



City of Merced
2nd Year Consolidated Annual Performance
and Evaluation Report (CAPER)
2011-12 Program Year



2nd Year Consolidated Annual Performance and Evaluation Report (CAPER) 2011-2012 Program Year

Index

General

Executive Summary.....	1
General Questions	2
Table 1: Objectives, Outcomes and Units.....	3
Table 2: Specific Program and Project Accomplishments	5
Table 3: Expenditures	7
Table 4: Home Funded Programs	9
Overview of Home Funded Programs.....	9-12
Table 5: CDBG Funded Programs.....	12
Overview of CDBG Funded Programs	12-17
Table 6: NSP Funded Programs.....	18
Overview of NSP Funded Programs.....	18
Table 7: CalHOME Funded Programs.....	19
Overview of CalHOME Funded Programs.....	19-20
General Questions Continued.....	20-23
Managing the Process.....	23-29
Housing	29-33
Homeless.....	33-36
Community Development.....	36-45
Non-Homeless Special Needs	45
List of Exhibits	46



Second Program Year CAPER

The CPMP Second 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 year.

Program Year 2 CAPER Executive Summary response:

Change and Challenges were the two primary factors that influenced the City of Merced's Housing Division with its CDBG programs during Program Year 2. Like other cities in California, the Housing Division was influenced by the elimination of Redevelopment Agencies. While the Division operates separately, loss of the Redevelopment Agency in Merced meant the Division became the Housing Successor, responsible for intake and operations without additional support and lost one of its funding sources as Low and Moderate Income RDA funds had been used to assist with construction of multi-family units, and rehabilitation and first time home buyer loans. Staffing underwent change due to budget challenges and turnover. With exception of the Housing Finance Specialist, all other staff members were replaced due to turnover, retirement and/or budget cuts. Taking on new positions was a Development Manager responsible for overseeing the Housing Division; Housing Specialist II, Rehab Specialist II, and Secretary II. In addition two part time positions were added; a second Secretary II and Inspector II.

Working to meet the goals outlined in the 2011 Annual Action Plan, other necessary goals were added to this very busy second year. The new list of priorities added training of all staff on current CDBG practices; preparing documents for the California Department of Finance for those properties once owned by the Redevelopment Agency; and improving monitoring, processes and procedures for CDBG and other State or Federal Programs.

This CAPER is a federally mandated document that evaluates the City's overall progress and performance in meeting the priority activities identified in its Consolidated Plan. This document is a tool used by HUD and the City to evaluate accomplishments and actions taken during the previous program year. This CAPER assesses the City of Merced's

second year of progress for the Consolidated Plan years 2010 through 2015 in completing activities identified in the 2011-2012 Action Plan and amendments for the period beginning July 1, 2011 through June 30, 2012, as well as activities that continue from prior program years.

Major initiatives and highlights proposed and executed throughout the year

With a 16.75% decrease in CDBG funds, 11.73% decrease in HOME funds, loss of the Redevelopment Agency low and moderate income funding, and new staffing in the Housing Division, the focus for 2011/12 was to work efficiently addressing the highest priorities while preparing for the 2012-13 fiscal year and improving processes and procedures within the Housing Division. A revamping of the Division was implemented in January with current programs examined and either removed from the Third Year Plan or enhanced to meet current National Objectives and Eligible Activities. Focus was two-fold, internal operations and processes; and external housing goals as set forth in the Annual Plan. Use of state and federal Neighborhood Stabilization funds remained crucial to the housing program as did CDBG and HOME funding. With a strong dedication to produce quality programs in the midst of many constraints, the Housing Division selected the following as highest priority:

- First time home buyer's assistance
- Purchase and rehabilitation of homes using Neighborhood Stabilization Program (NSP) funds
- Completion of the Housing Element
- Providing funding for Community Policing and Gang Interventions Program
- Servicing of the Section 108 Loan for the Grove Apartment complex
- Funding to ensure additional multi-family units for families of moderate to very low income
- Continued funding of the County-wide Continuum of Care Program
- Improving internal systems to decrease processing time
- Increasing training and certification for staff dealing with rehabilitation, lead based paint, and house purchases.
- Improving all state and federal program internal processes and reporting to ensure meeting the National Objectives.
- Improving Lead Based Paint Identification and Abatement Procedures
- Increasing funds to local organizations to assist with the homeless population

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.***

The focus of the 2011-12 Action Plan related to Affordable Housing was to continue to address the foreclosure issue using Neighborhood Stabilization Program (NSP) funds to purchase, rehab and resale properties to income qualified families. Seven (7) homes were purchased with NSP funds to add to existing NSP stock and a total of 11 homes were rehabbed and sold. CDBG and HOME funds were used to increase affordable housing in the community, and to service the Section 108 Loan for the Grove Apartments. Three years of CDBG set aside and HOME dollars along with the CHDO grant were used to help finance a new multi-family project, Gateway Terrace. Neighborhood Stabilization Program and HOME funds were allocated to the Woodbridge multi-family apartment project on Highway 59.

Improvements to public services, infrastructure and city coordination were also goals set into place in FY 2011-12. Accomplishments for housing and other goals attained are provided in Tables 1 and 2 below. **Table 1** shows the specific national objective, anticipated outcome, unit goals and unit accomplishments, along with the type of unit the objectives pertain to during the 2011-12 program year.

**Table 1:
2011-12
Program Objectives, Expected Outcomes, Units**

OBJECTIVE	OUTCOME GOAL #	OUTCOME	UNIT NEED	UNIT ACCOMPLISHMENTS	UNIT TYPE
A: Housing Rehabilitation, Reconstruction and Neighborhood Revitalization	1	Low interest rehabilitation or reconstruction loans to qualified home owners	5-10	9 Units Accomplished	Loans
		Purchase/Rehab of foreclosed homes	5-10	7 Homes Purchased 11 Homes Rehabbed	Purchase Costs Rehab Costs
	2	Code Enforcement Program – Promotion of building rehabilitation, reduced crime	2000	1,200 cases opened – 7,000 calls serviced 300 + Lead Based Booklets provided to families 80% or 5,600 families reside in LMI Target Census Tracts	Eligible Cases
	3	Lead Hazard Evaluation and Abatement	Unspecified	3 Loans	Loans

OBJECTIVE	OUTCOME GOAL #	OUTCOME	UNIT NEED	UNIT ACCOMPLISHMENTS	UNIT TYPE
B: New Affordable Housing Construction	1	Objective Review and Permitting	Unspecified	Unspecified	Permits
	2	Housing to Meet Special Needs (CHDO Set-Aside)	Continue to Provide Financial Assistance for Development of Housing Projects.	66 Multi-Family Units Gateway Terrace	Housing Units
	3	<u>Affordable Housing Projects</u>		75 Multi Family Units Woodbridge	Housing Units
C: Housing Affordability – Assistance Programs	1	Housing Affordability – Homebuyers Down Payment Assistance Programs	5 Down Payment Loans	13 Loans	Loans
		Rental Assistance	Loan to cover HUD 108 Loan	HUD 108 Loan to the Grove Apartments	
D: City Coordination	1	Educational Programs	Unspecified	Procedural Activity	Provides Information to the Public
	2	Fair Housing Programs	Unspecified	32 Telephone Calls Received 0 Reports filed with Fair Housing	Telephone Calls Reports
	3	Continuum of Care Plan and 10-year Plan to End Homelessness	Grant Writing Assistance to Organizations with Programs for the Homeless	Four Agencies were awarded Grant Funding totaling \$569,859	Funding
E: Improvement of Public Services	1	Gang Violence Suppression Unit to present to students to discourage participation in gangs	1000	500 Youth and 30 adults were given presentations by the Gang Violence Suppression Unit. Due to reduction in staff and time constraints on school campuses, more outreach was impossible.	Youth Reached
		Assist in arrests of those involved in gang related crimes	500	480 Gang Related	Arrests
	2	Merced Lao Family Community	Undefined	92 Total Youth 64 Males 28 Females	Youth Served

OBJECTIVE	OUTCOME GOAL #	OUTCOME	UNIT NEED	UNIT ACCOMPLISHMENTS	UNIT TYPE
F: Planning for Future Housing and Community Needs	1	Completion of the Housing Element update	1	1	Completed Report
G: Planning for Future Housing and Community Needs	1	CDBG eligible activities to further the good of community development and neighborhood revitalization	Construction of Flanagan Park.	Funding was provided and construction completed	Park

Table 2 below reflects the specific programs and projects in which the City directed CDBG, HOME and other funding allocations to meet specific objectives.

