



First Program Year CAPER

The CPMP First Consolidated Annual Performance and Evaluation Report includes Narrative Responses to CAPER 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.

The grantee must submit an updated Financial Summary Report (PR26).

GENERAL

Executive Summary

This module is optional but encouraged. If you choose to complete it, provide a brief overview that includes major initiatives and highlights that were proposed and executed throughout the first year.

Program Year 1 CAPER Executive Summary response:

Each year the City of Merced prepares an Annual Action Plan for submission to the U. S. Department of Housing and Urban Development (HUD). The framework for the Annual Action Plan finds its roots in the *City of Merced 2010 Consolidated Plan*. This is a five-year planning document, which outlines the City's 5-year strategy for pursuing federal, state, and local resources to meet housing and community development needs of low and moderate income residents. The City Council, after a public hearing, approves the submission of the HUD Annual Action Plan. The HUD Annual Action Plan for FY 2010 was adopted by the Merced City Council on May 2, 2010.

Grantees are encouraged to place program information on their local website. This CAPER, the Annual Action Plan for FY 2010-2011, and the City of Merced 2010 Consolidated Plan (along with Executive Summaries) can be found at <http://www.cityofmerced.org>. HUD's website can be accessed at <http://www.hud.gov>. In addition applications and information on all rehabilitation and first-time home buyer programs run by the City can be found on the City's website.

This CAPER describes activities and accomplishments that were listed in the HUD Annual Plan-FY 2010, and also catalogs additional activities funded through non-Federal sources. A variety of funding sources with differing guidelines are utilized to achieve the community development goals outlined by the City of Merced. Guidelines for each funding source dictate how the monies can be spent.

The broad goal through all funding sources is to make Merced a more livable community. Significant resources are utilized to assist people in enjoying decent, safe, and affordable housing. Other efforts target community safety, youth programs, recreation, public facilities, economic development, and neighborhood revitalization.

The following are the major resources:

- Community Development Block Grant (CDBG) (Federal).
- HOME Investment Partnerships Program (HOME) (Federal).
- Program Income (from State HOME Funds Program loans).
- HOME and CDBG program income from loans previously made.

General Questions

1. *Assessment of the one-year goals and objectives:*

a. *Describe the accomplishments in attaining the goals and objectives for the reporting period.*

Table 1 below provides a summary of expenditures and the number of households/persons served for FY 2010.

**Table 1
2010-2011 Expenditures**

Expenditures	CDBG	HOME	Total	Households/ Persons
Indirect Admin Expense	\$105,000	\$35,000	\$140,000	
Programs and Projects				
Affordable Housing				
First-time Homebuyer Loans		\$75,786	\$75,786	7
Property Acquisition				
CHDO FY 10-11		\$95,455	\$95,455	1
Decent Housing				
Rehabilitation Projects		\$65,074	\$65,074	3
Fair Housing				
Fair Housing Hotline/Counseling	\$3,000	\$8,000	\$11,000	993
Homelessness				
Continuum of Care	\$30,000		\$30,000	
10-Year Plan to End Homelessness	\$18,025		\$18,025	
Public Services				
Police Officer Funding	\$168,500		\$168,500	355*
Police Community Aide	\$40,000		\$40,000	1351
Code Enforcement	\$240,000		\$230,000	3610*
Merced Lao Family	\$7,100		\$7,100	61
Community Development				
Planning and Permitting	\$75,000	\$30,000	\$105,000	
Section 108 Loan				
The Grove Apartments	\$181,356		\$181,356	204
Subtotal Programs & Projects	\$762,981	\$274,315	\$1,037,296	
Total Expenditures	\$867,981	\$309,315	\$1,177,296	

*Arrests made in qualified Census Tracts

** Cases in South and Central Merced

b. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.

The following tables (Tables 2-5) provide a breakdown of projects undertaken by the City of Merced in FY 2010. The table provides the Objective for each project, the amount expended, and the number of households or persons served. We are also including the accomplishments of projects funded with NSP and CalHOME funds. We feel it is important to report these in order to provide a clear picture of the efforts the City has made towards meeting the goals and objectives outlined in the 2010 Consolidated Plan and the 2010 Annual Action Plan. The activities undertaken with NSP funds have helped to mitigate the tremendous impact the foreclosure crisis has had on our community. Details of each program will be provided later in this report.

Table 2
2010-11 Objectives and Outcomes
HOME Funded Programs

HOME Investment Partnership Funds (HOME) – Objectives and Outcomes	2010-11 Expenditures	Number of households or persons served
Objective 1: Provide Decent Housing through Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization		
Housing Rehabilitation Loan Program	\$65,074	3
Lead Hazard Evaluation and Abatement		
FTHB		7
Rehabilitation		3
Objective 2: New Affordable Housing Construction		
Housing to Meet Special Needs (CHDO)	\$95,455	1
Objective 3: Housing Affordability		
Down Payment Assistance (FTHB)	\$75,786	7
Objective 4: City Coordination		
Fair Housing Hotline/Counseling (in addition \$3,000 in CDBG Funds used)	\$8,000	943
Object 5: Planning for Future Housing and Community Needs		
Planning & Permitting (in addition \$75,000 in CDBG Funds used)	\$30,000	
Total HOME Allocations	\$274,315	

**Table 3
2010-11 Objectives and Outcomes
CDBG Funded Programs**

Community Development Block Grant (CDBG) Funds - Objectives and Outcomes	2010-11 Expenditures	Number of households or persons served
Objective 1: Public Services		
Code Enforcement	\$240,000	3610*
Police Officer Funding	\$168,500	355**
Police Community Aide	\$40,000	1351
Merced Lao Family	\$7,100	61
Objective 2: City Coordination		
Fair Housing Hotline/Counseling (also provided \$8,000 in HOME Funds)	\$3,000	943
Continuum of Care	\$30,000	
10-Year Plan to End Homelessness	\$18,025	
Objective 3: New Affordable Housing Construction		
Debt Service for Section 108 Loan for the Grove Apartments	\$181,356	204
Object 4: Planning for Future Housing and Community Needs		
Planning & Permitting (in addition \$30,000 in HOME Funds used)	\$75,000	
Total HOME Allocations	\$762,981	

*Cases in South and Central Merced

**Arrests made in qualified Census Tracts

**Table 4
2010-11 Objectives and Outcomes
NSP Funded Programs**

Neighborhood Stabilization (NSP) Funds - Objectives and Outcomes	2010-11 Expenditures	Number of households or persons served
Objective 1: Affordable Housing		
Acquisition Cost	\$591,826	9
Rehabilitation Cost	\$284,101	16
Maintenance Cost	\$14,302	22
Total NSP Allocations	\$890,229	
Homes Purchased by Qualifying Households		2

**Table 5
2010-11 Objectives and Outcomes
CalHOME Funds**

CalHOME Funds - Objectives and Outcomes	2010-11 Expenditures	Number of households or persons served
Objective 1: Affordable Housing		
Downpayment Assistance (FTHB)	\$83,833	4
Total CalHOME Allocations	\$83,833	

The following information reflects the goals and objectives identified in the 2010 Annual Plan and a summary of accomplishments for each goal and objective.

Objective A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization

Goals:

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

Accomplishments:

Rehabilitation/Reconstruction

The City of Merced undertook four housing rehabilitation projects during FY 2010. Of this number two have been completed while the other two remain under construction. Three of these homes are owner-occupied and one is currently vacant, but will be rented to a low-income household through the City’s CHDO (Central Valley Coalition for Affordable Housing). These projects were funded with HOME and CalHOME funds (\$65,074.10 HOME, \$16,845.09 CalHOME).

The city set a goal of achieving 5 rehabilitation/reconstruction projects in FY 2010, but fell short of this goal by one project. However, the City received NSP funding to help stabilize neighborhoods hard hit by the foreclosure crisis. With these funds, the City accomplished 16 rehabilitations to make these homes habitable and attractive to first-time homebuyers.

Code Enforcement

The south Merced area and a majority of the central Merced area are considered “qualified” census tracts for CDBG funding. The city has three Code Enforcement Officers who work in three districts within the City (north, central, and south). The three Code Enforcement Officers for the City responded to 5,857 total calls throughout the City. In central and south Merced, they responded to 3,610 cases (973 cases involved building and housing violations). Based on the number of cases, the City feels significant

progress is being made towards reducing blight and providing residents with a suitable living environment. The number of cases handled in South and Central Merced (67% of all cases) indicate the majority of cases being handled are in qualified census tract areas.

Objective B: New Affordable Housing Construction Goals:

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

Accomplishments:

Section 108 Loan Payment

In FY 2010, the City provided funds to service the Section 108 Loan for the Grove Apartments. The Grove Apartments is a 204-unit apartment complex that provides rental housing to extremely low-, very low-, and low-income households. The City will continue to assist in helping to repay this loan until the owners are able to fully support the project. The debt service provided by the City for FY 2010 was \$158,193.26 (CDBG funds). The total debt service for the project for FY 2010 was \$339,550.00.

Proposed Projects

The City is currently working with the Central Valley Coalition for Affordable Housing and a private developer to help fund two affordable housing developments. The first project, Gateway Terrace, will provide 66 units of affordable housing, including approximately 10 transitional units to serve persons with mental disabilities. The second project, Woodbridge Apartments, consists of 75 units of low-moderate income units. The City is hopeful both of these projects will be under construction by the end of 2011.

By providing the partial funding for the Grove's Section 108 Loan, the City has been able to insure that 204 affordable rental units remain available to the citizens of Merced. In addition, the proposed funding for the two new housing developments will add 141 units of affordable housing to the City's current housing stock.

These accomplishments demonstrate the City's continued commitment to providing affordable housing for our community.

Objective C: Housing Affordability (Homebuyers Assistance Programs) Goals:

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

Accomplishments:

Down Payment Assistance

The City offers several different First Time Home Buyer (FTHB) loan programs. In FY 2010, the City funded 7 FTHB loans using HOME funds (\$75,786), 4 loans using

CalHOME funds (\$83,833), and 2 loans using Neighborhood Stabilization Program (NSP) funds (\$16,163).

According to the 2010 Annual Plan, the City's goal was to fund 5 FTHB loans. Due to the decrease in housing prices, more families are able to afford a home which accounts for the significant increase in the number of loans funded. In FY 2010, the total number of FTHB loans using all three funding sources outlined above totaled 14. The City sees this as a positive sign for low-income households and anticipates that this trend will continue as long as the cost of housing in the City of Merced remains relatively affordable.

Objective D: City Coordination

Goals:

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

Accomplishments:

Fair Housing

The City provides public information, educational materials, and workshops regarding many housing issues, such as fair housing, lead hazards, housing rehabilitation, energy conservation, etc. The *2010 Consolidated Plan* will be reviewed annually and kept current through the City's budget and HUD Annual Plan processes.

In FY 2003, the City contracted with the Central Valley Coalition for Affordable Housing to provide fair housing services, which have included the establishment of a toll-free hotline (1-888-Merced8) and the broadcasting of a fair housing commercial on local television. In FY 2010, the toll-free hotline, **1-888-MERCED8**, received a total of 21 calls. Calls were from tenants and landlords with a variety of tenant/landlord issues that they needed help or advice in resolving. All calls were handled via telephone at our office. No calls resulted in a Fair Housing Complaint being filed with HUD. This program received \$11,000 in total funding for FY 2010 (\$3,000 in CDBG funds and \$8,000 in HOME funds).

In the area of Fair Housing education, Central Valley Coalition held 30 Fair Housing workshops at various locations in the City of Merced. A total of 272 people attended these workshops.

Central Valley Coalition continued its community outreach efforts via quarterly mailings of informational flyers, newsletters, and workshop advertisements to the over 90 local service agencies, apartment complexes, and property management companies in Merced County. Central Valley Coalition also attended the City of Merced's Hispanic Heritage Celebration in September 2010, as well as the Cinco de Mayo Celebration in May 2011, distributing Fair Housing literature and answering questions to the estimated 700 attendees.

