study
15. St. Francis Merced Respite Application
16. Merced County Community Action Agency Application
17. Executive Board of Continuum of Care Application
18. Healthy House – Second Application
19. Center of Vision Enhancement Application
20. Sierra Saving Grace Application (original)
21. Sierra Saving Grace Application (second)
22. CDBG Public Meeting Attendance Sheet
23. Summary of Public Meetings
24. CDBG Resolution
25. Certifications