**Table 2
2011/12
Specific Program and Project Accomplishments**

OBJECTIVE	PROGRAM	FUNDING SOURCE	OUTCOME
A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization	Neighborhood Stabilization Program 1: Purchase, Rehab & Resale Program	NSP 1	Purchased: 2 Rehabbed: 11 Sold: 11 Foreclosed Homes
	Neighborhood Stabilization Program 3: Purchase, Rehab & Resale Program	NSP 3	Purchased: 5 Rehabbed: 0 Sold: 0 Foreclosed Homes
	Low interest rehabilitation/reconstruction loans to qualified home owners	CDBG HOME CalHOME	CDBG: 2 Rehab Loans HOME: 1 Rehab Loan CalHOME: 6 Rehab Loans
	Code Enforcement	CDBG	Responded to 7,000 calls, 1,200 which were opened. Redefined areas for Code Enforcement to concentrate efforts in spotting and reporting/assisting home owners/renters with FY 2012-13 Priority, Lead Based Paint.

OBJECTIVE	PROGRAM	FUNDING SOURCE	OUTCOME
Continued: A. Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization	Lead Evaluation and Abatement	CDBG	Training and Certification for Housing Rehab Specialist and Inspector in Lead Based Paint Identification and Abatement.
B: New Affordable Rental Housing Construction	Neighborhood Stabilization Program	NSP 1	Allocated \$1,300,000 to Woodbridge Allocated \$300,000 to Gateway Terrace
	Housing to Meet Special Needs	CHDO	Allocated \$90,234 to Gateway Terrace
	Affordable Housing Projects	HOME	Allocated \$1,109,766 to Gateway Terrace Allocated \$300,000 to Woodbridge
C: Housing Affordability – Homebuyers Assistance Programs	Down Payment Assistance First Time Home Buyer Program	NSP 1	9 Loans totaling \$51,421.66
		NSP 3	0 Loans
		CalHOME	3 Loans totaling \$27,096.32
		HOME	1 Loan totaling \$5,747
D: City Coordination	Fair Housing Programs	CDBG	32 Calls Received from Landlords and Tenants 0 Reports resulted in a Fair Housing Complaint being filed with HUD
	Continuum of Care (CoC) – Funding for one staff member to facilitate and organize the CoC 10-year Plan.	CDBG	Successfully received \$1,297,214 from 8 different grants for funding local homeless programs and service providers. Counted and surveyed approximately 500 homeless in Merced. Facilitated 11 Executive Council meetings and 8 General Collaborative meetings with CoC Boards toward reaching CoC goals.
E: Improvement of Public Services	Gang Violence Suppression Unit to present to students encouraging non-gang involvement	CDBG	The Gang Violence Suppression Unit presented to 500 students.
	Arrests of people involved in gang related crimes	CDBG	The Gang Violence Suppression Unit arrested 480 people for gang related crimes.
	Merced Lao Family Community	CDBG	The Merced Lao Family was able to assist 92 youth in the training of Qeej and Dance. 94 Qeej sessions and 83 dance sessions were held. Public performances included the Hmong New Year shows, Veteran Day parade and Hmong New Years Parade.

OBJECTIVE	PROGRAM	FUNDING SOURCE	OUTCOME
F: Planning for Future Housing and Infrastructure Needs	Housing Element	CDBG	Housing Element Update was completed and presented to Council
G: Planning for Future Housing and Community Needs	Restoration of Flanagan Park	CDBG	Flanagan Park Restoration Project included renovation and development of a 4 acre park in southwest Merced included the following: Playground Areas with equipment, paved basketball courts, multi-use fields, play area, picnic area, pathways and off-street parking.

Table 3 shows the 2011-12 Expenditures of the CDBG and HOME programs. The Table shows each program, funding source and number of persons served.

**Table 3
2011-12 Expenditures**

SOURCES OF REVENUE	CDBG	HOME	TOTAL	PERSONS SERVED
Previous Year Carryover	\$388,109	\$1,159,065	\$1,547,174	N/A
Annual Grant Amount	\$1,129,761	\$588,197	\$1,717,958	N/A
Program Income	\$153,124	\$100,102	\$253,226	N/A
TOTAL REVENUE:	\$1,670,994	\$1,847,364	\$3,518,358	
ADMINISTRATIVE COSTS:				
Administration, loan servicing, operation	\$436,477	\$0	\$436,477	N/A
Code Enforcement (Indirect Admin)	\$42,345	\$0	\$42,345	
AFFORDABLE HOUSING				
Multi-Family New Construction – Woodbridge	\$0	\$360,000	\$360,000	N/A
Multi-Family New Construction – Gateway Terrace	\$0	\$51,635	\$51,635	N/A
Acquisition – First Time Homebuyer Program	\$0	\$5,747	\$5,747	1
CHDO GRANT				
Housing to Meet Special Needs (CHDO)	\$0	\$18,046	\$18,046	N/A
PARKS AND RECREATIONAL FACILITIES				
Flanagan Park Improvement	\$32,438	\$0	\$32,438	City Wide
DECENT HOUSING				
Rehabilitation Projects	\$39,013	\$16,185	\$55,273	4
FAIR HOUSING				
Fair Housing Hotline/Counseling Services	\$3,000	\$8,000	\$11,000	32
HOMELESSNESS				
Continuum of Care	\$25,071	\$0	\$25,071	502

SOURCES OF REVENUE	CDBG	HOME	TOTAL	PERSONS SERVED
PUBLIC SERVICES				
Gang Unit	\$177,100	\$0	\$177,100	500
Code Enforcement	\$240,000	\$0	\$282,345	8,200
Merced Lao Family	\$7,100	\$0	\$7,100	80
COMMUNITY DEVELOPMENT				
Planning and Permitting	\$75,000	\$30,000	\$105,000	N/A
SECTION 108 LOAN				
The Grove Multi-Family Apartments	\$214,345	\$0	\$214,345	139
TOTAL EXPENDITURES:				
	\$1,291,889	\$489,613	\$1,781,502	
CONTRACTED PROJECTS				
Gateway Terrace (Under Construction HOME, CHDO and NSP3)		\$1,500,000		
TOTAL ENCUMBRANCES				
		\$1,500,000		

- b. Describe the accomplishments in attaining the goals and objectives for the reporting period.*
- c. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.*
- d. If applicable, explain why progress was not made towards meeting the goals and objectives.*

The following pages provide **Tables 4 through 7**. Each table represents a funding source and provides a breakdown of projects undertaken by the City of Merced in FY 2011.

The tables provide the Objectives for each project, amount expended, and number of households or persons served. Also included are accomplishments of projects funded with Neighborhood Stabilization (NSP) and CalHOME funding. It is important to include the results within this document as accomplishments in the City’s efforts to mitigate the effects of foreclosures to prevent further community decline and to meet the goals and objectives as outlined in the 2010 Consolidated Plan and 2011 Annual Plan.

Following each of the tables is a summary of each of those projects listed per funding source.

**Table 4
2011-12 Objectives and Outcomes
HOME Funded Programs**

HOME Investment partnership Funds (HOME) – Objectives and Outcomes	2011-12 Expenditures	Number of Persons served
Objective A: Housing Rehabilitation, Reconstruction and Neighborhood Revitalization		
Housing Rehab Loan Program	\$16,185	1
Lead Hazard Evaluation and Abatement	\$0.00	N/A
Objective B: New Affordable Housing Construction		
Housing to Meet Special Needs (CHDO)	\$18,046	N/A
Gateway Terrace Multi-Family 66-Units	\$51,635	N/A
Woodbridge Multi-Family 75 -Units	\$360,000	N/A
Objective C: Housing Affordability (Assistance Programs)		
Down Payment Assistance	\$5,747	1
Objective D: City Coordination		
Fair Housing Programs	\$8,000	32
Objective E: Improvement of Public Services		
	N/A	N/A
Objective F: Planning for Future Housing and Infrastructure Needs		
Planning and Urban Development – Housing Element	\$30,000	N/A
Objective G: Planning for Future Housing & Community Needs		
	N/A	N/A
Total HOME Allocations	\$489,613	

Objective A: Rehabilitation, Reconstruction and Neighborhood Revitalization

Housing Rehab Loan Program

This activity provides low interest rehabilitation/reconstruction loans to qualifying home owners and owners of rental properties. This activity also includes emergency loans which provide funding to repair failing roofs, inoperable sewer lines, and other emergencies regarding health and safety. \$729,992 was set aside for this program in FY 11-12 with the goal of assisting 5 to 10 low income households or renters with assistance.



Lead Hazard Evaluation and Abatement

This activity continued the requirements of the City’s Housing Rehabilitation Loan Program to ensure that rehabilitation funds are available for the inspection and

removal of lead-based paint hazards. CDBG, CalHOME and NSP funds were used to abate Lead Based Paint from four (4) home-owner occupied rehabilitated houses and nine (9) foreclosed homes purchased through the NSP Program prior to resale. This goal also included taking all the necessary steps to ensure compliance with revised federal regulations regarding lead-based paint as outlined in the 2010-2015 Consolidated Plan. In Year 2 the Housing Division dedicated funding to ensure the Rehab Specialist and Inspector were certified in Lead Based Paint Identification and Abatement. Code Enforcement Officers were contacted and target areas and a Lead Abatement Educational and Assistance Plan created for FY 2012-13. New pamphlets and outreach were created and put into place at end of Year 2.