Homelessness

In an effort to help end homelessness, the City has continued to provide funds for the preparation and implementation of the county-wide Continuum of Care (CoC) plan and the 10-Year Plan to End Homelessness. In addition to providing funding, a city representative serves on the Executive Council for the Continuum of Care helping to make decisions and set policies regarding the homeless in our community. The City's representative also assisted in the development of the 10-Year Plan to End Homelessness. In FY 2010, \$35,000 in CDBG funds was provided for these programs (\$25,000 for the CoC and \$10,000 for the 10-year Plan to End Homelessness).

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

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

Accomplishments:

Police Officer Funding

As part of the City's efforts to provide a suitable living environment for our community, CDBG funds are used to provide partial funding for the support of six police officers who make up the Gang Violence Suppression Unit (GVSU). In FY 2010, \$168,500 in CDBG funds were used to provide approximately 25% of the total funding needed for this program. The balance of funding for this program comes from the City's General Fund. These officers primarily focus on gang activity, prevention, and intervention in low-income neighborhoods and school sites. This unit investigates gang related crimes, validates gang members, provides gang violence and intervention education, as well as provides expert testimony in court regarding gang activities.

The officers have made great strides to help reduce crime in our city. For FY 2010, they recorded approximately 450 arrests, with more than 50% of those arrested being validated gang members. These arrests included 139 in South Merced and 216 in Central Merced. The entire South Merced area is considered a qualified census tract and more than half of Central Merced is a qualified census tract area. Based on these numbers approximately 78% of the arrests made by the GVSU were in qualified census tract areas.

There are 1,957 validated gang members in the City of Merced. The largest gang populations are concentrated in South and Central Merced (718 gang members in South Merced and 707 in Central Merced). This equates to 72% of the validated gang members living in South and Central Merced.

For more detailed information on the accomplishments of this program and the efforts to provide a safe and suitable environment, please refer to page 23.

Police Community Aides

Funding for the Police Community Aides helps pay the salaries of police aides who are available to assist the City's Police Department in meeting the needs of the City's Southeast Asian and Hispanic communities. While the aides work primarily with the Southeast Asian and Hispanic communities, services are provided to all City residents in

need of assistance. In FY 2010, \$40,000 in CDBG funding was provided for this program.

The Hispanic Community Aide reported serving 745 clients on a one-on-one basis. The Hmong Community Aide served 606 clients on a one-on-one basis. More information regarding the services provided and more detailed information on the clients served can be found on page 22

Youth Services

In an effort to help increase the level of youth services, \$7,100 was provided to Merced Lao Family Community, Inc. to help fund their Hmong Youth Cultural Group. The program provides instruction for learning to play the Queej (a bamboo and wooden musical instrument from the Hmong culture) and for Hmong dance. All participants are low-income or at-risk youth. During FY 2010, they had 61 participants who attended sessions twice weekly throughout the year.

This program is very beneficial to the youth of our community and provides an avenue for them to learn about the Hmong culture while keeping them off the streets and out of trouble. The City is very pleased with this program and the contribution it has made to the community.

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

Goals:

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

The City did not undertake any projects in FY 2010 to provide additional infrastructure or public facilities. However, in previous years we have made good strides in providing these services. In fiscal year 2009, the City completed the following work using CDBG-R funds:

- Repaired or replaced 4026 square feet of sidewalk
- Repaired or replaced 891 linear feet of curb and gutter
- Installed 1,416 square feet of cross gutter
- Installed 58 handicap ramps
- Replaced 2,539 square feet of asphalt paving on streets and alleys
- Relocated two catch basins.

Other projects undertaken in qualified Census Tracts include the G Street Undercrossing project and the Central Merced Street Resurfacing Projects.

The G Street Undercrossing will provide the only undercrossing within the city limits to allow passage under the BNSF railroad that runs through the City of Merced. The crossing is located on G Street between 23rd and 25th Streets. Currently, when a train is passing through Merced, all traffic (including emergency services) is prevented from crossing the tracks to travel from Central or South Merced to North Merced (and vice versa). With the construction of the undercrossing, traffic will have an avenue to flow

from one area to another without be stopped by a train. This is especially critical for emergency response vehicles.



The City’s Redevelopment Agency contributed \$6,198,262 in RDA funds. This funding was only a portion of the necessary funding for the project. The following table shows all the funding sources. This project is expected to be completed in December 2011.

G Street Undercrossing Project Funding

Redevelopment Agency Funds	\$6,198,262
California Transportation Grant	\$9,000,000
City’s Public Facility Financing Program	\$2,331,963
BNSF Rail Road 10% Match	\$1,935,250
Water Fund	\$1,100,000
Total	\$20,565,475

One of the Central Merced Street Resurfacing project included the reconstruction and resurfacing of W. 18th Street from G Street to N Street, the reconstruction of Canal Street from W. 18th Street to W. 19th Street, and the replacement of a water line between Martin Luther King Jr. Way to Canal Street in the alley between W. 18th Street to W. 19th Street. In addition, the project included installing conduit for fiber communication cable under the roadway. This project is part of the overall effort of our Public Financing and Economic Development Authority (PFEDA - formerly the Redevelopment Agency) to improve and beautify the downtown area which is a qualified census tract area. The City used American Reinvestment and Recovery Act (ARRA) funds and other City funding sources to complete this project.

The other resurfacing project repaved 16th Street from G Street to V Street and G Street from 16th Street to 23rd Street. The project repaved, improved or replaced the roadway surface, sidewalks, crosswalks, and traffic signal sensors along these two roadways. The project was started in the spring of 2010 and by the end of summer 2010. The project was funded with ARRA funds with the City of Merced providing the required matching funds from the Redevelopment Agency and Water Department. The total cost of the project was approximately \$1.8 million.

Objective G: Planning for Future Housing and Infrastructure Needs Goals:

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

Accomplishments:

Planning and Permitting

The City of Merced Development Services Division is comprised of the Inspection Services Division, the Planning Department, the Engineering Department, and the Housing Program (recently relocated to the Economic Development Department). The Development Services Division will carry out a number of CDBG eligible activities in furtherance of good community development, neighborhood revitalization, planning, and capacity building. These include plan reviews, inspections, and consultation on specific requirements for construction projects undertaken by the Housing Program. These departments have been instrumental in coordinating the development of both the proposed Woodbridge Apartments and the Gateway Terrace project. In addition, Inspection Services staff has been very valuable in evaluating homes for purchase using NSP funds.

Planning Department Staff prepare the Annual Plan, the CAPER, and the Consolidated Plan. The City is in the process of updating the Housing Element of the General Plan this year in addition to other activities.

Total funding provided to the Development Services Division is \$105,000 (\$75,000 in CDBG funds and \$30,000 in HOME funds).

2. *Describe the manner in which the recipient would change its program as a result of its experiences.*

The City takes a proactive approach and continually evaluates programs and activities to ensure they are meeting targeted goals as well as keeping in line with current levels of funding. In the 2010-11 year, City staff initiated conversations with various departments and will be making recommendations to the City Council to update our program guidelines.

As a result of reorganization, the Housing Division was relocated from the Development Services Department to the Economic Development Department. With this repositioning of the Housing Division came new staff members seeking to improve the efficiencies of the department and ensure that departments and sub-grantees whom are receiving funds from these programs are held accountable.

At this time, the Housing Division is looking at ways we can better engage our community. One of the ways to do this is to revise the citizen participation plan and to revise our policies and procedures guidelines. Staff is hoping to send these documents to City Council for approval in October 2011. Another effort staff is exploring is refining the goals and outcomes for our program activity's identified within the 2010-2015 HUD Consolidated Plan and sending it to Council for approval in 2012. What staff hopes to accomplish with the mid-program modification is to align each activity with project specific goals, outcomes, timeframes, and improved reporting methods. By implementing these various types of plans, staff hopes to improve the community's participation and the productivity of the department.

The purpose for revising our Citizen Action Plan is to improve our Community's involvement with our Consolidated Plan, Action Plan, CAPER, and Substantial Amendments. Historically, the City has seen very low numbers of individuals participating with the development of these documents. The purpose for refining the goals and outcomes for the various program activities is to improve the way the City measures the success of each activity as defined within the program. In refining each identified activity, staff hopes to establish outcomes in conjunction with measurable milestones that indicate how each activity's goals are going to be accomplished.

- c. If applicable, explain why progress was not made towards meeting the goals and objectives.*

Not applicable.

3. Affirmatively Furthering Fair Housing:

- a. Provide a summary of impediments to fair housing choice.*

In FY 2009, the City of Merced contracted with the non-profit firm of Project Sentinel of Palo Alto to update the Analysis of Impediments (AI) that was prepared by the firm in 2003. The following items were identified as impediments to fair housing:

- Lack of an effective multi-lingual, mortgage counseling program,
- Insufficient supply of affordable rental housing, and
- Inadequate fair housing enforcement program.

- b. Identify actions taken to overcome effects of impediments identified.*

Lack of an effective multi-lingual, mortgage counseling program.

Credit counselors have been available in the City for the past 4 years. Central Valley Coalition for Affordable Housing (Coalition) has provided in-kind office space for a credit counseling agency focusing on financial counseling including budgeting, reverse mortgages, and first time home buyer education. The credit counselor at the Coalition currently only provides bankruptcy counseling. This counseling agency also provides free first time home buyer counseling, by request from the main office in Fresno, for Coalition clients. The City of Merced also provided office space for a credit counseling agency for approximately one year. In April of 2010, the counseling agency reorganized and cut their budget which eliminated counseling services in the smaller communities focusing only on the major metropolitan areas. The City will continue its effort to

encourage mortgage counseling programs to have their services available to the City’s residents.

Insufficient supply of affordable rental housing.

The City of Merced has identified providing affordable housing as a priority in the City’s recently adopted Housing Element. However, the City is not a provider of affordable housing. Therefore, the City has taken steps to insure sufficient land is available for affordable housing. The City recognizes that the higher density residential and mixed-use districts (R-3 and R-4 zones and P-D’s with a General Plan Designation of HMD, HD, and VR) provide the potential for lower construction costs and are therefore most suitable for development of housing affordable to extremely low-, very low- and low-income households. Sites large enough to accommodate 20 dwelling units per acre have the greatest potential to accommodate affordable housing. According to the City’s Housing Element, the City currently has sufficient land available to meet our Regional Housing Needs Assessment (RHNA).

Comparison of RHNA for Low-Income Groups and Available Sites

Income Group	Total RHNA	Minimum Density Guidelines	Site Inventory Capacity Vacant Sites	
			Zone/GP	# of Units
Extremely Low	459	20 units/acre	R-4	207
Very Low			HMD	1245
Low			R-3	110
Total Low Income	1492			1562

In addition to the sites that allow densities of at least 20 dwelling units per acre, the City has a large inventory of land that is designated for Low Density (LD) and Low-Medium Density (LMD) Residential. The allowable density for LD is 1 to 6 dwelling units per acre and the density for LMD is 6 to 12 dwelling units per acre. While this is below the threshold set to accommodate affordable housing, because the use of Planned Developments allows variations from typical zoning requirements, developers are able to construct units on smaller lots, resulting in a larger number of units which allows them to reduce their costs. This in turn results in housing more affordable to lower-income households. An example of this would be in the Bellevue Ranch development in North Merced. One of the developers in this subdivision was able to construct homes and use funds from the BEGIN (Building Equity and Growth in Neighborhoods) program.

Although the City does not construct affordable housing, we have made considerable progress in utilizing federal, state, and local program funding resources to construct affordable housing projects. Since 2003, the City has assisted in the funding to help construct over 400 affordable housing units and is currently working with two developers to construct an additional 141 units of affordable housing.

Inadequate fair housing enforcement program.

The Central Valley Coalition for Affordable Housing (Coalition) has actively strengthened its fair housing enforcement efforts by seeking and attending fair housing enforcement trainings/certifications and by establishing a relationship with an established fair housing enforcement agency. The Coalition has an attorney at service for the fair housing program who has over 20 years experience in housing law and is on the board of Central California Legal Services. The relationship already exists for additional training and support for testing in our area as the need arises. It is the Coalition's practice to forward any discrimination complaints to the attorney. The Coalition also regularly discusses complaints they receive through the fair housing Hotline to ensure that no discriminatory act is ignored. The Coalition will continue to search for local training opportunities and to actively use the monthly Fair Housing Newsletter subscription, as well as HUD and other fair housing websites, to keep informed of the changes in fair housing laws.