Objective B: New Affordable Housing Construction

Housing to Meet Special Needs (CHDO Set-Aside)

The City of Merced Housing Program continues to focus on providing housing opportunities to groups with special housing needs. When created, the 2011-12 Action Plan did not have a specific project identified by the local CHDO, Central Valley Coalition for Affordable Housing. In May, 2012, the City Council approved use of the \$90,234 CHDO funds for construction costs of the Gateway Terrace Multi-Family Housing Project which will be overseen by Central Valley Coalition for Affordable Housing. This project will include construction of ten units for persons with Mental Health challenges. While CHDO funds will not finance these particular ten units, their inclusion in the project will allow 10 persons with special needs to have affordable housing.

Affordable Housing Projects

Woodbridge Multi-Family Apartments: In October of 2011, the City Council approved a loan of \$300,000 in HOME funds for the Woodbridge, 75-unit multi-family apartment complex constructed on Highway 59 near Santa Fe Road. Constructed in phases, the complex includes 10 NSP 1 units, 10 HOME units, and 55 units that will have solar provided by an Energy Efficient Block Grant. Construction is expected to be complete in December of 2012.

Gateway Terrace Multi-Family Apartments: The City approved a Resolution on September 8, 2011 approving the redirecting of \$1,109,734 from the 2009/10, 2010/11, and 2011/12 HOME Funded Housing Rehabilitation and



Reconstruction budget to the Gateway Terrace Apartment Complex and to amend the 2011 HUD Action Plan to reflect the appropriation.

A Disposition and Developers Agreement was approved in July, 2012 with escrow expected to close by the end of September, 2012. The project is for construction of a 66-unit, multi-family apartment complex. The project complies with the goals described in Objective B of the 2010-2015 Consolidated Plan, increasing the number of affordable rental housing units for Low-Income individuals. The project is slated to include 56 low income and 10 transitional housing units.

Objective C: Housing Affordability (Assistance Program)

Down Payment Assistance

Staff set aside \$100,000 for the HOME First Time Home Buyer's (FTHB) program. This program provides low interest loans to first-time, low income homebuyers. Loans would be interest free for the first five years followed by a 3% interest rate for the duration of the loan. Because the City had other funding sources available, \$95,000 was re-appropriated to Gateway Terrace apartment complex. FTHB loans were approved for households throughout the community using HOME, CalHome and NSP funds. In using these funding sources, the City was able to offer loans throughout the community. Loan amounts ranged from \$1,000 to \$15,000. In FY 11-12 a total of \$78,405 was lent to 13 new homeowners.

Objective D: City Coordination

Fair Housing Programs

A Fair Housing Hotline and Education program are provided annually by the Central Valley Coalition which oversees Merced's Fair Housing program. Funded with \$8,000 in HOME funds, this program provided 35 Fair Housing Workshops to tenants and landlords at various Merced locations, including the Housing Authority of Merced County and the City of Merced Civic Center.

A total of 503 people were counted in attendance at the Fair Housing Workshops. In addition, area residents were sent quarterly informational flyers, newsletters, and had an opportunity to attend workshops which were advertised to more than 90 local service agencies, apartment complexes, and property management companies in Merced County.

A toll-free hotline, 1-888-MERCED8 received a total of 32 calls from July 1, 2011 through June 30, 2012. Calls were from tenants and landlords with a variety of issues they needed help or advice in resolving. All calls were handled via telephone and none resulted in a Fair Housing Complaint being filed with HUD.

Objective E: Improvement of Public Services

Not Applicable to this Funding Source

Objective F: Planning and Future Housing and Infrastructure Needs

Planning and Urban Development

The City Council approved a \$30,000 HOME expenditure to assist with updating of the City Housing Element and General Plan. The Housing Element is reviewed annually by the Housing Division in determining housing needs within the community which is then used to help create the HUD Action Plan. The Housing Element was completed and approved by the City Council in November, 2011.

Objective G: Planning for Future Housing and Community Needs

Not Applicable to this Funding Source.



**Table 5
2011-12 Objectives and Outcomes
CDBG Funded Programs**

Community Development Block Grant (CDBG) Funds – Objectives and Outcomes	2011-12 Expenditures	Number of Persons Served
Objective A: Housing, Rehabilitation, Reconstruction, and Neighborhood Revitalization		
Housing Rehabilitation Loan Program	\$37,708	2
Code Enforcement	\$282,345	8,200
Lead Hazard Evaluation and Abatement	\$1,380	2
Objective B: New Affordable Housing Construction		
The Grove Apartments – Section 108 Loan	\$214,345	139
Objective C: Housing Affordability		
	N/A	N/A
Objective D: City Coordination		
Fair Housing Programs	\$3,000	32
Continuum of Care Program	\$25,071	Unknown
Objective E: Improvement of Public Services		
Public Service/Crime Awareness	\$177,100	500
Merced Lao Family Community	\$7,100	80
Total CDBG Allocations	\$748,049	

Objective A: Rehabilitation, Reconstruction, & Neighborhood Revitalization

Housing Rehabilitation Loan Program

This activity provides low interest rehabilitation/reconstruction loans to qualifying home owners and owners of rental properties. This activity also includes emergency loans which provide funding to repair failing roofs, inoperable sewer lines, and other emergencies regarding health and safety. \$307,676 was set aside for this program in FY 11-12 with the goal of assisting 5 to 10 low income households or renters with assistance.

The City of Merced completed 2 owner-occupied housing rehabilitation projects during FY 2011 totaling \$37,708.23 of CDBG funding. The City set a goal of achieving 5 to 10

rehabilitation projects with this funding source, but used other funding sources to accomplish this goal in an effort to free up CDBG dollars for other projects. The City received Neighborhood Stabilization funding to help stabilize neighborhoods hard hit by the foreclosure crisis. With these funds the City rehabilitated 11 houses making them habitable and attractive to first-time homebuyers. The City also received CalHOME funding for owner-occupied housing rehabilitation projects and provided funding for 6 housing rehabilitation projects. Total rehabilitation loans to local homeowners was 8 funded with CDBG and CalHome grant funds.

Code Enforcement Program

The CDBG program funded two Code Enforcement Officers in designated Census Tract areas to promote building rehabilitation, reduce crime and improve the overall living environment for residents of those neighborhoods. \$240,000 was budgeted for this program.

From July 1, 2011 until June 30, 2012, Code Enforcement Officers responded to and documented 8,200 calls. From those, 1,200 cases were opened. Of the 8,200 calls, 80% or 5,600 were from residents that fall within the income guidelines as outlined by CDBG. This was determined based upon address in an approved Low to Moderate Income (LMI) Census Tract.

In addition to responding to cases, Code Enforcement Officers educated residents about building rehabilitation and City programs available to financially assist renters and landlords; lead based paint hazards and City programs to help finance removal of said hazard; and provide additional information regarding health and safety issues. More than 1000 code enforcement flyers were updated and printed to reflect changes in the City's Housing Division programming. EPA flyers were given with Neighborhood Watch information packets and presented at Neighborhood Watch meetings, quarterly block leaders meetings, at City street fairs and other such public events.

Lead Hazard Evaluation and Abatement

This activity continued the requirements of the City's Housing Rehabilitation Loan Program to ensure that rehabilitation funds are available for the inspection and removal of lead-based paint hazards. The City provided \$1,380 in CDBG funds for two loans and \$1,485 in CalHOME funds for three loans to cover the cost of lead hazard evaluations and abatement.

This goal also included taking all the necessary steps to ensure compliance with revised federal regulations regarding lead-based paint as outlined in the 2010-2015 Consolidated Plan. In Year 2 the Housing Division dedicated funding to ensure the



Rehab Specialist and Inspector were certified in Lead Based Paint Identification and Abatement. Code Enforcement Officers were contacted, target areas redefined, and a Lead Abatement Educational and Assistance Plan created for FY 2012-13. New pamphlets and outreach were created and put into place at end of Year 2.

Objective B: New Affordable Housing Construction

Affordable Housing Projects

The Grove Apartments Section 108 Loan: In FY 2004, the City agreed to support the Section 108 Loan for the Grove 66 multi-family unit apartment complex if profit from the complex was unavailable. Since that time CDBG funding has been used to pay the annual HUD debt. \$330,960 was allocated for FY 2011-12.

This year the City used \$214,345 of CDBG funding to cover the Section 108 Loan. Due to an increase in revenues, The Grove was able to pay \$116,615, funds back into the CDBG account for use with other housing projects.

Objective C: Housing Affordability

Not Applicable to this Funding Source

Objective D: City Coordination

Fair Housing Programs

A Fair Housing Hotline and Education program are provided annually by the Central Valley Coalition which oversees Merced's Fair Housing program. Funded with \$3,000 in CDBG funds, this program provided 35 Fair Housing Workshops at various locations, including the Housing Authority of Merced County and the City of Merced.

A total of 503 people were counted in attendance at the Fair Housing Workshops. In addition, area residents were sent quarterly informational flyers, newsletters and had an opportunity to attend workshops which were advertised to more than 90 local service agencies, apartment complexes, and property management companies in Merced County.

A toll-free hotline, 1-888-MERCED8 received a total of 32 calls from July 1, 2011 through June 30, 2012. Calls were from tenants and landlords with a variety of issues they needed help or advice in resolving. All calls were handled via telephone and none results in a Fair Housing Complaint being filed with HUD.



Continuum of Care Plan and 10-Year to End Homelessness

The city of Merced provided \$37,500 to the Continuum of Care and 10-Year Plan to End Homelessness. These funds pay for one employee from the Merced County Association of Governments to be the organizer of the 10-Year Plan and help local organizations by applying for grants to assist with homeless services and programs. Once funds are received, local organizations are granted funds from the Continuum. Many of the grants require a Continuum of Care (CoC) be in place for eligibility.

Last year's grant recipients included:

1. Housing Authority of the County of Merced – \$283,680 2011 Shelter Plus Care Grant. This is a five year grant which provides housing vouchers and supportive services for eight (8) chronically homeless persons in the Merced region.
2. Sierra Saving Grace Homeless Project - \$76,953 Supportive Housing Project Grant. This is a one year grant which provides permanent supportive housing units for seven (7) persons with acute or chronic mental conditions/disabilities which make it impossible for them to survive on the street.
3. Community Action Agency - \$81,163 Homeless Management Information Systems – renewed grant. The Homeless Management Information System is software used by many of Merced's local homeless service providers to input information about the homeless population they work with. Any organization receiving federal funds must report homeless clients with this system.
4. Merced County Mental Health - \$128,063 for Project Home Start. This grant provides funding for permanent supportive housing to four (4) dual diagnosed, chronically homeless adults. The grant was originally awarded in 2005.

The 10-year Plan approved by the Merced County Association of Governments included recommendations for ending homelessness in Merced County. Below is an overview of Recommendations met this year:

A. Obtain HUD Veterans Affairs Supportive Housing (VASH) Vouchers.

The Housing Authority of the County of Merced received 25 vouchers to support 25 veterans find and maintain permanent housing. HUD provides a Housing Choice Section 8 Voucher and the VA provides case management and support for veterans transitioning from homelessness to permanent housing. To date three (3) veterans are housed and seven (7) have vouchers and are searching for housing. The Veterans Administration also hired a Licensed Clinical Social Worker to provide the case management from the Veterans Community Based Outpatient Clinic located on 340 E. Yosemite Avenue in Merced.

B. Work with the County Department of Mental Health (DMH) to increase funding for 10 additional persons who are chronically homeless and have other disabling conditions.

The DMH currently provides funding for 50 homeless persons with mental illness who are often chronically homeless with its Assertive Community Treatment (ACT) program. Because of the request by the Continuum, 10 additional persons have been added to the program.

C. Street Count.

Approximately 50 volunteers identified 338 homeless living on the streets in Merced County. Another 164 homeless were identified as living in shelters. Of those in shelters, 13 were children.

Objective E: Improvement of Quality and Quantity of Public Services

Public Service/Crime Awareness

The Gang Violence Suppression Unit was granted \$168,500 to provide partial funding to officers in the unit responsible for working with students to promote anti-gang involvement. This program had consisted of six additional police officers funded through a Federal Police Grant. With budget cuts two School Resource Officer (SRO) positions were eliminated and the program streamlined to include only high school students.

Officers involved in the SRO program gave several presentations to more than 1,000 students about anti-gang behavior. Two officers were also involved in the Re-direct Program which does presentations to parents with youth involved in gangs. Re-direct is designed to assist parents help their children stop gang behavior. Re-direct was able to reach 300 parents with children.

The Gang Violence Suppression Unit (GVSU) also conducted 9 presentations as the GVSU to students and neighborhood watch meetings. Presentations are not only for students and juveniles, but the public at large. Approximately 500 youth were given presentations.

The police department's GVSU was responsible for more than 1,000 arrests last year on gang affiliated subjects and 500 arrests of gang members. It should be noted while the SRO and GVSU programs are designed to help eliminate gang membership, AB109 – an early release program for criminals with lesser punishments – has created additional gang activity in Merced. Increased gang arrests are anticipated for FY 2012-13.

Merced Lao Family Community

The Merced Lao Family Community received \$7,100 to provide for two programs aimed at primarily reaching Southeast Asian at-risk youth ages 10-18. The program revolves around two Southeast Asian cultural art forms, learning to play the Qeej, a traditional Hmong musical instrument, and learning to dance.



During FY 2011-12, 92 youth were registered with the program which featured 94 Qeej class sessions and 83 dance sessions. Youth participated in 16 public shows, 12 of which were Qeej and 4 of which were dance. Shows were throughout the Central Valley and included the Hmong New Year Celebration, Mental Health Awareness Day, community weddings and other such events.

Of those enrolled in the program, 55 were males learning Qeej and 9 learning dance, and 28 girls were enrolled for dance sessions. The majority of youth enrolled come from large households that meet CDBG low income standards.

Objective F: Planning for Future Housing and Infrastructure Needs

Not Applicable to this Funding Source

G: Planning for Future Housing and Community Needs

Restoration of Flanagan Park

Flanagan Park Restoration Project included renovation and development of a 4 acre park in southwest Merced. The project included new playground areas with equipment, paved basketball courts, multi-use fields, play area, picnic area, pathways and off-street parking.

The project began in 2002 and used multiple CDBG funding years. More than \$180,000 of CDBG funds was used through the years, with \$32,438 funded in FY 2011/12.



**Table 6
2011-12 Objectives and Outcomes
NSP Funded Programs**

Neighborhood Stabilization (NSP) Funds – Objectives and Outcomes	2011-12 Expenditures	Number of Persons Served
Objective A: Housing, Rehabilitation, Reconstruction		
Neighborhood Stabilization Program (1)		
Acquisition Costs	\$178,027	N/A
Rehabilitation Costs	\$389,622	N/A
Maintenance Costs	\$86,870	N/A
Gap Lending – First Time Home Buyer	\$63,775	11
Administrative and Activity Delivery Costs	\$125,970	N/A
Neighborhood Stabilization Program (2)		
Acquisition Costs	\$417,503	N/A
Rehabilitation Costs	\$0	N/A
Maintenance Costs	\$1,112	N/A
Gap Lending - First Time Home Buyer	\$0	N/A
Administrative and Activity Delivery Costs	\$144,142	N/A
Objective B: New Affordable Housing Construction		
Woodbridge Construction Loan	\$1,300,000	75
Total NSP Funds Spent in FY 2011/12	\$2,643,246	86
NOTE: There are Only Two Objectives Met with NSP 1 and 3		

Objective A: Housing, Rehabilitation, Reconstruction

The Housing Division purchased, rehabilitated, and resold foreclosed homes with funding from the Neighborhood Stabilization Program (NSP) 1 and 3. Allocation of these funds for this purpose allowed the use of CDBG and HOME funding for other programs within the Annual Plan. It should be noted that homes purchased with NSP funding must be foreclosed homes vacant at least 90 days.

In FY 11-12, \$844,263 was used in NSP 1 to rehabilitate and resale and to assist First Time Homebuyers acquiring foreclosed homes. Another \$561,601 was used from NSP 3 to purchase five (5) homes. Of the homes purchased, one is currently being rehabilitated and the others will be rehabilitated in the order in which they were purchased.

A total of 11 first-time home buyers received gap funding loans with NSP 1 funding.

Objective B: New Affordable Housing Construction

A special allocation of \$1.3 million was used to help construct the Woodbridge multi-family unit apartment complex off of Highway 59 at Santa Fe. Funding from NSP 3 financed 10 of the 75 units that are being constructed. Construction will be completed by late December, 2012.

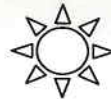


Table 7
2011-12 Objectives and Outcomes
CalHOME Funds

CalHOME Funds – Objectives and Outcomes – Affordable Housing	2011-12 Expenditures	Number of Persons Served
Objective A: Housing, Rehabilitation, Reconstruction		
Down Payment Assistance – First Time Home Buyer	\$27,096	3
Rehabilitation	\$81,872	6
Total CalHome Allocations	\$108,968	9
NOTE: There is Only One Objective Met with CalHOME Funding		

Objective A: Housing, Rehabilitation, Reconstruction

The City of Merced provided three (3) low-interest loans to first-time low-income home buyers. According to CalHOME protocol, these loans are deferred for 30 years making this program very affordable for low income first time home buyers.