4. Describe Other Actions in Strategic Plan or Action Plan taken to address obstacles to meeting underserved needs.

The City of Merced worked with the Merced County Association of Governments (MCAG) and Merced County to develop a Continuum of Care plan for the City and County of Merced. The Plan discusses the extent of homelessness in Merced County, identifies and leverages available local resources, describes solutions, and ultimately renders area organizations eligible for federal Continuum of Care grant funds.

The City and County of Merced have taken a lead role in providing resources to the homeless in our community. The City of Merced and the County of Merced, along with the Merced County Association of Governments (MCAG), adopted a "Continuum of Care" Strategy for the entire County to be eligible for McKinney Act/ESG funds. Since that time, MCAG has prepared several grant applications and been successfully award grants by HUD for projects related to homelessness.

In late 2008, the City of Merced amended its 2008 Annual Plan and was awarded \$515,203 for the Homeless Prevention and Rapid Re-Housing Program (HPRP). This program is focused on housing for homeless and at-risk households. It will provide temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance.

These activities are intentionally focused on housing, either financial assistance to help pay for housing, or services to keep people in housing or to find housing. HPRP assistance is not intended to provide long-term support for program participants. Assistance rather is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability. At least 60 percent of funds must be spent within 2 years of the date of grant agreement and all funds received must be expended within 3 years. These funds are being used by Continuum of Care agencies to implement or continue programs to assist individuals and families who are currently homeless or at risk of becoming homeless. Refer to the following list for the names of the agencies and the funding amount they received:

Merced County Community Action Agency	\$310,000
Sierra Presbyterian Church	\$100,000
Love INC.	\$90,000
Total	\$500,000

In fiscal year 2007, the City provided \$300,000 in funding for the construction of a new Homeless Shelter at 1567 D Street in the City of Merced. \$150,000 in CDBG funds were used along with \$150,000 of RDA Funds. The shelter opened May 27, 2008 and is operated by the Merced Community Action Agency (MCAA). In FY 2009 the average number of unduplicated clients served monthly was between 100 and 105 individuals. In FY 2010, the average number of clients served per month increase slightly to 116 individuals, with the largest number of clients served in July 2010. The total number of clients served in FY 2010 was 1,393. These numbers represent an unduplicated count.

The City of Merced provides HOME funding to the Central Valley Coalition for Affordable Housing, which is the currently designated recipient of the CHDO set aside. Funds in FY 2009 were designated for use by the Central Valley Coalition for Affordable Housing to assist in the acquisition and rehabilitation of one single-family dwelling that will be rented to a low-income family with an option for the family to purchase the home.

The City, through the use of its Redevelopment funds, has also been instrumental in providing rental housing for lower income senior citizens and the disabled. Since, 1997, the City has provided assistance to 81 disabled households through this program. However, in fiscal year 2010, none of the households assisted required handicap accessibility features.

The City is also very active in the affordable housing arena. The majority of the City's CDBG and HOME resources are directed towards rehabilitating substandard dwelling units, and assisting low and moderate-income households to become homeowners. The City is also dedicated to working with developers of low and moderate income housing in order to leverage its funds and maintain an adequate supply of affordable housing. In FY 2010, the City provided \$158,193.26 to service the Section 108 loan for the Grove Apartment complex. This complex consists of 204 units for low and moderate-income renters.

5. *Leveraging Resources*

- b. *Identify progress in obtaining "other" public and private resources to address needs.*
- c. *How Federal resources from HUD leveraged other public and private resources.*
- d. *How matching requirements were satisfied.*

Program Year 1 CAPER General Questions response:

The City is dedicated to working with developers of low and moderate income housing in order to leverage its funds and maintain an adequate supply of affordable housing. In 2002, the City approved the use of Redevelopment Agency Housing Set-Aside and HOME funds to assist with the funding for a 204-unit affordable housing project (The Grove). In addition, the City received a Section 108 Loan for this project.

The Grove Apartments project required very complex funding that included the leveraging of many different funding methods (both public and private). The following is a breakdown of the funding used to construct this affordable housing project.

Tax Credit Equity (Cash from investors)	\$7,211,297
Deferred Developer Fee	\$87,512
Interest Income	\$63,807
City of Merced HOME (grant portion)	\$210,000
Tax Exempt Bonds	\$8,241,960
Additional private loan supported by Merced RDA limited guarantee	\$600,000
City of Merced Section 108 Loan	\$4,000,000
City of Merced HOME Funds	\$990,000
Merced RDA Set-Aside funds	\$1,000,000
Merced County Housing Authority Limited Guarantee	\$1,676,238
CHFA HELP Funds	\$850,000
TOTAL FUNDING	\$24,930,814

Beginning in FY 2003, the City provided funds to service the Section 108 loan agreement for the Grove Apartment complex. The City has continued to provide funds to service this loan agreement annually and will do so until the project become self-sufficient and able to make the payments on their own.

The City also provided funds to assist the development of a 113-unit apartment complex in South Merced. This complex has provided 113 units for low and very low-income families (2 units are reserved for on-site managers). This project was completed in September 2007. Funding sources for this project are as follows:

Tax Credit Equity (limited partner)	\$15,846,283
Permanent Financing	\$2,500,000
Developer Note	\$1,100,000
City of Merced HOME Loan	\$1,761,000
TOTAL	\$21,207,283

The City also assisted the development of an 80-unit apartment complex in 2005 by providing expedited plan review and assisting the developer with the permit process.

Negotiations are currently underway for two new affordable housing projects (Woodbridge Apartments and Gateway Terrace Apartments). These two projects will provide an additional 141 affordable housing units to the community. The City is currently considering the following funding sources to assist these projects:

Woodbridge Apartments (75 units)

Neighborhood Stabilization Program (NSP) 3	\$1,300,000
HOME	\$300,000
TOTAL CITY ASSISTANCE	\$1,500,000

Gateway Terrace Apartments (66 units)

Neighborhood Stabilization Program (NSP) 3	\$300,000
CHDO (FY 11/12)	\$90,234
HOME	\$1,109,766
TOTAL CITY ASSISTANCE	\$1,500,000

If the City approves the funding referenced above, the remaining funding for the project would come from various other sources leveraging funds to provide a complete funding package for these projects. The total source of funds for each project is shown below:

Woodbridge Apartments (75 units)

Tax Credits	\$4,670,101
Permanent Loan	\$2,850,000
Merced PFEDA	\$5,688,500
City of Merced NSP 3	\$1,300,000
City of Merced HOME	\$300,000
Energy Efficient Loan	\$125,000
Deferred Developer Fees	\$250,000
TOTAL	\$15,183,601

Gateway Terrace Apartments (66 units)

Private Investors	\$5,035,268
City Deferred Impact Fees	\$500,000
Tax Credits	\$6,550,832
City of Merced HOME/NSP 3	\$1,500,000
Deferred Development Fees	\$1,945,425
TOTAL	\$15,531,525

The City of Merced utilizes the Central Valley Coalition for Affordable Housing as its CHDO for the distribution of HOME CHDO Set Aside funds. In FY 2010, these funds were designated for use to purchase and rehabilitate a single-family dwelling. Once the rehabilitation is complete, the structure will provide housing for low-income residents.

The City of Merced continues to work with the Merced County Association of Governments (MCAG) and Merced County to update the Continuum of Care plan for the City and County of Merced. The Plan discusses the extent of homelessness in Merced County, identifies and leverages available local resources, describes solutions, and ultimately renders area organizations eligible for federal Continuum of Care grant funds. The City also participated in the preparation of a 10-year plan to end homelessness in Merced County.

Managing the Process

1. *Describe actions taken during the last year to ensure compliance with program and comprehensive planning requirements.*

Program Year 1 CAPER Managing the Process response:

The City of Merced insures compliance with programs and projects by incorporating accounting principles, conducting single audits, reviewing and updating guidelines and procedures, monitoring, and following HUD requirements. Staff prepares a five-year Consolidated Plan, an Annual Plan, and CAPER for City Council and HUD approval.

All reports are made available to the public for review and public hearings are held when the City Council takes action on the reports. Public Hearing notices are printed in the local newspaper and notices are made available in English, Spanish, and Hmong that are posted at City Hall and other City offices. See below (Citizen Participation) for more details regarding the posting of notices.

Citizen Participation

- 1. Provide a summary of citizen comments.*
- 2. In addition, the performance report provided to citizens must identify the Federal funds made available for furthering the objectives of the Consolidated Plan. For each formula grant program, the grantee shall identify the total amount of funds available (including estimated program income), the total amount of funds committed during the reporting period, the total amount expended during the reporting period, and the geographic distribution and location of expenditures. Jurisdictions are encouraged to include maps in describing the geographic distribution and location of investment (including areas of minority concentration). The geographic distribution and expenditure requirement may also be satisfied by specifying the census tracts where expenditures were concentrated.*

**Please note that Citizen Comments and Responses may be included as additional files within the CPMP Tool.*

Program Year 1 CAPER Citizen Participation response:

The availability of the FY 2010 CAPER and a request for comments was publicly noticed in the following ways:

- 1) On August 18, 2011, a notice was posted outside the Merced Civic Center in three languages (English, Spanish, and Hmong);
- 2) On August 18, 2011, the public notice was posted on the City's web site and the document was also made available there;
- 3) On August 18, 2011, a public notice was published in the Merced Sun-Star in English;
- 4) On August 18, 2011, a public notice is posted in English and Hmong in the lobby of the Merced Lao Family Community office; and,
- 5) On August 18, 2011, the public notices were sent to the Police Community Aides (in English, Spanish, and Hmong) for posting at the 2 Police stations.

No comments were received from the public.

Institutional Structure

- 1. Describe actions taken during the last year to overcome gaps in institutional structures and enhance coordination.*

Program Year 1 CAPER Institutional Structure response:

One of the priorities in the *2010 Consolidated Plan* assigns a permanent responsibility to the City for continuing oversight, communication, and collaboration in the maintenance of facilitative relationships with organizations and institutions who are the service providers in the community. Merced is a small community, and one in which fortunately for a number of years there has been recognition and practice of supporting high levels of communication and collaboration. This has worked to the benefit of all in that there has been a reduction in the duplication of efforts and close communication between providers. Most communication is now accomplished through the Continuum of Care Plan collaborative monthly meetings. The collaborative uses these meetings to address community needs and identify resources.

Monitoring

1. *Describe how and the frequency with which you monitored your activities.*
2. *Describe the results of your monitoring including any improvements.*
3. *Self Evaluation*
 - a. *Describe the effect programs have in solving neighborhood and community problems.*
 - b. *Describe progress in meeting priority needs and specific objectives and help make community's vision of the future a reality.*
 - c. *Describe how you provided decent housing and a suitable living environment and expanded economic opportunity principally for low and moderate-income persons.*
 - d. *Indicate any activities falling behind schedule.*
 - e. *Describe how activities and strategies made an impact on identified needs.*
 - f. *Identify indicators that would best describe the results.*
 - g. *Identify barriers that had a negative impact on fulfilling the strategies and overall vision.*
 - h. *Identify whether major goals are on target and discuss reasons for those that are not on target.*
 - i. *Identify any adjustments or improvements to strategies and activities that might meet your needs more effectively.*

Program Year 1 CAPER Monitoring response:

The City of Merced Housing Program staff members attend training on a regular basis in order to keep current on regulatory requirements. Within the City, cross-departmental communication occurs to make sure that appropriate financial accounting and program monitoring is being done.

As part of its affordable housing efforts, the City of Merced performs 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, this Consolidated Annual Performance and Evaluation Report (CAPER) is compiled and submitted to HUD for review and approval. When bidding and performing work financed by HOME and CDBG funds, it is the adopted policy of the City of Merced to conduct outreach efforts to

provide an equal opportunity for the participation of licensed minority and female contractors.

The City Housing Division has established monitoring procedures for its sub-recipients in order to ensure compliance with all funding requirements and objectives. Those procedures include written contracts with sub-recipients before funds are distributed and workshops with applicants and all new sub-recipients to ensure that they understand all reporting requirements. In addition, annual reports are required of each sub-recipient. The City also has a monitoring checklist and memorandums of understanding with other City departments (i.e. the Police Dept.) that receive CDBG funds.