The city of Merced also provided six (6) low-interest housing rehabilitation loans to low-income homeowners. The loans are also deferred for 30 years.



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

With a new slate of personnel and leadership, the Housing Division met with HUD representatives, sent staff to CDBG and HOME trainings, looked at past practices, reviewed the 2011-12 Action Plan and determined changes were needed with some of the programs listed in the Consolidated and 2012-13 Action Plan.

Funding to internal departments was streamlined and only those programs that meet the National Objective were put into place. This resulted in increased funds for local non-profit organizations to apply for Public Service funding. The Planning and Urban Development Departments were removed from the Action Plan and Police Officer funding was reduced. Meetings with Code Enforcement resulted in a plan with newly designated targeted income areas and a program to help reduce lead based paint. The Police Department program was revamped to concentrate on reduction of graffiti with outreach to local youth in low income targeted neighborhoods.




Reporting and time card practices were improved and a Cost Analysis Plan was budgeted to identify only those items that are allowable and a true cost analysis for the new fiscal year.

Internally, all practices have been looked at and revamped for more effective practices and in some areas, to align practices with HUD guidelines. Continued training has been budgeted and will continue as CDBG and HOME continue to update rules and regulations on a bi-annual basis.

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 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
-  Inadequate fair housing enforcement program

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

Lack of an effective multi-lingual mortgage counseling program

While there had been a credit counseling program for families facing foreclosure offered at the Central Valley Coalition for Affordable Housing, the City's Fair Housing agency, budget cuts resulted in the elimination of that position in smaller communities.

While first time home buyers are provided a multi-lingual mortgage counseling workshop through the NSP and Cal HOME programs, there still remains the lack of a local mortgage counselor to address this impediment. Due to continued budget constraints, the City's only course of action at this time is to continue its effort to encourage mortgage counseling programs and local banks to have their mortgage counseling 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. While the City is not a provider of affordable housing, it does assist developers with affordable housing funding. In FY 2011-12, \$1.3 million of NSP 1 and \$300,000 in HOME funds were dedicated to the Woodbridge Multi-Family Apartment complex near Highway 59 and Santa Fe Road. Constructed in phases, the complex includes 10 NSP units and 10 HOME units. This complex also includes an Energy Efficient Block Grant to provide solar to 55 of the units.











Also in FY 2011-12, the Council approved a Disposition and Developers Agreement with the Central Valley Coalition for Affordable Housing providing \$1.5 million for partial funding of the Gateway Terrace Apartment development. This project will be located between 4th and 5th Streets on T Street. The agreement allows for \$1,109,766 in HOME funds to help pay for seven low income units; \$300,000 of Neighborhood Stabilization 3 funds to help pay for two units; and dedication of the \$90,234 in Community Housing Development Organization (CHDO) funds to pay for one additional unit.

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 the County of Merced 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 funding.

The City and County of Merced have taken a lead role in providing resources to the homeless in Merced by adopting the Continuum of Care Strategy to End Homelessness and by providing annual CDBG funds to support one staff member responsible for heading up the Continuum of Care through MCAG. Several positive activities spearheaded by the Continuum of Care can be found throughout this document.

During FY 2011-12 eight grants were awarded or continued through the Continuum:

-  Community Action Agency - \$81,164 for the Homeless Management Information System
-  Merced County Mental Health - \$134,466 for Project Home Start – Permanent Supportive Housing
-  Turning Point - \$248,763 for Permanent Supportive Housing
-  Community Social Model Advocates - \$115,534 for Transitional Housing
-  Merced County Mental Health - \$281,173 for Project Hope Westside-Permanent Housing
-  *Sierra Saving Grace - \$75,481 for Permanent Housing
-  Housing Authority of Merced County - \$283,680 for Eight Shelter Plus Care Vouchers
-  *Sierra Saving Grace - \$76,953 for Permanent Housing

*Program not yet in operation

5. Leveraging Resources

a. Identify progress in obtaining “other” public and private resources to address needs.

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 fiscal 2011-12 the City worked with two private developers to build two multi-family apartment complexes, Woodbridge Apartments and Gateway Terrace. Tax credits, CDBG, Neighborhood Stabilization and HOME funds were used to build 141 units which will house low to moderate income families as well as ten units at Gateway dedicated to homeless with mental health issues.

The Woodbridge project is funded and currently under construction with a December 31, 2012 completion date. The Gateway Terrace project was approved by the City Council in FY 2011-12 with groundbreaking expected in FY 2012-13.

b. How Federal resources from HUD leveraged other public and private resources.

Funding is leveraged with money from cities throughout Merced County to provide a Continuum of Care plan for the City and County. The Continuum, operated by the Merced County Association of Governments, is the lead agency working with other organizations within Merced with the goal of helping, servicing, and eventually ending homelessness in the Merced County area. City funding helps pay for staff time and that staff member is responsible for assisting organizations with grant writing, providing a meeting place for board meetings and organizational meetings, and as a resource with information on all local service and non-profit entities assisting the homeless.

NSP 3 funding was combined with HOME dollars and private funds to pay for construction of the Woodbridge multi-family apartment complex. In the same manner, federal dollars will be combined with private funds for construction of the Gateway Terrace multi-family apartment project.

c. How matching requirements were satisfied.

There were no programs requiring match funds in FY 2011-12.

Managing the Process

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

With new staffing in the housing division, training has been essential to bringing staff up to HUD requirements and ensuring programs are in compliance. Staff have met with department heads who received funding in FY 2011-12, looked at current programs and procedures, then identified those programs and funding that meet the National Objectives and those that are no longer compliant. The 2012-13 Annual Action Plan contains new programs and includes new local service and non-profit organizations, all of which meet the National Objective and are in compliance. Continued training, monitoring and revamping to meet compliance regulations is now a regular practice.

Citizen Participation

1. Provide a summary of citizen comments.

N/A

- 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.***

The availability of the FY 2011 CAPER and a request for comments was publicly noticed in the following ways:

- 1) Notices were posted at the Merced Civic Center, Merced County Library and Golden Valley Health Center in September and October, 2012.
- 2) Public Notices were published in the Merced County Times.
- 3) Public Notice was uploaded for public viewing on the City's Housing Division website.

A Public Hearing was held before the City Council on November 5, 2012. Additional information requested is attached to the CAPER as Exhibit G.

Institutional Structure

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

With the Housing Division relocated to a different department and only one staff member remaining after the reorganization, Housing's top priority was to reassess policies and procedures, complete current projects, train staff on various programs, and re-establish working relationships with our various grant representatives. Additionally, new staff members worked closely with internal departments to ensure grant compliance, cooperation, and at the same time ensure all programs were effective.

Monitoring

1. Describe how and the frequency with which you monitored your activities.

Staff spent more than two months evaluating programs by reviewing objectives, goals, and relevance to the National Objectives. While no on-site visits were made to public activities, all programs were reviewed and program heads interviewed to determine if those objectives would remain as part of the City's activities for FY 2012-13. This review included a look at reporting, financial reporting, and determination if the activity met its goals and objectives.

With a new staff on board, training of how to monitor housing was established and visits were made to housing projects such as The Grove as well as all houses being purchased, rehabbed or sold. New policies were set into place for monitoring housing stock and decisions made when rehabilitation is necessary.



2. Describe the results of your monitoring including any improvements.

Monitoring of activities revealed a need for more on-site visitation and improved reporting procedures. Staff created example financial databases, invoice cover sheets, time tracking sheets, and an example of what a written report should look like. These items will be used for the FY 2012-13 orientation meeting with agencies receiving activity funding.

Policy changes include on-site visits with monitoring reporting sheets. Monitoring will be done for every activity at least once per year, every house at least five times during possession by the city, and housing projects at least once per year.

Self Evaluation

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

The Lao Family Community program for youth has been successful in keeping 80 plus youth away from gang activity. Classes on a regular basis requiring dedication and practice, has proven effective in providing "other" alternatives to negative behavior. This program includes cultural training with historical information

regarding the dance and music. With a large Asian population in Merced, this program has effectively assisted youth in finding a positive alternative to gang involvement.

The Drug and Gang Task Force has been effective in assisting youth with their decision making regarding gang involvement. Officers on school sites, in community groups, and with parental groups provide information about the consequences of gang involvement. These officers were also instrumental in removing gang activity during FY 2011-12 in designated areas of the community.

The Code Enforcement program was effective in reaching the community about health and safety issues pertaining to their homes, helping to promote lead based paint education to the community at community events and while making home visits, and helping to promote healthier neighborhoods with various programs, informational pamphlets and brochures, as well as one on one visits.

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

Meeting with the public in FY 2011-12 was essential in working toward meeting the community's vision for Merced. Staff went through the Consolidated Plan and Annual Action Plan then met with the public to ask what could be done to further meet those goals and objectives outlined in both plans. Revamping of policies and procedures, better outreach to organizations seeking funding for activities, and ensuring all funding sources went to programs and activities that meet National Objectives was crucial in helping to meet priority needs. More than 10 organizations applied for funding for FY 2012-13 and seven were selected for funding. Following those goals of the Consolidated Plan these activities and programs align with specific objectives designed to help make the 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.

HOME, CDBG, Cal-HOME and Neighborhood Stabilization funds were used to purchase and rehab foreclosed stock within the community or assist with low interest loans to families with homes in need of rehabilitation. All buyers or owners of these properties are qualified low or moderate-income persons. A total of seven (7) homes were



purchased through the NSP program for resale to qualified families; two (2) loans for housing rehab were provided using CDBG dollars; one (1) lead-based paint loan was provided using CDBG funds; six (6) homes were rehabbed with Cal-HOME loans, and one (1) home was rehabbed with a HOME loan.

The City provided \$3 million to multi-family projects that will provide 141 low and moderate-income units to families in Merced over the next two years. The Woodbridge Apartment Complex will have 75 units and is scheduled to be completed December 31, 2012. The Gateway Terrace Apartment Complex will have 66 units and is expected to begin construction in the fall of 2012.

While no funds were directly provided for economic development, funding toward the smaller housing projects provided employment for more than 20 contractors and construction workers as well as a minimum of 6 jobs for those working in the termite inspection, alarm, and lawn care industries. Several more jobs were created with construction at the Woodbridge complex and will be hired with construction of the Gateway Terrace project.

d. Indicate any activities falling behind schedule.

It was hoped the Gateway Terrace project would have started earlier in FY 2011-12 however it took until April for all funding mechanisms and contracts to be completed and ready for adoption by the Council. Once funding from the City was approved, escrow was opened, and closed just after the beginning of FY 2012-13.

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

Because of the overhaul of the Housing Division, activities and strategies were focused on understanding programs, national objectives, allowable activities and programs, processes and policies. Training, reading of HUD, CDBG, and City manuals, taking online and open training courses, and meeting daily as well as



weekly with staff has made a huge impact on moving the City's programs to meet identified needs. More community meetings were held to gain input and educate the public about programs and allowable activities. Screening and reporting documents were revamped and implemented. Housing rehab and purchase policies were improved to insure compliance in lead based paint and termite inspections, and streamlined so inspections are done with work

completed during the rehabilitation period so homes purchased can be rehabbed and sold at a faster pace. Outreach to banks, contractors, realtors, and the building exchange also helped to streamline housing programs from purchase to rehab to sale.

f. Identify indicators that would best describe the results.

The 2012-13 Annual Plan contains only programs and activities that meet the National Objectives. Less funding has been dedicated to internal programs which allowed more than \$50,000 to be used by local organizations that address one of the Consolidated Plans priority areas, homelessness.

The City's Housing Division Policy Manual is also an indicator of success as policies now contain language addressing lead base paint, termite inspection, monitoring, reporting, financial reporting, and processes for creation of the Annual Plan and CAPER.

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

Loss of the Redevelopment Agency and staff created turmoil in the Housing Division as well as a loss of revenue for housing projects. That said, staff has moved forward to meet the challenge and has worked to streamline, identify challenge areas and solutions, and overhauled an outdated process to create one that is efficient, effective and meets National Objectives.

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

All major goals are on target and will be undertaken in FY 2012-13, 2013-14, and 2014-15.

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

Staff continues to identify strategies and activities that will mean improvement in the Division. Working with Neighborhood Stabilization Technical Assistants has been beneficial in understanding and improving the NSP programs and, in turn, implementing those changes in CDBG, HOME and Cal-HOME programs. It is the belief of this Division that continual assessment is crucial to a successful program and activity oversight.

Lead-based Paint

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

Staff reviewed former lead-based paint procedures then, working with internal and external experts in the field, revamped the process to ensure the Housing Division Inspector and Rehab Specialist are lead based paint certified; that all certification of inspectors hired are up-to-date, and to include lead-based paint outreach from the Code Enforcement Division. Educational brochures and an outreach plan were put into place for FY 2012-13 while certification of staff took place in FY 2011-12.

Staff members anticipate radio announcements in FY 2012-13 to help educate the public about lead-based paint and will continue to review current outreach and detection to ensure a reduction in this area.

HOUSING

Housing Needs

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

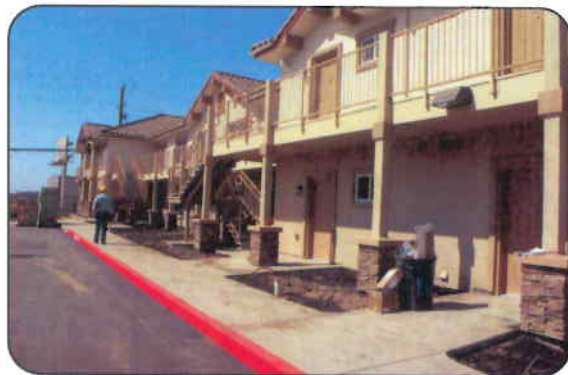
The City continues to promote and maintain affordable housing through the following programs:

- Neighborhood Stabilization Program 1 & 3 (Federal and State): During this reporting period, 7 homes were acquired, 11 rehabilitated and the 11 resold to households as follows:

- Below 50% AMI 1 Households
- 51% - 80% AMI 5 Households
- 81% - 120 AMI 5 Households

- CDBG – Homeowner Rehabilitation: During this reporting period, 3 homes were rehabilitated to households as follows:

- Below 50% AMI 2 Households
- 51% - 80% AMI 1 Households



- Woodbridge Apartments – This development began construction in November of 2011. The development constructed 75-Units and is about 75% completed. City Housing provided \$1,300,000 of NSP and \$300,000 of HOME funds to assist with construction of the project.
- Gateway Terrace Apartments –This development will begin construction in the winter of 2012. The development is proposing to construct 66-Units. City Housing provided \$1,200,000 of HOME and \$300,000 of NSP funds to assist with construction of the project.



➤ The Grove Apartments - In 2004, the City provided a Section 108 Loan to assist with the development of 204 affordable units. The development was completed and continues to provide affordable units to qualified households. The City will continue to provide support until the project is able to support the required payments to clear the Section 108 Loan.

➤ Additionally, the City assists low – income homeowners and First Time Homebuyers with a non CDBG funding source. The CALHome 06 Grant is with the California Department of Housing and Community Development. During this reporting period, 6 homes were rehabilitated to households as follows:

- Below 50% AMI - 1 Households
- 51% - 80% AMI - 5 Households

Specific Housing Objectives

- 1. Evaluate progress in meeting specific objectives 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.***

The City of Merced continues making progress toward meeting the goals and objectives of the Consolidated Plan and Action Plan. Using the Housing Element and tracking purchases of homes through the NSP program, staff work to ensure housing needs in extremely low, low and moderate-income areas are identified and steps taken to create or identify supply. CalHOME funds are used for extremely low-income applicants due to the 30-year loan deferral criteria. NSP meets the needs of moderate-income and low income families. In addition, new multi-family housing projects provide housing for families in each of the three income areas.

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.*

The City of Merced provides homebuyers the opportunity to acquire a home through the NSP and CALHome programs; provide homeowners the ability to rehabilitate their homes through CDBG and CALHome programs; and provides renters with new affordable housing opportunities through the CDBG, HOME and NSP programs. Participants in the NSP and CALHome programs were able to obtain a second mortgage with underwriting guidelines as outlined in the City's First Time Homebuyer Program, which meets Section 215 definition of affordable housing.

3. *Describe efforts to address "worst-case" housing needs and housing needs of persons with disabilities.*

Worst-Case housing needs are defined as low-income renter households who pay more than half their income for rent, live in seriously substandard housing (including homeless people) or have been involuntarily displaced.

The City continues to review and analyze how it can better meet the needs of the underserved and address "worst case" housing needs through its affordable housing program, supportive services, Continuum of Care and the Fair Housing services offered through Central Valley Coalition for Affordable Housing.

Loans to landlords to improve housing for those families living in seriously substandard housing are available with CDBG funding. The Code Enforcement Program provides an on-the-street look at substandard housing and provides contact to the Housing Division with owners and/or landlords that might be interested in this type of rehab program.

CDBG funds were also allocated for FY 2012-13 to organizations hoping to assist those families in threat of eviction due to lack of rental income.

Public Housing Strategy

Not Applicable to the City of Merced

HOME/ American Dream Down Payment Initiative (ADDI)

Note: American Dream Down Payment Initiative is not part of the City of Merced Housing Division's Programs.