City Housing staff also conducts annual site visits and verifies that sub-recipients are keeping required records and meeting eligibility requirements. If discrepancies are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is then given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to understand requirements and to achieve compliance. Once compliance has been achieved, the sub-recipient receives a closure letter from the City. The City Council is informed of any unresolved problems during the budget process for the next fiscal year. No such actions have been required to date with any of the City's sub-recipients.

In response to concerns from HUD after review of the 2009 CAPER, the City has modified our tracking of the recipients of service provided by the Police Department Community Aides and added additional information regarding the number of arrests and gang members within qualified census tract areas. This year, they have tracked the race/ethnicity of the individuals served when possible. This information is reflected on page 20 of this report.

Self-Evaluation

The City of Merced has followed the blueprint established in the *City of Merced 2010 Consolidated Plan* regarding priority needs. 100 percent of the City's CDBG and HOME funds have been used to address the City's priority needs and to carry out activities benefiting low and moderate-income persons.

Primary needs continue to exist in the area of housing preservation (rehabilitation/reconstruction) and home purchasing assistance. Merced is a poor community with 48% of the residents at or below 80% of median income (*source: U.S. Census 2000*). Home ownership is also an excellent neighborhood stabilization/revitalization strategy. Future challenges lie in developing a more concentrated intervention in certain neighborhoods in order to achieve revitalization. A new Code Enforcement Division was created in FY 1999 to help address those problems. In the *2010 Consolidated Plan*, emphasis is being placed on expanding the number of rental units available in the community to low and moderate-income households due to shortages caused by lower vacancy rates. To that end, in FY 2005, the City elected to participate in the financing for the Sunny View Apartment project, which has provided provide 113 units of rental housing restricted to low and very low-income residents. In addition, the City assisted in the funding of a 204- unit apartment complex (The Grove) and assisted with the development of the Sunny Side Apartments with added an addition 80 units of affordable housing to the City's inventory. The City is currently working on

the development of another apartment complex that will provide an additional 75 units of affordable housing.

The City of Merced's application in 2001 for \$2.6 million in CDBG Section 108 Loan Guarantee assistance for the South Airport Industrial Park is recognition of the root problem that exists in our community; not enough people are employed with wages high enough to fully participate in the free market system. Thus far, 28 parcels have been developed in the South Airport Industrial Park, creating approximately 620 new jobs. With Federal and non-federal resources, job creation will continue to be a priority activity for the City of Merced. More coordination with County agencies involved in "welfare to work" activities, job training, and other "anti-poverty" programs is also necessary.

The City of Merced continually monitors the financial dynamics occurring in the community and shifts program emphasis to accommodate practical reality. The *2010 Consolidated Plan* reflects the City's need for public facilities and infrastructure to serve low and moderate-income residents. Public services, especially those that serve the youth of the community, help decrease crime, and preserve our neighborhoods by preventing blight are also high priorities.

HUD has identified specific questions to be addressed as part of the City's Self-Evaluation. The City of Merced's response to each of these questions is as follows:

a. Describe the effect programs have in solving neighborhood and community problems.

One of the tools used to measure the effect programs have on solving neighborhood and community problems is to look at the number of total housing projects undertaken during the fiscal year. In FY 2010, the City funded 13 First Time Home Buyer (FTHB) loans and 4 rehabilitation loans. In addition, the City has purchased 22 homes using Neighborhood Stabilization Program (NSP) funds. Rehabilitation projects have been completed on 9 of these homes and 2 were subsequently sold. Seven other homes are currently on the market after being rehabilitated and 2 others are in the process of rehabilitation. By providing safe, decent, and affordable housing, the City is helping to preserve neighborhoods and create a sustainable living environment.

Another tool used for measuring the success and effect of the City's programs is in looking at the number of Code Enforcement cases completed and the accomplishments of the Police Community Aides and the work done by the Gang Violence Suppression Unit (GVSU).

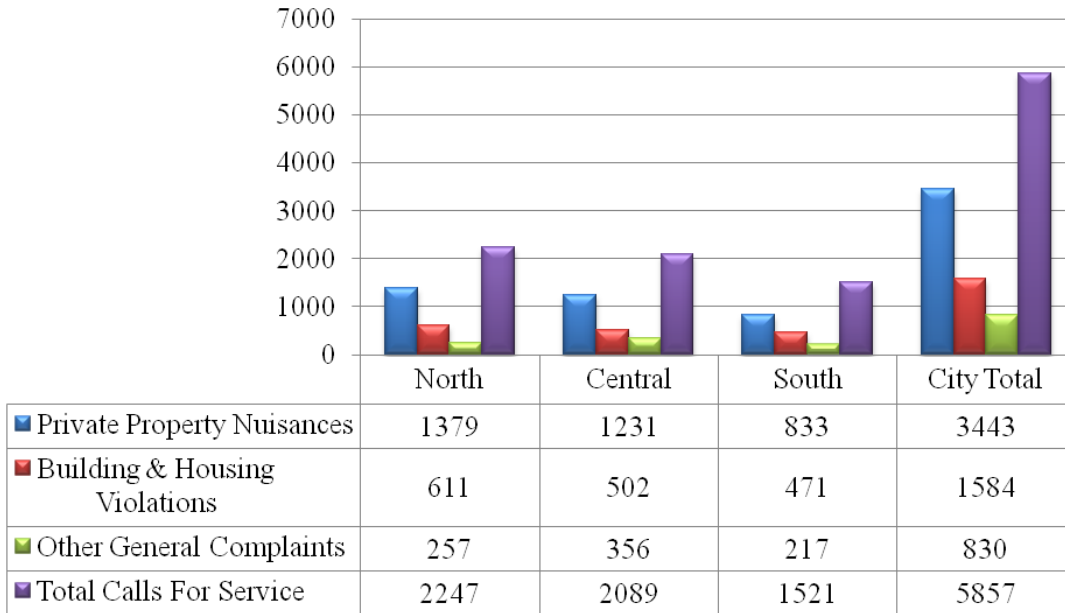
Code Enforcement

The City's Code Enforcement Division currently consists of three full-time Code Enforcement Specialists (one assigned to each of the three districts: North, Central, and South Police Districts). This program provides neighborhood intervention in order to forestall deterioration. Those projects that meet the qualifications are referred to the Housing Division for possible rehabilitation. Code Enforcement activities include abatement of nuisances, such as abandoned vehicles, unsightly and poorly maintained properties, and physically deteriorated structures. The premise of Code Enforcement is to gain voluntary compliance in order to eradicate circumstances that if left unchecked will lead to further neighborhood deterioration. Our Code Enforcement Officers were recently given citation authority to write citations to property owners if voluntary

compliance is not achieved. Code Enforcement officers host Neighborhood Partnership workshops, attend Neighborhood Watch, property owner associations, and other community meetings. They are also engaged in neighborhood clean-up projects, "adopt a park," and other such neighborhood activities.

In FY 2010, the Code Enforcement Officers handled a total of 5,857 cases city-wide. The chart on the following page shows the break-down for each area (North, Central, and South Merced) and the different types of cases handled. Overall, 27 percent of the cases handled were for building and housing violations.

Code Enforcement Activities FY 2010-11



Police Community Aides

The Police Community Aides (one Hispanic Aide and one Hmong Aide) provide assistance to citizens throughout the City. However, many of the families assisted live in the qualified Census Tracts within the City. The Community Aides help promote good community relations with the minority populations throughout Merced. They help organize outreach and educational events in addition to assisting citizens through translation or other services needed to assist communications with the Police Department.

In FY 2010, the Hispanic Aide served 745 people on an individual basis and the Hmong Aide served 606 individuals. Together the Aides provided outreach to 2,233 people (1,093 Hispanic, 67 black, 885 white, and 188 Asian). This outreach helps get minorities involved in the community and provides education on ways to help make our community better, thus providing a more suitable living environment for all.

The Community Aides attended 24 community or educational events. During those events, the Aides were able to provide outreach and education to over 14,000 individuals. For some events, the number of attendees is estimated, so we don't have an exact count. The Aides reported the following breakdown of race/ethnicity for their outreach efforts:

- | | | | |
|------------|-----|---------|-------|
| • Hispanic | 744 | • Asian | 12762 |
| • White | 397 | • Black | 113 |

Police Officer Funding

The Gang Violence Suppression Unit (GVSU) is active throughout the City of Merced. However, because much of the gang activity can be tied to lower-income levels, they provide a much needed presence in the areas of the City that are considered “qualified” Census Tracts. In FY 2010, the GVSU achieved the following results to reduce crime in the community:

- Approximately 450 arrests (more than 50% of the arrests made were validated gang members).
- Served 67 search warrants.
- Recovered the following:
 - 62 guns, over 10 pounds of marijuana and over 300 grams of methamphetamine, cocaine, and heroin, \$40,000 in cash seizures and over \$25,000 in back child support.
- Provided expert gang and narcotic testimony 31 times.
- Made Gang Violence Intervention presentations 9 times.
- Assisted outside agencies with arrests and other crime prevention activities 10 times.

The activities described above work together to help improve our community making it more sustainable for the future. In addition, these activities help insure that individuals within our community will have a suitable living environment.

b) Describe progress in meeting priority needs and specific objectives and help make community's vision of the future a reality.

The City identified the following needs and priorities in the 2010-11 Annual Plan:

Housing Needs

- Continued rehabilitation of existing housing structures through the City's HOME and CDBG Housing Rehabilitation Loan Program.
- The creation and preservation of affordable rental housing for low income families.
- Provision of home ownership opportunities to low and moderate-income households through the City's First Time Homebuyers Program.
- Continuation of the Code Enforcement Division's neighborhood revitalization efforts.

Non-Housing Community Development Priorities

- Ensure funding for adequate police education and outreach services for gang prevention activities;
- Further cooperation and goodwill between the City Police Department and the Southeast Asian and Hispanic Communities;

- Development of Youth Centers and other youth oriented facilities and programs;
- Planning for future housing and infrastructure needs;
- Development of additional public facilities in South Merced; and
- Development of economic opportunities through job creation for low-income persons.

Through the use of CDBG, HOME, CalHOME, NSP, HPRP, and Redevelopment funds, the City is striving to meet the priority needs of the community through the implementation of the following programs:

Rehabilitation and Reconstruction Loan Program

The City of Merced recognizes the need for safe, suitable housing. In order to help existing homeowners meet this need, the City offers a low-interest loan program utilizing CDBG and HOME funds. The City assists the homeowner with funding, identifying the needed repairs, assisting with the selection of a licensed contractor to perform the work, and overseeing the project during construction. If the home is not a candidate for rehabilitation due to the extent of the work needed, reconstruction may be considered.

Through this program, the City is also able to assist with emergency-type loans and repairs for things such as sewer and water line replacement, re-roofs, and HVAC installation or repair.

Households assisted in FY 2010-11: 4

Section 108 Loan Repayment

This program assists with the Section 108 Loan payment for the Grove Apartments. This project provides 204 affordable housing units to low-income households. With the support of the City, the property owner has been able make this a viable project meeting the housing needs of many families in our community. The City will continue to provide this support until the project is fully able to support the required payments to clear the Section 108 Loan.

Households assisted in FY 2010-11: 204

Leveraging of Funds with Private and Non-Profit Developers

The City continues to work with private and non-profit developers to provide affordable housing. The City is currently in negotiations with a private developer for the construction of a 75-unit apartment complex at North Highway 59 and Cooper Avenue. The City is also working with a non-profit developer to construction 66 affordable units in South Merced.

The City strives to work with developers to increase our housing stock of affordable housing units. Through leveraging of funds, developments have an increased chance of becoming a reality.

Down-payment Assistance

The City offers down-payment assistance through a variety of funding mechanisms (HOME, CalHOME, BEGIN, NSP). All of the programs available for down-payment

assistance offer low-interest and/or deferred loans to allow homeownership to become a reality for many who would otherwise be unable to afford a home.

Households assisted in FY 2010-11: 13 (4 CalHOME, 7 HOME, 2 NSP)

Code Enforcement Program

Through this program, the City is able clear blighted areas in the community and helps prevent future blight from occurring. The Code Enforcement program addresses building and housing code violations, private property nuisances, and a myriad of other general complaints. This program has been an invaluable tool in cleaning up blighted areas and increasing neighborhood pride.

Cases handled city-wide in FY 2010-11: 5,857

Police Officer Funding

The City uses CDBG funds to provide partial funding for 6 police officers who make up the Gang Violence Suppression Unit (GVSU). These officers focus primarily on gang violence and ways to help prevent gang violence through education. The officers provide educational programs in many schools and other community events. This unit has been responsible for the identification and validation of nearly 2,000 gang members in our community. For details on the activities of this unit, please refer to page 23

Police Community Aides

As with the Police Officer funding, CDBG funds are used to partially fund two Police Community Aide positions (one Hispanic aide and one Hmong aide). These aides provide translation services to the police department and act as a liaison between the police department and the Hispanic and Hmong communities within our city. The aides also perform a variety of outreach activities to help provide education to the Hispanic and Hmong communities. More details on the Community Aides activities can be found on page 22

Fair Housing Hotline and Counseling Services

The City continues to help fund a Fair Housing Hotline to provide assistance to tenants and landlords regarding fair housing laws. This hotline is operated by the Central Valley Coalition for Affordable Housing (the Coalition).

The Coalition also provides fair housing counseling and sponsors workshops to help educate members of our community regarding fair housing laws.

Homelessness

Providing shelter for the homeless in our community is a priority for the City. In an effort to help end homelessness and provide housing for those in need, the City continues to provide funding and support for the preparation of the annual Continuum of Care (CoC) Plan done by the Merced County Association of Governments (MCAG). Through the collaboration of various government and non-government entities, the CoC identifies ways of assisting the homeless and strategies for the prevention of homelessness. In addition, by participating with this plan, MCAG is eligible to apply for various funding opportunities available to benefit the city and county in providing help to the homeless.

Planning and Permitting

The City's Planning and Permitting Division performs a variety of CDBG eligible activities to help achieve good community development, neighborhood stabilization, and planning for sufficient housing in the future.

The Planning Department is responsible for the update of the General Plan and the Housing Element (one of the required elements of the General Plan). In addition, the Planning Department prepares many of the reports required by HUD (Consolidated Plan, Annual Plan, and CAPER).

Housing staff relies on the expertise of the Planning and Inspection Services staff to insure all construction projects comply with all zoning and building code requirements. Inspectors with the Inspection Services Department provide guidance on construction projects and assist in identifying the necessary repairs needs for rehabilitation projects.

Plans examiners in the Planning and Inspection Services department provide fast-track permit processing for affordable housing projects throughout the city.

Merced Lao Family

The Merced Lao Family Community, Inc. is a non-profit organization that provides an after-school program for at-risk youth. Through this program, youth are taught how to play the Qeej (a musical instrument from the Hmong culture) and taught how to perform dances from the Hmong culture. The students also perform at community events. The City feels this program is instrumental in serving at-risk youth and helping them to lead productive lives.

c) Describe how you provided decent housing and a suitable living environment and expanded economic opportunity principally for low and moderate-income persons.

As described in "a" above, the City has provided 13 FTHB loans and funded 4 rehabilitation projects. In addition, the City is working with other private developers to leverage funds to provide additional affordable housing. These efforts help to provide decent housing and a suitable living environment.

The efforts of the Police Department and Code Enforcement Officers previously described help provide a suitable living environment by cutting down on crime and blight in neighborhoods.

The City of Merced also works with the Central Valley Coalition for Affordable Housing as the City's CHDO. Through this cooperative, new affordable housing is being provided in the City. In FY 2010, the City began the rehabilitation of a single-family dwelling that will be offered to a qualifying household for purchase through the CHDO

In 2001, the City received \$2.6 million in CDBG Section 108 Loan Guarantee assistance for the South Airport Industrial Park. This assistance was in recognition of the root problem that exists in our community - not enough people are employed with wages high enough to fully participate in the free market system.

This assistance was used to help build needed infra-structure in the Airport Industrial Park to entice development and industry to locate in this area. Thus far, 38 parcels have

been developed in the South Airport Industrial Park, creating approximately 620 new jobs. With Federal and non-federal resources, job creation will continue to be a priority activity for the City of Merced. More coordination with County agencies involved in "welfare to work" activities, job training, and other "anti-poverty" programs is also necessary.

The City of Merced continually monitors the financial dynamics occurring in the community and shifts program emphasis to accommodate practical reality. The *2005 Consolidated Plan* reflects the City's increasing need for public facilities and infrastructure to serve low and moderate-income residents. Public services, especially those that serve the youth of the community, have also become a higher priority.

d. Indicate any activities falling behind schedule.

No activities are behind schedule. All activities are progressing well. The negotiations for the two proposed affordable housing developments should be concluded soon with construction beginning in 2012.

e) Describe how activities and strategies made an impact on identified needs.

Through the City's First-time Homebuyer and Rehabilitation Loan Programs, the City has been able to meet some of the housing needs identified in the 2005 Consolidated Plan. Through working with private developers to provide affordable housing, we are also helping to meet the overall affordable housing needs of the community.

The City was also awarded Neighborhood Stabilization Program funds that have been used to purchase homes, rehabilitate them, and then sell them to low-income households.

The City of Merced does not maintain a public housing program, but we work very closely with the Merced County Housing Authority to help provide affordable housing. We have a well run Housing Authority that has long worked closely with the City in the implementation of its rental rehabilitation program. The quality of the housing units owned by the Housing Authority is excellent. In FY 2010, throughout Merced County, the Housing Authority served approximately 3,000 households, including Section 8 Voucher/Rental Certificates, Public Housing units, Migrant Farm Labor units, Rural Development rental units, and other rental units. Of that number, approximately 1,700 families within the City of Merced were assisted.

To assist in meeting the needs of the homeless community, the City continues to work with the and partially fund the preparation and implementation of the Continuum of Care. In addition, the City played an active role in the development of the 10-year Plan to End Homelessness.

Other efforts to assist the homeless were made through the use of Homeless Prevention and Rapid Re-housing Program (HPRP) funds. The City distributed these funds to three non-profit organizations that offer programs to assist the homeless or those at risk of becoming homeless.

The table below shows the number of households and/or persons assisted through the City's loan programs and the use of HPRP funds.

Program	Households Assisted	Persons Assisted
FTHB (CalHOME/HOME)	11	
FTHB (NSP)	2	
Rehabilitation	4	
HPRP	654	1,843

f) Identify indicators that would best describe the results.

The number of households and individuals served is the best factor for describing the results of our programs. The table above shows the number of households and individuals served through the City’s loan programs and the use of HPRP funds. The table on page 22 shows the number of cases handled by Code Enforcement which translates to a large number of individuals and households who benefit from ridding the community of eye-sores and blight. The number of persons served by the Police Department and the overall benefit to the community by reducing crimes is another measurement to describe the results of the programs funded by CDBG, HOME, NSP, HPRP, and other funding sources.

The table on the following page shows the progress for those programs that were identified with a numerical goal in the Consolidated Plan. It should be noted that these numbers indicate progress made using CDBG and HOME funds only. While the rehabilitation and reconstruction program fell short by 1 project, the funds not used in this program will be used to help fund the proposed affordable housing developments currently under negotiation.

	Goal	Completed	% of Goal
Rehabilitation & Reconstruction Loans	5	4	80%
FTHB (Down-payment assistance)	5	7	140%
Section 108 Loan Repayment	204	204	100%
Code Enforcement	2000	5257	263%
Merced Lao Family	20	63	315%

g) Identify barriers that had a negative impact on fulfilling the strategies and overall vision.

The main barrier to fulfilling the City's strategies and overall vision is the lack of financial resources to address the significant needs in this community. Given more financial resources, the City would be able to assist more low and moderate-income households in meeting their housing and public services needs. The City of Merced's Housing Program efforts have not faced any political or citizen opposition.

h) Identify whether major goals are on target and discuss reasons for those that are not on target.

As described above, the City's major goals are on target given the limited financial resources available.

- i) *Identify any adjustments or improvements to strategies and activities that might meet your needs more effectively.*

Rehabilitation/reconstruction, affordable housing, and homeownership assistance will continue to be a priority. The high priority was placed on rental housing in previous years, which is reflected in the City's participation in FY 2002 and 2003 in the financing for the Grove Apartments, 204-units restricted to low and moderate income renters. In FY 2005, the City also participated in the financing for the Sunny View Apartments, which includes 113 units restricted to low and very low-income renters. In FY 2010, CDBG funds were again used to service the loan for the Grove Apartments. No substantial adjustments or improvements to the City's strategies are anticipated. The city anticipates continuing progress in providing affordable housing for both renters and homeowners.

Lead-based Paint

1. *Describe actions taken during the last year to evaluate and reduce lead-based paint hazards.*

Program Year 1 CAPER Lead-based Paint response:

All rehabilitation projects undertaken with funds provided by the City of Merced Housing Program are examined for lead-based paint hazards. If any are identified, they are remediated as a part of the project. In FY 2010, 2 homes funded through the First-time Home Buyers program (HOME Funds) and 1 home fund through the rehabilitation loan program were found to have lead-based paint. Proper abatement procedures were performed to remove the lead-based paint hazards from these homes, including clearance testing after the completion of the project.

HOUSING

Housing Needs

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

1. *Describe Actions taken during the last year to foster and maintain affordable housing.*

Program Year 1 CAPER Housing Needs response:

Most of the City's CDBG and HOME grants are spent in the housing rehabilitation and reconstruction and first time homebuyers programs, as well as for the construction of new affordable rental housing.

The City provided funding to help with the financing of two apartment complexes in previous years. The first was the Grove apartment complex in southeast Merced. This complex has 204 units that are rented to moderate and low-income families. HOME, a Section 108 loan, and RDA funds were provide to assist with the construction of this project. The second project is the Sunny View Apartments. This complex consists of 113-units that are rented to families with low and very low-income levels. The City provided a \$1,761,000 loan from the HOME funds over a 3-year span. These units were completed in September 2007 and all the units are currently occupied.

The City of Merced works with the Housing Authority of the County of Merced, as well, to maximize use of Section 8 rental assistance programs in the City. Cooperative activities include:

- Identification/ development of housing units available for Section 8 occupancy;
- Identification of households eligible for Section 8 assistance; and

Assistance in lobbying the Federal government for an increased allocation of Section 8 vouchers and certificates for Merced County’s large and growing population of very low and low income households.

Specific Housing Objectives

1. *Evaluate progress in meeting specific objective of providing affordable housing, including the number of extremely low-income, low-income, and moderate-income renter and owner households comparing actual accomplishments with proposed goals during the reporting period.*
2. *Evaluate progress in providing affordable housing that meets the Section 215 definition of affordable housing for rental and owner households comparing actual accomplishments with proposed goals during the reporting period.*
3. *Describe efforts to address “worst-case” housing needs and housing needs of persons with disabilities.*

Program Year 1 CAPER Specific Housing Objectives response:

The table below identifies the goals set by the City of Merced to help provide affordable housing to extremely low, low, and moderate income households.

Program	Goal	Accomplished
Housing Rehabilitation/Reconstruction Loans	5	4
First Time Homebuyer’s Loans (HOME, CalHOME, NSP)	5	13

The City fell short of its goal of providing 5 loans for rehabilitation/reconstruction by one loan. However, the number of FT HB loans was exceeded by three times the goal.

In addition to these efforts, the City also provided funds to service the Section 108 loan for the Grove helping to maintain the 204 units of affordable housing for extremely low, very low-, and low-income households.

The City devoted much of its efforts in FY 2010 to purchasing homes using Neighborhood Stabilization Program (NSP) funds. These homes will be rehabilitated and sold to low- and moderate-income households. The City purchased 22 homes and has completed rehabilitations on 9 of them. Two of the 9 have been sold and 7 are currently on the market. The City continues to work on rehabilitating the remaining homes and will be offering them for sale when the rehabilitation is complete.