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.***

In the 2011 Annual Plan, the City set a goal of serving 5 households with HOME funds for down-payment assistance. As shown in table 2 we were able to provide 13 FTHB loans using various funding sources. Of this number, 1 loan was funded with HOME funds. This number exceeds our goal by 5 loans.

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.**

HOME Match Report attached to the CAPER as Exhibit D

It should be noted, the City of Merced is a designated fiscal distress community and not required to provide a match for HOME funding. The match balance showing on the HOME report, of \$25,396,716 is carry-over from FY 1996-2005. These are not actual dollars, rather non-federal funds spent on local housing and/or public structure projects that can be shown match funds.

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).**

MBE and WBE Report attached to the CAPER as part of the Annual Performance Report as Exhibit C.

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.**

On-Site Inspections of Rentals

A non-official inspection was made of the Grove multi-family apartment complex by the new Development Manager and Housing Specialist II. Observations were made and noted with plans to return to the site officially in December, 2012.

Affirmative Marketing

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.

Outreach to Women and Minority Owned Businesses (HOME Jurisdictions)

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

1. Identify actions taken to address needs of homeless persons.

Funding to Continuum of Care

The City of Merced has used CDBG funding to pay for half of the salary of a Merced County Association of Governments (MCAG) staff member charged with overseeing the recently formed Continuum of Care.

This Continuum is a venture between cities within Merced County, the County of Merced, and local agencies serving homeless in the County.

This staff member is responsible for several activities overseen by the Continuum including facilitation of meetings, assisting with homeless counts, providing resource information to local service and non-profit organizations serving the homeless, and writing grants to ensure funding for those programs assisting the homeless population.



Below is an overview of actions by the Continuum last year as well as other entities the City works with to assist the homeless population.

Continuum of Care

Since 2003, the Continuum of Care has achieved several noteworthy accomplishments.

- The 2nd homeless connect was held in April 2012.
- Performed Annual homeless street counts since 2004.
- Mental Health Assertive Community Treatment expanded by 10 persons.
- Homeless Prevention and Rapid Re-housing monies were successfully expended by CoC participants.

Additionally, the Continuum of Care staff successfully wrote and distributed grants to help fund local agencies serving the homeless population:

- Community Action Agency - *Homeless Management Information Systems (HMIS)*

It is the role of the HMIS project to create an unduplicated count of the homeless individuals and families in Merced County system of care (including demographic traits such as age, gender, and veteran and disability status)

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

- Merced County Mental Health - *Project Home Start – Permanent Supportive Housing*

Provides four (4), dually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate.

- Turning Point - *Permanent Supportive Housing*

Provides eight (8), dually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate.

- Community Social Model Advocates - *Transitional Housing*

Provides transitional housing and supportive services for up to two years, for ten (10) women with up to six (6) children.

- Merced County Mental Health - *Project Hope Westside- Permanent Housing*

Provides ten (10), dually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate in Los Banos.

➤ *Sierra Saving Grace – 2010 Grant*

Provides six (6) chronically homeless individuals, who have disabling medical conditions, permanent housing and supportive services. This grant has yet to be used.

➤ *Housing Authority of Merced County – Shelter Plus Care Vouchers*

An award of \$283,680 (awarded in 2011 - not yet in operation) provides eight (8) shelter plus care vouchers. Along with the permanent housing vouchers, clients with these vouchers will receive supportive services from mental health.

➤ *Sierra Saving Grace – 2011 Grant*

Funding from this grant will provide seven (7) chronically homeless individuals, who have disabling medical conditions, permanent housing, and supportive services.

Central Valley Coalition for Affordable Housing

In 2011/12, the City of Merced approved a contract with Central Valley Coalition for Affordable Housing (CVCAH) for the Construction of a 66 Unit Multi-Family Residential Development using a combination of HOME and Neighborhood Stabilization Program funds. Additionally, Merced County Housing Authority partnered with CVCAH for 10 of the 66 units to be used as Transitional Housing.

Merced County Rescue Mission

The City of Merced partnered with the Merced County Rescue Mission for a Warming Center to be centrally located within the community. The warming center was to be made available to all individuals if weather required.

2. *Identify actions to help homeless persons make the transition to permanent housing and independent living.*

Each of the HUD Grantees strives to meet the national objectives of transitioning clients into permanent housing and assisting participants in obtaining employment. The Continuum of Care (COC) works with various community stakeholders to provide services to homeless individuals. In addition, the annual Project Homeless Connect event is an opportunity to connect clients with housing and employment resources, and for service providers to connect with other resources in the community.

3. *Identify new Federal resources obtained from Homeless SuperNOFA.*

Not Applicable to the City of Merced

Specific Homeless Prevention Elements

1. Identify actions taken to prevent homelessness.

The City continues a strong partnership with the Continuum of Care (CoC). Recently, the CoC worked with HUD to obtain 25 HUD-VASH Vouchers. Additionally, the staff person has work diligently to coordinate the City and other agencies' homeless services into a centralized area which can be found at <http://www.mcagov.org/coc.html>.

Emergency Shelter Grants (ESG)

The City of Merced is not an Emergency Solutions Grant (ESG) recipient/Grantee. However, the Community Action Agency, an agency in the City of Merced, did apply for funding to continue with the operation of the Emergency Shelter, which is open year round.

Not Applicable to the City of Merced

COMMUNITY DEVELOPMENT

Community Development

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.*

All CDBG funds were used to benefit very low, low, and moderate- income persons or households. The City of Merced spent 100 percent of its CDBG funds to benefit low and moderate – income individuals (minimum 70 percent required).

Housing for low to moderate income families was a major priority in the Consolidated Plan and one that was addressed successfully in FY 2011-12. With more than 144 apartment complexes approved, the City Council has ensured families a place to rent within the City of Merced.



One of the two multi-family units is near completion with the second expected to break ground in the winter of 2012.

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

- Providing More Affordable Housing for the Community:
 - Woodbridge Apartment Complex started construction in November of 2011. This complex is a 75-Unit development for Low and Very Low Income households.
 - Gateway Terrace Apartment Complex, approved in 2012, will provide an additional 66 units, ten of which will be for transitional housing.

- Assist in Providing Housing for Individuals with Special Needs:
 - All 75 – units that were constructed in the Woodbridge development are ADA compliant and can accommodate individuals with various disabilities. All the residential units in the Grove Apartments complex were constructed with features that allow these units to be easily retrofitted to accommodate individuals with special needs.

- Increase Homeownership Opportunities for Low-Income Households:
 - Through the Neighborhood Stabilization Programs, the City was able to purchase more than twenty (20) foreclosed homes, rehabilitate, and resell them to qualified first time home buyers. With the CalHome through the California Department of Housing and Community Development, the City was able to provide 30-year deferred loans to qualified first time homebuyers for the purchase of any home located within the City of Merced.

- Revitalize Low-Income Neighborhoods:
 - By purchasing foreclosed homes in various designated census tracts with Neighborhood Stabilization Program funds, the City was able to purchase some of the most dilapidated homes on the block, rehabilitate them and then resell them. This has allowed the City to slowly revitalize various neighborhoods within our community.

- Continue Efforts to End Homelessness:
 - The City of Merced continues to partner with Merced County Association of Governments (MCAG) to implement the 10-year plan to end chronic homelessness. The City has been working with MCAG for the past three years implementing this plan. MCAG has been making strides with implementation of this plan and with centralizing multiple non-profits and government agencies with coordinating their efforts and reducing duplication of services.

c. Indicate the extent to which CDBG funds were used for activities that benefited extremely- low-income, low-income, and moderate-income persons.

The use of CDBG or HOME funds during the 2011/12 program year identified programs to achieve specific goals as identified in the 5-Year Consolidated Plan. These include:

The City continues to work with various City Departments and outside developers to ensure there is sufficient supply of affordable housing opportunities within the community. When the Woodbridge Apartment Complex is completed, 75 low and very low income units will be available for qualified families. Additionally, the City approved an agreement with Central Valley Coalition for Affordable Housing in the spring of 2012 for the construction of a 66-Unit Development.

CDBG loans to low and very low income homeowners to rehab their homes for health and safety or lead based paint problems can be crucial. Families in need of these low interest loans find our Finance Specialist II is easy to work with and provides funding options when income depletes. With these loans the City assists families in finding remedies for water and sewage problems, roofing, heating and air conditioning units, termite problems and/or lead based paint problems.



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 of Merced has not changed the CDBG program and continues to use CDBG funds to provide affordable housing, safe suitable living environments and public improvements primarily for low to moderate-income families. There is always an on-going need for CDBG funds to fulfill the objectives and needs of the community.

3. Assessment of Efforts in Carrying Out Planned Actions

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

The City of Merced pursued all potential resources as indicated in the Consolidated Plan by working with developers, non-profits 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, assistance with rehabilitation, and through neighborhood preservation services.

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

The City of Merced considers all requests for assistance submitted in writing. Requests are evaluated and taken into consideration within the guidelines of the Consolidated Plan. The City 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 funded activities met the national objectives. With a new housing staff being hired to implement the activities approved for the 2011 HUD Annual Action Plan; housing staff worked with our HUD Representative to ensure all activities being funded would make the necessary adjustments to each activity to ensure compliance with HUD National Objectives, Rules, and Guidelines.

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

Not Applicable to the City of Merced

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.

While the Neighborhood Stabilization Program (NSP) activity is used to acquire, rehabilitate and resell foreclosed single-family homes and construction of new multi-family residential units, the City evaluates the vacancy of each property and follows HUD regulations in relation to relocation policies. The City allowed one income eligible family the ability to utilize the CDBG Relocation House while their primary residence was being rehabilitated by the City of Merced. The family was allowed to stay in the relocation house until the rehabilitation of their house was completed.

To assist with reduction of displacement with new purchases, lead based paint and termite inspections are ordered during the escrow process. Abatement is part of the work write-up with completion part of the requirement for future occupancy.

During rehab projects, contractors work with Housing Division staff and families to try and abatement lead based paint and/or termite areas on a room to room basis if feasible.

- 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 to the City of Merced

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

Not Applicable to the City of Merced

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

Not Applicable to the City of Merced

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

Not Applicable to the City of Merced

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.*

The City does not have a revolving loan fund.

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

The City does not have any float-funded activities.

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

The City received \$153,124 in CDBG Program Income and an additional \$100,102 in HOME Program Income for a grand total of \$253,226. In addition the City received \$116,615 in reimbursement funding from The Grove Apartment Complex for the HUD 108 Loan. The City had budgeted \$330,960 for payment of the loan, per an agreement signed prior to construction of the complex. The City paid \$214,345 of the FY 2011-12 HUD 108 Loan and the remaining balance was paid with the Grove allocation.

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

NSP1/CDBG Property Sales

- The City received program income from the resale of numerous parcels managed within the State-assisted Neighborhood Stabilization Program. The City sold 11 homes that were funded by NSP providing \$984,430 in program income.
- The City acquired one (1) house through the Deed-in-Lieu process. No program income was generated. The property will need to be rehabilitated prior to being sold. Once the property is resold, the program income generated will be reprogrammed to another CDBG Eligible Activity.

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:

Not Applicable to the City of Merced

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 to the City of Merced

- b. List the total number of other loans outstanding and the principal balance owed as of the end of the reporting period.**

LOAN PORTFOLIO						
AS OF JUNE 30, 2012						
	AMORTIZED	# OF LOANS	DEFERRED	# OF LOANS	TOTALS	TOTALS
	AMOUNT		AMOUNT		\$	#
HOUSING REHABILITATION (INCLUDES OWNER-OCCUPIED & RENTAL UNITS)	\$ 2,527,631.59	135	\$ 11,252,390.14	168	\$ 13,780,021.73	303
HOMEBUYER ASSISTANCE	\$ 394,724.34	82	\$ 506,324.90	39	\$ 901,049.24	121
TOTALS:	\$ 2,922,355.93	217	\$ 11,758,715.04	207	\$ 14,681,070.97	424

- 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.*

DEFERRED HOUSING LOAN BALANCES		
	DEFERRED AMOUNT	NUMBER OF LOANS
HOUSING REHABILITATION		
CDBG *	\$ 4,271,741.34	89
HOME *	\$ 6,911,683.34	74
CALHOME - REHAB (deferred for 30 years)	\$ 68,965.46	5
TOTAL REHAB DEFERRED:	\$ 11,252,390.14	168
HOMEBUYER ASSISTANCE		
HOME - FTHB (deferred for 5 years)	\$ 122,284.58	10
CALHOME - FTHB (deferred for 30 years)	\$ 265,785.64	14
NSP - FTHB (deferred for 5 years)	\$ 118,254.68	15
TOTAL FTHB DEFERRED:	\$ 506,324.90	39
<p>* Housing rehabilitation loan payments can be deferred if the current housing expenses exceed 30% of the gross income. When a rehabilitation loan is deferred, the financial situation of the owner is re-examined every 3 - 5 years to determine continuing eligibility for payment deferral. Deferred loans will only accrue interest for the first 10 years.</p>		

Loan terms vary from 10-55 years for repayment or until the property is sold or other circumstances occur. Loans are required to be paid in full as well if the borrower rents

the property, when in fact it should be owner occupied. The City will work with borrowers struggling to make payments through loan modifications.

- 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.***

The City had 5 CDBG and/or HOME funded homes go into default this past year for a total amount of \$71,975 being forgiven. Additionally, the City granted 1 deed-in-lieu's which the City owns. The plan is to rehabilitate and resale these residential units to qualifying CDBG eligible buyers.

- 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.***

There are no CDBG funded homes available for sale.

The two Neighborhood Stabilization Program's (NSP) properties were part of previous Substantial Amendments, and are reported under a separate cover. The City acquired two (2) NSP 1 (State) and five (5) NSP 3 (Federal) properties in FY 2011-12; and rehabilitated eleven (11) NSP 1 properties during this program year. Some of the properties rehabbed were purchased in the 2010-11 fiscal year.

11. Lump sum agreements

Not Applicable to the City of Merced

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.***

The City provided two (2) CDBG loans to home owners for housing rehab. Both housing projects were completed this fiscal year.

In addition, one (1) CDBG loan was provided for the abatement of lead based paint.

- b. Provide the total CDBG funds involved in the program.***

\$37,708 was provided for CDBG rehab loans and \$1,380 was provided for lead based paint abatement.

c. Detail other public and private funds involved in the project.

Neighborhood Stabilization Funds (NSP) enabled the City to rehabilitate 11 previously foreclosed homes. Of all the NSP homes that were rehabilitated, 11 were sold, 3 are currently on the market for sale and 4 have renovations that will be completed shortly.

Additionally, the City provided \$1,300,000 in NSP and \$300,000 in HOME Funds to assist with construction of the Woodbridge Apartment Development. The Woodbridge Apartment Development is a 75-Unit development that was funded with a mixture of Federal and State Funding Sources. The ten (10) units that were funded with NSP funds will be available for income eligible households. The three (3) units that were funded with HOME funds will be available for income eligible households in the winter of 2012.

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 to the City of Merced

Antipoverty Strategy

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

The City, in cooperative efforts, continues to work with the Continuum of Care, its partnering cities and non-profit agencies, to identify resources available to reduce the number of persons living below the poverty level and address the needs of the community.

Programs that provide funding for rehabilitation work on purchased homes, rehab work on privately owned properties, and or upkeep of newly purchased properties, allows the city to provide jobs to smaller contractors and service providers within the City. Many of the contractors bidding on jobs from the Housing Division are smaller, one to four person companies. Many contractors use credit cards to make ends meet while awaiting payment from the City. As some state, they are making it “paycheck to paycheck”. These programs allow the City to



provide employment in a depressed community as a way to assist this particular group stay above the poverty level.

In addition the City utilizes NSP 1 (State) and NSP 3 (Federal) funding sources to acquire and resell foreclosed homes and provide financial assistance for the construction of multi-family residential apartments. These efforts allow our department to assist a wide variety of households in our community that are at, or below, the area median income. Over the past year we have provided nine (9) First Time Home Buyer Loans, sold eleven (11) NSP homes, and have funded ten (10) multi-family units for households at or below the 50% AMI.

Borrowers/applicants work with either a local lending institution or the designated property management company to identify what amount of assistance these households need to allow them to qualify for the type of residential (rental or purchase) unit they are requesting.

NON-HOMELESS SPECIAL NEEDS

Non-homeless Special Needs

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).

In the winter of 2012, the City will celebrate the completion of the Woodbridge Apartment complex. This project will have 75 units ranging in size from 1 bedroom to 3 bedrooms for households at either 50% (13 - Units) or 60% (61 – Units) AMI and 1 unit is designated 120% AMI for the on-site property manager. This project will assist in addressing the needs in relation to supportive housing.

The City also worked 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 or men who are homeless or at risk of homelessness and have a psychiatric disability. Additional funding for this project is being provided by the 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. The CHDO project for FY 2011 was to assist with development of the Gateway Terrace Development.

Specific HOPWA Objectives

Not Applicable to the City of Merced

OTHER NARRATIVE

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

See Attached Exhibits:

Exhibit A: CDBG Target Map

Exhibit B: State of California HOME Annual Performance Report

Exhibit C: MBE & WBE Reports

Exhibit D: Home Match Report

Exhibit E: CDBG Grantee Performance Financial Summary (PR26)

Exhibit F: CDBG & CDBG-R Activity Summary Report (PR03)

Exhibit G: CAPER Public Hearing Notice

Exhibit H: Administrative Report and Resolution