Public Housing Strategy

1. *Describe actions taken during the last year to improve public housing and resident initiatives.*

Program Year 1 CAPER Public Housing Strategy response:

The City of Merced does not maintain a public housing program, but we work very closely with the Merced County Housing Authority to help provide affordable housing. We have a well-run Housing Authority that has long worked closely with the City in the implementation of its rental rehabilitation program. The quality of the housing units owned by the Housing Authority is excellent. In FY 2010, throughout Merced County, the Housing Authority served approximately 3,000 households, including Section 8 Voucher/Rental Certificates, Public Housing units, Migrant Farm Labor units, Rural Development rental units, and other rental units. Of that number, approximately 1,900 families within the City of Merced were assisted.

The Housing Authority offers two programs to assist households in their programs to become independent and purchase their own homes. They operate the Homeownership Program which helps current renters set aside funds for a down-payment on purchasing a home and homebuyer assistance. Another program they offer is the ROSS (Resident Opportunities for Self-Sufficiency) Program. Through this program, families earn an escrow account that they receive when they fulfill their Family Self-Sufficiency (FSS) contract of becoming economically independent. The Housing Authority currently has approximately 130 families participating in this program.

Barriers to Affordable Housing

1. *Describe actions taken during the last year to eliminate barriers to affordable housing.*

Program Year 1 CAPER Barriers to Affordable Housing response:

As described in the City's 2010 Annual Plan, the following public policies are considered barriers to affordable housing:

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

The City's Housing Program has little or no influence on most of these policies. However, the City has lowered our Public Facility Impact Fees to help encourage housing development. In addition, the City offers fast-track permit processing for affordable housing projects which helps reduce cost by reducing processing time before construction can start.

HOME/ American Dream Down Payment Initiative (ADDI)

1. *Assessment of Relationship of HOME Funds to Goals and Objectives*

a. *Evaluate progress made toward meeting goals for providing affordable housing using HOME funds, including the number and types of households served.*

2. *HOME Match Report*

a. *Use HOME Match Report HUD-40107-A to report on match contributions for the period covered by the Consolidated Plan program year.*

3. *HOME MBE and WBE Report*

- a. *Use Part III of HUD Form 40107 to report contracts and subcontracts with Minority Business Enterprises (MBEs) and Women's Business Enterprises (WBEs).*

4. *Assessments*

- a. *Detail results of on-site inspections of rental housing.*
- b. *Describe the HOME jurisdiction's affirmative marketing actions.*
- c. *Describe outreach to minority and women owned businesses.*

Program Year 1 CAPER HOME/ADDI response:

In the 2010 Annual Plan, the City set a goal of serving 5 households with HOME funds for down-payment assistance. As shown in the table on the previous page, the overall number of FTHB loans was 13. Of this number, 7 loans were funded with HOME funds. This number exceeds our goal by 2 loans.

Inspections

City Housing staff conducts annual site visits and verifies that sub-recipients are keeping required records and meeting eligibility requirements. If discrepancies are found, the sub-recipient is informed immediately and a formal letter is mailed. The sub-recipient is then given 30 days to correct the problem or provide a timeline for correction. The City will work with the organization to understand requirements and to achieve compliance. Once compliance has been achieved, the sub-recipient receives a closure letter from the City. The City Council is informed of any unresolved problems during the budget process for the next fiscal year. No such actions have been required to date with any of the City's sub-recipients.

Actions Taken to Ensure Affirmative Marketing and Outreach to Women and Minority Owned Businesses (HOME Jurisdictions)

The City of Merced continues to follow the Affirmative Marketing Policy as outlined in the Consolidated Plan and monitors compliance with the Policy by the City and participating property owners on an annual basis. The City also follows its Minority/Women's Business Enterprise Policy and Procedures as outlined in the Consolidated Plan and maintains records of participation as required by HUD on a semi-annual basis.

HOMELESS

Homeless Needs

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

1. Identify actions taken to address needs of homeless persons.
2. Identify actions to help homeless persons make the transition to permanent housing and independent living.
3. Identify new Federal resources obtained from Homeless SuperNOFA.

Program Year 1 CAPER Homeless Needs response:

As in previous years, the City allocated \$25,000 in CDBG funds to the Merced County Association of Governments (MCAG) in FY 2010. Merced County contributed an additional \$25,000. Funding from the City and County is used to cover the costs of preparing the Continuum of Care Plan and grant application. The City also contributed an additional \$10,000 to help fund the preparation of the county-wide 10-year Plan to End Homelessness. In addition to contributing funds for the preparation of these plans, the City is an active participant helping prepare and implement the plan by having a representative serve on the Continuum of Care Executive Council. The Executive Council meets monthly to discuss homeless issues, establish goals, and measure achievements.

The City does not specifically apply for funding for homeless shelters or other programs. MCAG takes the lead role in obtaining funds for the programs identified in the Continuum of Care Plan.

The Merced County Community Action Agency (MCCAA) has been operating a cold weather shelter for the homeless for over 15 years. For the majority of those years, the shelter was operating at the Armory National Guard Building on the corner of 8th and T Streets.

In 2006, construction began on a permanent shelter to be located at 1564 D Street in the City of Merced. The City contributed a total of \$300,000 toward the construction of the shelter providing \$150,000 in CDBG and \$150,000 in RDA funds for the project. The shelter opened its doors on May 27, 2008 with 62 beds available. In FY 2009 the average number of unduplicated clients served monthly was between 100 and 105 individuals. In FY 2010, the average number of clients served per month increased slightly to 116 individuals, with the largest number of clients served in July 2010. The total number of clients served in FY 2010 was 1,393. These numbers represent an unduplicated count.

In FY 2010, the shelter provided a total of 19,300 services to their clients. Over 50% of these services were provided between October 2010 and March 2011, with the highest monthly total being in March (2,019). The shelter typically sees a higher occupancy rate during the cold-weather months with the majority, if not all the beds filled. In the warmer months, the number of homeless seeking shelter is reduced, but the shelter is always filled to at least 50% capacity. However, in FY 2010, the number of clients for the month of July was the largest (144 unduplicated individuals) with November, December, and January falling slightly below that number (124, 119, and 123 respectively).

At the shelter, homeless individuals are provided meals, a place to sleep and shower, as well as facilities for laundry, storage, and a message service. Other services provided to the clients staying at the shelter include health care, mental health services, counseling, job searches and classes in a variety of educational areas.

Specific Homeless Prevention Elements

1. Identify actions taken to prevent homelessness.

Program Year 1 CAPER Specific Housing Prevention Elements response:

In late 2008, the City of Merced amended its 2008 Annual Plan and was awarded \$515,203 for the Homeless Prevention and Rapid Re-Housing Program (HPRP). This

program is focused on housing for homeless and at-risk households and provides temporary financial assistance and housing relocation and stabilization services to individuals and families who are homeless or would be homeless but for this assistance. The funds under this program are intended to target two groups facing housing instability:

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

HPRP assistance is not intended to provide long-term support for program participants. Assistance rather is focused on housing stabilization, linking program participants to community resources and mainstream benefits, and helping them develop a plan for preventing future housing instability. These funds are being used by Continuum of Care agencies to implement or continue programs to assist individuals and families who are currently homeless or at risk of becoming homeless. Refer to the following list for the names of the agencies and the funding amount they received:

Merced County Community Action Agency	\$310,000
Sierra Saving Grace	\$100,000
Love INC.	\$90,000
Total	\$500,000

The table below shows the total number of persons and households provided with financial assistance or housing relocation and stabilization services.

HPRP Assistance

	Persons	Households
Financial Assistance (unduplicated)	1384	490
Housing Relocation & Stabilization Services (unduplicated)	2012	560

Emergency Shelter Grants (ESG)

1. *Identify actions to address emergency shelter and transitional housing needs of homeless individuals and families (including significant subpopulations such as those living on the streets).*
2. *Assessment of Relationship of ESG Funds to Goals and Objectives*
 - a. *Evaluate progress made in using ESG funds to address homeless and homeless prevention needs, goals, and specific objectives established in the Consolidated Plan.*
 - b. *Detail how ESG projects are related to implementation of comprehensive homeless planning strategy, including the number and types of individuals and persons in households served with ESG funds.*

3. *Matching Resources*

- a. *Provide specific sources and amounts of new funding used to meet match as required by 42 USC 11375(a)(1), including cash resources, grants, and staff salaries, as well as in-kind contributions such as the value of a building or lease, donated materials, or volunteer time.*

4. *State Method of Distribution*

- a. *States must describe their method of distribution and how it rated and selected its local government agencies and private nonprofit organizations acting as subrecipients.*

5. *Activity and Beneficiary Data*

- a. *Completion of attached Emergency Shelter Grant Program Performance Chart or other reports showing ESGP expenditures by type of activity. Also describe any problems in collecting, reporting, and evaluating the reliability of this information.*
- b. *Homeless Discharge Coordination*
 - i. *As part of the government developing and implementing a homeless discharge coordination policy, ESG homeless prevention funds may be used to assist very-low income individuals and families at risk of becoming homeless after being released from publicly funded institutions such as health care facilities, foster care or other youth facilities, or corrections institutions or programs.*
 - c. *Explain how your government is instituting a homeless discharge coordination policy, and how ESG homeless prevention funds are being used in this effort.*

Program Year 1 CAPER ESG response:

The City of Merced has not received any ESG funds.

Please see above for information on the City's homeless shelter operated by the Merced County Community Action Agency.

COMMUNITY DEVELOPMENT

Community Development

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

1. *Assessment of Relationship of CDBG Funds to Goals and Objectives*

- a. *Assess use of CDBG funds in relation to the priorities, needs, goals, and specific objectives in the Consolidated Plan, particularly the highest priority activities.*
- b. *Evaluate progress made toward meeting goals for providing affordable housing using CDBG funds, including the number and types of households served.*
- c. *Indicate the extent to which CDBG funds were used for activities that benefited extremely low-income, low-income, and moderate-income persons.*

The table below includes the Community Development Objectives identified in the 2010 Consolidate Plan. The table also includes priority ranking giving to each objective (high,

medium, low) and an indication as to whether progress was made on that priority during FY 2010.

Objective	Priority	Progress Made
Public Facilities and Improvements (General)	Low	No
Homeless Facilities (not operating costs)	High	No
Youth Centers	Medium	No
Neighborhood Centers	Medium	No
Parks, Recreational Facilities	Medium	No
Water/Sewer Improvements	Medium	No
Street Improvements	High	No
Sidewalks	High	No
Public Services (General)	High	Yes
Crime Awareness	High	Yes
Fair Housing Activities	High	Yes
Tenant/Landlord Counseling	High	Yes
Screening for Lead-Based Paint/Lead Hazards Poison	High	Yes
Direct Homeownership Assistance	High	Yes
Rehab; Single-Unit Residential	High	Yes
Energy Efficiency Improvements	High	No
Code Enforcement	High	Yes
Planned Repayment of Section 108 Loan	High	Yes
Planning	High	Yes
General Program Administration	High	Yes
HOME CHDO Operating Expenses	High	Yes

Progress was made on many of the “high priority” objectives. However, we were unable to make progress on all of the high priority objectives. We also did not make progress on the “medium and low priority” objectives. However, as funds are available, these continue to be objectives the City will pursue to improve our community and offer opportunities to our low-income residents.

The following paragraphs provide a brief overview of the progress made on each objective.

Crime Awareness

CDBG funding (\$169,500) was provided to help pay for six police officers who form the Gang Violence Suppression Unit (GVSU). These officers target gang violence and provide education to our community, especially through our schools, on gang violence and prevention.

Some highlights of the GVSU’s accomplishments include:

- Approximately 450 arrests (more than 50% of the arrests made were validated gang members).
- Made Gang Violence Intervention presentations 9 times.
- Provided expert gang and narcotic testimony 31 times.

Because of the nature of the work done with this program, it is difficult to quantify the number of individuals or households who are served by this program. However, the Housing Program staff is currently working with the Police Department to determine ways of tracking the benefits and progress of this activity. Although we are unable to provide specific numbers or the specific areas of benefit, the activity does provide tremendous benefit to the community as a whole.

Source of Funds:	CDBG
Level of Funding	\$168,500
Clients to be served	500 (Citywide)
Total Number of Persons/Households Served:	(see explanation above)
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Suitable Living Environment
General Outcome Category	Availability/Accessibility

Fair Housing Activities/Tenant Landlord Counseling

The City provides public information, educational materials, and workshops regarding many housing issues, such as fair housing, lead hazards, housing rehabilitation, energy conservation, etc. The *2005 Consolidated Plan* will be reviewed annually and kept current through the City's budget and HUD Annual Plan processes.

The Central Valley Coalition for Affordable Housing (the Coalition) provides fair housing services, which have included the establishment of a toll-free hotline (1-888-Merced8) and the broadcasting of a fair housing commercial on local television. In FY 2010-11, the toll-free hotline, **1-888-MERCED8**, received a total of 21 calls. No calls resulted in a Fair Housing Complaint being filed with HUD.

The Coalition also hosts Fair Housing workshops to help promote Fair Housing Education. The Central Valley Coalition held 30 Fair Housing workshops at various locations throughout Merced. A total of 272 people attended these workshops.

The Coalition continued its community outreach efforts via quarterly mailings of informational flyers, newsletters, and workshop advertisements to the over 90 local service agencies, apartment complexes, and property management companies in Merced County. Central Valley Coalition also attended the City of Merced's Hispanic Heritage Celebration in September 2010, as well as the Cinco de Mayo Celebration in May 2011, distributing Fair Housing literature and answering questions to the estimated 700 attendees.

Source of Funds:	CDBG and HOME
Level of Funding	\$3,000 (CDBG) / \$8,000 (HOME)
Clients to be served	Citywide
Total Number of Persons/Households Served:	993 Persons
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Decent Housing
General Outcome Category	Availability/Accessibility

Screening for Lead-Based Paint/Lead Hazards Poison

All rehabilitation and FTHB projects undertaken with funds provided by the City of Merced Housing Program are examined for lead-based paint hazards. If any are identified, they are remediated as a part of the project. In FY 2010-11, 2 homes funded through the First-time Home Buyers program (HOME funds) and 1 home funded through the rehabilitation loan program were found to have lead-based paint. Proper abatement procedures were performed to remove the lead-based paint hazards from these homes, including clearance testing after the completion of the project. No CDBG funds were used for these projects in FY 2010-11.

Source of Funds:	HOME
Level of Funding	
Clients to be served	Low-Mod Income
Total Number of Persons/Households Served:	16 Households + 3 vacant units
Extremely Low-Income	4
Low-Income	10
Moderate-Income	2
General Objective Category	Decent
General Outcome Category	Availability/Accessibility

Direct Homeownership Assistance

Utilizing HOME, CalHOME, and NSP funds, the City provided down payment and closing cost loans to assist first time home buyers to purchase their first residence through the First Time Home Buyers (FTHB) program. The FY 2010-11 Annual Plan set a goal of assisting 5 households using HOME funds. The City exceeded that goal by funding 7 FTHB loans with HOME funds. In addition, the City funded 5 loans with CalHOME funds and 3 with NSP funds.

With the drop in housing prices within our community, the city has seen a sharp increase in the number of FTHB loans funded compared to prior years. This is a good indication that housing in Merced is becoming more affordable to lower income households.

Source of Funds:	HOME
Level of Funding	\$75,786
Clients to be served	Low-Mod Income
Total Number of Persons/Households Served:	7 Households
Extremely Low-Income	1
Low-Income	6
Moderate-Income	
General Objective Category	Decent
General Outcome Category	Affordability

Rehab; Single-Unit Residential

Loans utilizing CDBG, HOME Program Income, and RDA Housing Set Aside funds are made to rehabilitate or reconstruct substandard dwelling units. These activities constitute a scope of work that restores or replaces the dwelling unit to fully acceptable standards. This category also includes single-family new construction projects on vacant lots and emergency loans. Emergency Loans are issued to correct deficiencies in a short time frame that if left uncorrected would lead to greater deterioration or make the property uninhabitable. Examples of such activities are roof repairs and sewer line replacements. The FY 2010-11 Annual Action Plan set a goal of 5 units to be assisted under this program.

For FY 2010-11, the City didn't undertake any new construction projects. However, we have completed 2 rehabilitation projects and 2 others are still in progress. One of the projects still in progress was also a CHDO project. The City provided funds for the purchase of the home and also funded a loan for the rehabilitation of the home. Three of the projects undertaken were funded with HOME funds and one with CalHOME funds.

While the City did not fully reach our goal of assisting 5 households, we are still in negotiations for the construction of two developments that would provide 141 affordable housing units. It is anticipated that funding for these projects should be in place soon to allow construction to begin by 2012.

Source of Funds:	HOME and CalHOME
Level of Funding	\$65,074
Clients to be served	Low-Mod Income
Total Number of Persons/Households Served:	3 Households + 1 Vacant
Extremely Low-Income	1
Low-Income	2
Moderate-Income	
General Objective Category	Decent
General Outcome Category	Availability/Accessibility

Code Enforcement

The Code Enforcement Division was allocated \$240,000 in CDBG funds in the FY 2009 Annual Plan to address complaints within the City's low and moderate-income census tracts. Additional funding in the amount of \$526,276 was provided through the City's

General Fund to address the areas outside of the low and moderate-income census tracts. The *2005 Consolidated Plan* set a goal of addressing 2,000 cases/activities in the low and moderate-income census tracts per year for the next five years for a total of 10,000 cases. In FY 2010, the Division handled 5,857 separate cases that included private property nuisances and Building and Housing Code violations. In FY 2010-11, CDBG Funding supported about 44% of the Code Enforcement’s total budget. The chart and table on the page 22 shows the number of cases handled within each district in FY 2010-11. Each case is separate, so there are no duplications reflected in the numbers shown.

The entire South Merced area is considered “qualified” census tracts and at least half of Central Merced is considered “qualified.” Over 60% of the cases handled in FY 2010-11 were in central and south Merced. The number of cases in south Merced was slightly lower than expected due to an illness incurred by the Code Enforcement Officer serving that area. We anticipate an increase in the activity in the south Merced area in the next fiscal year. As with the Police Department activities, it is difficult to track the income level of the clients served. However, due to the fact that all of South Merced and a large part of Central Merced have a large population of lower to moderate income households and the number of cases handled in these areas, the City feels we are meeting the goal of serving this segment of our population.

Source of Funds:	CDBG
Level of Funding	\$240,000
Clients to be served	Low-Mod Income - Citywide
Total Number of Persons/Households Served:	See explanation above for total cases handled.
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Suitable Living Environment
General Outcome Category	Sustainability

Planned Repayment of Section 108 Loan

The City provided funding to service the Section 108 loan granted for the development of the Grove Apartments. This apartment complex is comprised on 204 affordable units. The City will continue to assist the developer with the debt service until such time as the owner is receiving enough revenue from the rental of the units to have a large enough margin to handle the debt alone. In the last few years, the City’s assistance has continually decreased. The City’s contribution for FY 2010-11 was \$158,193. The owner’s contribution was \$181,356.

Source of Funds:	CDBG
Level of Funding	\$181,356
Clients to be served	Very Low/Low-income
Total Number of Persons/Households Served:	204
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Decent Housing
General Outcome Category	Affordability

Planning

The City’s Planning and Permitting Division performs a number of CDBG eligible activities in furtherance of good community development, neighborhood revitalization, planning, and capacity building. During FY 2010-11, the division worked on the preparation of the FY 2011-12 HUD Annual Plan, and the FY 2009-10 CAPER. In addition, they are continuing to work on the City’s Housing Element update and General Plan update.

The Planning and Permitting Division also performs plan reviews for Housing Projects giving them priority review status and assists Housing staff with technical issues related to the Planning and Permitting process. Inspection Services staff also assists with inspections of Housing projects and provides technical assistance related to construction issues.

Source of Funds:	CDBG and HOME
Level of Funding	\$75,000 (CDBG) and \$30,000 (HOME)
Clients to be served	Citywide
Total Number of Persons/Households Served:	
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Suitable Living Environment
General Outcome Category	Sustainability

General Program Administration

The Housing Program staff for FY 2010-11 included the following staff members:

- 1 - Housing Program Manager
- 1 – Housing Finance Specialist
- 1 – Housing Rehab Specialist
- 1 – Secretary

The funds allotted for Indirect Admin Expense covers eligible activities performed by Housing Staff to insure the program is run efficiently. In addition, these funds cover the

costs incurred by other City Departments providing work or assistance to the Housing Program (i.e., City Attorney, Finance, City Manager, etc.).

Source of Funds:	CDBG and HOME
Level of Funding	\$105,000 (CDBG) and \$35,000 (HOME)
Clients to be served	Citywide
Total Number of Persons/Households Served:	
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Suitable Living Environment
General Outcome Category	Sustainability

HOME CHDO Operating Expenses

The City of Merced provides HOME funding to the Central Valley Coalition for Affordable Housing, which is the currently designated recipient of the CHDO set aside. Funds in FY 2010 were designated for use by the Central Valley Coalition for Affordable Housing to assist in the acquisition of an abandoned, foreclosed home that will be rented to a low-income family with an option for the family to purchase the home. Funds from the FY 2009 CHDO project were also disbursed in FY 2010 for the completion of the single-family home purchase and rehabilitation project undertaken in FY 2009. Because we don't know who will occupy this home yet, we can't report on the income level of the household receiving assistance. However, we are certain the household will be a low-income or special needs household.

Source of Funds:	HOME
Level of Funding	\$101,958 (HOME)
Clients to be served	Low-income/Special Needs
Total Number of Persons/Households Served:	1 Household
Extremely Low-Income	
Low-Income	
Moderate-Income	
General Objective Category	Decent Housing
General Outcome Category	Availability/Accessibility

2. *Changes in Program Objectives*

- a. *Identify the nature of and the reasons for any changes in program objectives and how the jurisdiction would change its program as a result of its experiences.*

The City has not changed its objectives from those identified in the 2010 Consolidated Plan. Unfortunately, due to funding, we have been unable to make progress in all the objective areas, but will continue to strive toward fulfilling each objective as outlined in the 2010-2015 Consolidated Plan.

Although the City has not fulfilled our goal to construct more affordable rental housing in FY 2010-11, negotiations are ongoing on two projects that will provide 141 units of

affordable housing. The City is confident this goal and objective will be met in the near future.

The City's overall goal to assist low-income and special needs households by providing opportunities for home ownership and low-interest rehabilitation loans remains the driving force of our program. We also place a high priority on community safety and sustainability. Any changes based on our experiences would be primarily to address the method of reporting done by sub-recipients such as the Police Department and Code Enforcement. We hope to develop a better method of tracking the number of people served and their income levels in order to better comply with HUD's reporting requirements. Due to the nature of the work done, it will be a challenge to find a way to report this information. However, these programs are extremely beneficial to our community as a whole and provide benefits to the areas of the City with the highest concentration of low-income households.

3. *Assessment of Efforts in Carrying Out Planned Actions*

a. *Indicate how grantee pursued all resources indicated in the Consolidated Plan.*

The City's primary source of funding is CDBG and HOME funds. However, we have also received funding through the following programs: CalHOME, BEGIN, NSP, and HPRP.

The City continually monitors all funding options and actively applies for funding when appropriate. The city also continues to work with developers, non-profit organizations and other agencies to leverage a variety of funds for the construction and rehabilitation of affordable housing projects and programs, opportunities for low and moderate income people to become homeowners, and assistance with rehabilitation.

b. *Indicate how grantee provided certifications of consistency in a fair and impartial manner.*

The City considers all requests for assistance submitted in writing. Requests are evaluated and taken into consideration within the guidelines of the consolidated Plan. The City of Merced certifies that it is administering the CDBG/HOME program in compliance with its Consolidated Plan and rules, regulations, and certifications required by HUD of its grantees.

c. *Indicate how grantee did not hinder Consolidated Plan implementation by action or willful inaction.*

No actions were taken to hinder the implementation of the Consolidated Plan.

4. *For Funds Not Used for National Objectives*

a. *Indicate how use of CDBG funds did not meet national objectives.*

All CDBG funds utilized met CDBG National Objectives.

b. *Indicate how did not comply with overall benefit certification.*

All CDBG Funded activities met all HUD requirements to provide an overall benefit to low and moderate income persons.

5. *Anti-displacement and Relocation – for activities that involve acquisition, rehabilitation or demolition of occupied real property*

- a. *Describe steps actually taken to minimize the amount of displacement resulting from the CDBG-assisted activities.*

No CDBG funds used resulted in the permanent displacement of individuals.

- b. *Describe steps taken to identify households, businesses, farms or nonprofit organizations who occupied properties subject to the Uniform Relocation Act or Section 104(d) of the Housing and Community Development Act of 1974, as amended, and whether or not they were displaced, and the nature of their needs and preferences.*

Not applicable.

- c. *Describe steps taken to ensure the timely issuance of information notices to displaced households, businesses, farms, or nonprofit organizations.*

Not applicable.

6. *Low/Mod Job Activities – for economic development activities undertaken where jobs were made available but not taken by low- or moderate-income persons*

- a. *Describe actions taken by grantee and businesses to ensure first consideration was or will be given to low/mod persons.*

Not applicable

- b. *List by job title of all the permanent jobs created/retained and those that were made available to low/mod persons.*

Not applicable.

- c. *If any of jobs claimed as being available to low/mod persons require special skill, work experience, or education, provide a description of steps being taken or that will be taken to provide such skills, experience, or education.*

Not applicable.

7. *Low/Mod Limited Clientele Activities – for activities not falling within one of the categories of presumed limited clientele low and moderate income benefit*

- a. *Describe how the nature, location, or other information demonstrates the activities benefit a limited clientele at least 51% of whom are low- and moderate-income.*

All activities undertaken in this reporting period benefit low and moderate income individuals.

8. *Program income received*

- a. *Detail the amount of program income reported that was returned to each individual revolving fund, e.g., housing rehabilitation, economic development, or other type of revolving fund.*

- b. *Detail the amount repaid on each float-funded activity.*

Not applicable.

- c. *Detail all other loan repayments broken down by the categories of housing rehabilitation, economic development, or other.*

Not applicable.

- d. Detail the amount of income received from the sale of property by parcel.*

Not applicable.

- 9. Prior period adjustments – where reimbursement was made this reporting period for expenditures (made in previous reporting periods) that have been disallowed, provide the following information:*

- a. The activity name and number as shown in IDIS;*
- b. The program year(s) in which the expenditure(s) for the disallowed activity(ies) was reported;*
- c. The amount returned to line-of-credit or program account; and*
- d. Total amount to be reimbursed and the time period over which the reimbursement is to be made, if the reimbursement is made with multi-year payments.*

Not applicable.

- 10. Loans and other receivables*

- a. List the principal balance for each float-funded activity outstanding as of the end of the reporting period and the date(s) by which the funds are expected to be received.*

Not applicable.

- b. List the total number of other loans outstanding and the principal balance owed as of the end of the reporting period.*
- c. List separately the total number of outstanding loans that are deferred or forgivable, the principal balance owed as of the end of the reporting period, and the terms of the deferral or forgiveness.*
- d. Detail the total number and amount of loans made with CDBG funds that have gone into default and for which the balance was forgiven or written off during the reporting period.*
- e. Provide a List of the parcels of property owned by the grantee or its subrecipients that have been acquired or improved using CDBG funds and that are available for sale as of the end of the reporting period.*

Not applicable.

- 11. Lump sum agreements*

- a. Provide the name of the financial institution.*
- b. Provide the date the funds were deposited.*
- c. Provide the date the use of funds commenced.*
- d. Provide the percentage of funds disbursed within 180 days of deposit in the institution.*

Not applicable.

- 12. Housing Rehabilitation – for each type of rehabilitation program for which projects/units were reported as completed during the program year*

- a. Identify the type of program and number of projects/units completed for each program.*

- b. Provide the total CDBG funds involved in the program.
- c. Detail other public and private funds involved in the project.

Please see the table below:

# OF UNITS	AMOUNT FUNDED FY 10/11	FUNDING SOURCE	% OF MEDIAN INCOME
1	\$ 20,705.68	HOME	VACANT
1	\$ 29,740.34	HOME	0 - 30%
1	\$ 16,845.09	CALHOME	61 - 80%
1	\$ 14,628.08	HOME	61 - 80%

13. Neighborhood Revitalization Strategies – for grantees that have HUD-approved neighborhood revitalization strategies

- a. Describe progress against benchmarks for the program year. For grantees with Federally-designated EZs or ECs that received HUD approval for a neighborhood revitalization strategy, reports that are required as part of the EZ/EC process shall suffice for purposes of reporting progress.

Not applicable.

Antipoverty Strategy

- 1. Describe actions taken during the last year to reduce the number of persons living below the poverty level.

Program Year 1 CAPER Antipoverty Strategy response:

The Housing Program works closely with the City’s Economic Development Manager to ensure that affordable housing activities are properly coordinated with economic development activities to reduce the incidence of poverty.

The City’s Redevelopment Agency (now the Public Financing and Economic Development Authority) has established a project area (the Gateways Project Area) that encompasses much of South Merced. Through this project area, the City has been able to spur economic development in this area which has created jobs and opportunities for new business.

The Section 108 Loan the City received in 1997 provided funds to install infra-structure to the City’s Airport Industrial Park. By providing the infra-structure, development was able to occur on the vacant parcels with the Industrial Park. Many jobs have been created as a result of these efforts. To date, 28 of the available 44 parcels have been developed creating close to 500 jobs.

As identified in the City’s 2010-11 the City’s Economic Development Department has been working on fostering job creation through small business assistance. The city has contracted with the Small Business Development Center (SBDC) to help foster an entrepreneurial spirit within the community. The SBDC reports the following accomplishments for the period of January to June 2011:

- 28 City of Merced clients received 87 hours of no-cost SBDC consulting.
- 19 training events offered by the SBDC had at least one City of Merced attendee.
- SBDC training events during this period were attended by 120 City of Merced persons (Individuals attending multiple events are counted at each event).
- 2 business were started by clients in Merced during this period.
- March-May '11, the Alliance SBDC ran a NxLevel Business Management course taught entirely in Spanish. Three-hour class sessions were held for 10 weeks at the Merced United Way office. 7 persons attended and graduated from this course.

The City continues to work to lure new industry to the area with an emphasis on businesses that will bring jobs to the community that have a beginning pay scale higher than minimum wage. According to the City's Economic Development Update for January 2011, Economic Development staff is working with the following clients who could potentially open their businesses in Merced providing a number of jobs to the community.

Economic Development Prospects

Type of Business	Number of Jobs
Dairy-related	30 to 40
Frozen Foods	30 to 60
Food Processing	60
Food Processing	476
Food Processing	Unknown

In 2009, the City approved an application for the construction of a Walmart Distribution Center in southeast Merced. Unfortunately, this development is in litigation originating from challenges to environmental review done for the project. The opening of this facility could create as many as 600 jobs in the City of Merced (all paying well above minimum wage). The City is hopeful this project will be able to begin construction in 2012.

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

NON-HOMELESS SPECIAL NEEDS

Non-homeless Special Needs

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

1. *Identify actions taken to address special needs of persons that are not homeless but require supportive housing, (including persons with HIV/AIDS and their families).*

Program Year 1 CAPER Non-homeless Special Needs response:

The City is currently working with the Central Valley Coalition for Affordable Housing and the Merced County Housing Authority to leverage funding for the construction of a 66 unit housing development. The development will include 10 housing units to serve transitional youth age 18 and over, adult/older women and men who are homeless or at risk of homelessness and have psychiatric disability. The City will provide funds from the following sources:

- NSP 3
- HOME FY 09-10
- HOME FY 11-12
- CHDO FY 11-12
- HOME FY 10-11

Additional funding for this project is being sought through Mental Health Services Act (MHSA) funding.

The City of Merced provides HOME funding to the Central Valley Coalition for Affordable Housing, which is currently the designated recipient of the CHDO set aside funds. Final funding for the CHDO project for FY 2009 was dispersed in FY 2010 (\$102,500 in HOME funds for the project and \$20,500 for Activity Delivery Costs). This project involved the purchase and rehabilitation of a single-family dwelling at 3403 M Street. Once the rehabilitation is complete, the home will be rented to a low-income family with an option for the family to purchase the home. The CHDO project for FY 2010 will be much the same. The Central Valley Coalition for Affordable Housing purchased another home at 3437 M Street and will be using HOME funds for the rehabilitation of the home. The home will then be rented to a low-income family with the option to purchase the home.

The City, through the use of its Redevelopment funds, has also been instrumental in providing rental housing for lower income senior citizens and the disabled. Since, 1997, the City has provided assistance to 81 disabled households through this program. However, in fiscal year 2009, none of the households assisted required handicap accessibility features. One reconstruction project that was started in FY 2008 used RDA funds to complete the project in FY 2009.

Specific HOPWA Objectives

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

1. *Overall Assessment of Relationship of HOPWA Funds to Goals and Objectives*
Grantees should demonstrate through the CAPER and related IDIS reports the progress they are making at accomplishing identified goals and objectives with HOPWA funding. Grantees should demonstrate:
 - a. *That progress is being made toward meeting the HOPWA goal for providing affordable housing using HOPWA funds and other resources for persons with HIV/AIDS and their families through a comprehensive community plan;*
 - b. *That community-wide HIV/AIDS housing strategies are meeting HUD's national goal of increasing the availability of decent, safe, and affordable housing for low-income persons living with HIV/AIDS;*
 - c. *That community partnerships between State and local governments and community-based non-profits are creating models and innovative strategies to*

- serve the housing and related supportive service needs of persons living with HIV/AIDS and their families;*
- d. That through community-wide strategies Federal, State, local, and other resources are matched with HOPWA funding to create comprehensive housing strategies;*
 - e. That community strategies produce and support actual units of housing for persons living with HIV/AIDS; and finally,*
 - f. That community strategies identify and supply related supportive services in conjunction with housing to ensure the needs of persons living with HIV/AIDS and their families are met.*
2. *This should be accomplished by providing an executive summary (1-5 pages) that includes:*
- a. Grantee Narrative*
 - i. Grantee and Community Overview*
 - (1) A brief description of your organization, the area of service, the name of each project sponsor and a broad overview of the range/type of housing activities and related services*
 - (2) How grant management oversight of project sponsor activities is conducted and how project sponsors are selected*
 - (3) A description of the local jurisdiction, its need, and the estimated number of persons living with HIV/AIDS*
 - (4) A brief description of the planning and public consultations involved in the use of HOPWA funds including reference to any appropriate planning document or advisory body*
 - (5) What other resources were used in conjunction with HOPWA funded activities, including cash resources and in-kind contributions, such as the value of services or materials provided by volunteers or by other individuals or organizations*
 - (6) Collaborative efforts with related programs including coordination and planning with clients, advocates, Ryan White CARE Act planning bodies, AIDS Drug Assistance Programs, homeless assistance programs, or other efforts that assist persons living with HIV/AIDS and their families.*
 - ii. Project Accomplishment Overview*
 - (1) A brief summary of all housing activities broken down by three types: emergency or short-term rent, mortgage or utility payments to prevent homelessness; rental assistance; facility based housing, including development cost, operating cost for those facilities and community residences*
 - (2) The number of units of housing which have been created through acquisition, rehabilitation, or new construction since 1993 with any HOPWA funds*
 - (3) A brief description of any unique supportive service or other service delivery models or efforts*

(4) *Any other accomplishments recognized in your community due to the use of HOPWA funds, including any projects in developmental stages that are not operational.*

iii. *Barriers or Trends Overview*

(1) *Describe any barriers encountered, actions in response to barriers, and recommendations for program improvement*

(2) *Trends you expect your community to face in meeting the needs of persons with HIV/AIDS, and*

(3) *Any other information you feel may be important as you look at providing services to persons with HIV/AIDS in the next 5-10 years*

b. *Accomplishment Data*

i. *Completion of CAPER Performance Chart 1 of Actual Performance in the provision of housing (Table II-1 to be submitted with CAPER).*

ii. *Completion of CAPER Performance Chart 2 of Comparison to Planned Housing Actions (Table II-2 to be submitted with CAPER).*

Program Year 1 CAPER Specific HOPWA Objectives response:

The City of Merced does not receive HOPWA funds.

OTHER NARRATIVE

Include any CAPER information that was not covered by narratives in any other section.

Program Year 1 CAPER Other Narrative response: