



Fourth Program Year CAPER

The CPMP 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 4 CAPER Executive Summary response:

The primary factor that influenced the City of Merced's Housing Division with its CDBG programs during Program Year 4 was compliancy. Like other cities in California, the Housing Division was impacted by the elimination of the Redevelopment Agency. 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. The Division also 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 was reduced this year, requiring current staff to absorb the additional duties of these positions.

Working to meet the goals outlined in the 2013 Annual Action Plan, other necessary goals were added to this very busy year. The list of priorities includes continued training of staff for all programs, improving monitoring processes and procedures for all 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 fourth year of progress for the Consolidated Plan years 2010 through 2015 in completing activities identified in the 2013-2014 Action Plan and amendments for the period beginning July 1, 2013 through June 30, 2014, as well as activities that continue from prior program years.

Major initiatives and highlights proposed and executed throughout the year

With a 1% decrease in CDBG funds, 8% decrease in HOME funds, and the reduction of staffing in the Housing Division, the focus for 2013/14 was to work efficiently addressing the highest priorities while preparing for the 2014-15 fiscal year and improving processes and procedures within the Housing Division. The Division examined many of the current programs and either removed them from the Fifth Year Plan or enhanced them 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 priorities:

- First time home buyer's assistance
- Purchase and rehabilitation of homes using Neighborhood Stabilization Program (NSP) funds
- Servicing of the Section 108 Loan for the Grove Apartment complex
- Continued funding of the County-wide Continuum of Care Program
- 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 fourth-year goals and objectives:

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

The focus of the 2013-14 Action Plan relating to affordable housing was to continue to address the foreclosure issue using Neighborhood Stabilization Program (NSP) funds to purchase, rehab and resell properties to income qualified families. One (1) home was purchased with NSP funds to add to existing NSP stock, ten (10) homes were rehabilitated, and eight (8) homes were 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.

Improvements to public services, infrastructure and city coordination were also goals set into place in FY 2013-14. 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 2013-14 program year.

**Table 1:
2013-14 Program Objectives, Expected Outcomes, Units**

OBJECTIVE	OUTCOME GOAL #	OUTCOME	2013 Action Plan Goal	2010-2015 ConPlan Goal	UNIT ACCOMPLISHMENTS	UNIT TYPE
A: Housing Rehabilitation, Reconstruction and Neighborhood Revitalization	1	Rehabilitation Loan Program	10-15 CDBG, HOME, & CalHome	Policy: A-1.a 150 units over 5 Years. 30 Units per Year. Policy: A-1.b Notification to Owners	2 Units CDBG 2 Units CalHome	Loans
		Acquisition/ Rehabilitation/ Reconstruction Program City Property/NSP	6 – 10 Units		2 Units CDBG 11 Units NSP	Purchase Costs Rehab Costs
	2	Lead Hazard Evaluation and Abatement Grant	Dependent on Need and Funds Available		Staff was effectively confine or abate all NSP properties during the rehabilitation process to ensure each First Time Home Buyer received a Lead Clearance Certificate. Staff educated all contractors during the bid process about proper lead based paint removal techniques: 18 Properties.	Eligible Cases NSP Rehab CalHome FTHB's
B: New Affordable Housing Acquisition & Construction	1	Affordable Housing Projects Housing to Meet Special Needs (CHDO Set-Aside)	Continue to Provide Financial Assistance for Development of Housing Projects.	Policy: B-2 Partner with Affordable Housing Developers & Policy: B-4 Funds for New Housing Construction	4-Unit Development on Highway 59	Housing Units
	2	New Affordable Rental Housing Projects	<u>Objective:</u> On-Going		2-Unit Development located within the community. Address withheld as activity is confidential	Rental Housing Units
C: Housing Affordability (Assistance Programs)	1	Low-Income First Time Homebuyers	10 Units	Policy: C-1 Provide down payment assistance to qualifying homebuyers	10 Units – CalHome 4 Units - NSP	Single Family Residential Units

OBJECTIVE	OUTCOME GOAL #	OUTCOME	2013 Action Plan Goal	2010-2015 ConPlan Goal	UNIT ACCOMPLISHMENTS	UNIT TYPE
D: City Coordination	1	Fair Housing Programs	Unspecified Grant Writing Assistance to Organizations with Programs for the Homeless	Policy D-2: Educate the Public Regarding Fair Housing	20 Telephone Calls 152 Meeting Attendees 45 Workshops provided	Telephone Calls Reports Meetings
	2	Continuum of Care Plan and 10-year Plan to End Homelessness	<u>Objective:</u> On-Going	Policy D-4: Coordinate with County and Local Agencies to end Chronic Homeless.	Successfully received grants for funding local homeless programs and service providers. Counted and surveyed approximately 476 homeless in Merced.	Admin. Funding
	3	Graffiti Abatement	Provide Graffiti Abatement in Target Areas	Policy: E-1 Service to 326 Incidents.	All Incidents were abated by the City's Vendor	Sustainability
E: Improvement of Public Services	1	Merced Lao Family Youth Program	Undefined	Policy: E-4 Goal of Funding 2-3 programs per year.	65 Youth Registered 102 Qeej class sessions 93 Dance sessions.	Access/ Availability
	2	Merced County Rescue Mission	Undefined	Policy: E-4 Goal of Funding 2-3 programs per year.	Provide a warming center for over-night accommodations for homeless population Provided a warm shelter to 881 individuals	Homeless
	3	Valley Crisis Center Domestic Violence Program	Undefined	Policy: E-4 Goal of Funding 2-3 programs per year.	Assisted 15 Households	Access/ Availability/ Affordability
	4	Healthy House	Undefined	Policy: E-4 Goal of Funding 2-3 programs per year.	A total of 19 sessions were held, with 50 individuals attended the sessions.	Access/ Availability/ Sustainability
	5	Merced Community Action Agency	<u>Objective:</u> On-Going	Policy D-4: Coordinate with County and Local Agencies to end Chronic Homeless.	Assisted 10 Households avoid eviction	Access/ Availability/ Affordability
	6	Boys and Girls Club Summer Youth Program	Undefined	Policy: E-4 Goal of Funding 2-3 programs per year.	A total of 16 individuals participated in a total of 29 sessions held.	Access/ Availability/ Sustainability

OBJECTIVE	OUTCOME GOAL #	OUTCOME	2013 Action Plan Goal	2010-2015 ConPlan Goal	UNIT ACCOMPLISHMENTS	UNIT TYPE
F: Planning for Future Housing and Infrastructure Needs	1	Planning and Urban Development	Undefined	Policy F-3: To construct public facilities and infrastructure projects in low-income neighborhoods as needed..	N/A	N/A
	2	Public Facilities and Community Infrastructure	Undefined		N/A	N/A
G: Economic Development	1	Economic Development	Undefined	Policy G-1: Pursue finding for planning activities related to good community, neighborhood revitalization, planning, and capacity building.	N/A	N/A
	2	Business Financing Program	Undefined		N/A	N/A
	3	Improved Planning Processes	Undefined		N/A	N/A
	4	Decreased Cost of New Business/ Construction	Undefined		N/A	N/A

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

**Table 2
2013/14
Specific Program and Project Accomplishments**

OBJECTIVE	PROGRAM	FUNDING SOURCE	OUTCOME
A: Housing Rehabilitation, Reconstruction, and Neighborhood Revitalization	Neighborhood Stabilization Program 1 & 3: Purchase, Rehab & Resale Program	NSP	Purchased: 1 Rehabbed: 10 Sold: 8 FTHB Loans: 4
	Purchase, Rehab & Resale Program	CDBG & HOME	Purchased: 2 Rehabbed: 2 Sold: 0
	Low interest rehabilitation/reconstruction loans to qualified home owners	CDBG HOME CalHOME	CDBG: 2 Rehab Loan HOME: 0 Rehab Loan CalHOME: 2 Rehab Loans
	Lead Evaluation and Abatement	CDBG	Staff was effectively confine or abate all NSP properties during the rehabilitation process to ensure each First Time Home Buyer received a Lead Clearance Certificate. Staff educated all contractors during the bid process about proper lead based paint removal techniques: 18 Properties.
B: New Affordable Rental Housing Construction	Housing to Meet Special Needs	CHDO	Allocated \$260,589 to Hwy 59 (including FY 2012/13)
C: Housing Affordability – Homebuyers Assistance Programs	Down Payment Assistance First Time Home Buyer Program	NSP	4 Loans totaling \$30,118
		CalHome	10 Loan totaling \$347,300
D: City Coordination	Fair Housing Programs	CDBG	20 Calls Received from Landlords and Tenants, 152 Meeting Attendees, with no complaints filed with HUD.
	Continuum of Care (CoC) – Funding for one staff member to facilitate and organize the CoC 10-year Plan.	CDBG	Successfully received grants for funding local homeless programs and service providers. Counted and surveyed approximately 476 homeless in Merced.
	Graffiti Abatement	CDBG	326 Graffiti Incident Calls

OBJECTIVE	PROGRAM	FUNDING SOURCE	OUTCOME
E: Improvement of Public Services	Valley Crisis Center – Domestic Violence Program	CDBG	Assisted 15 Households
	Merced Lao Family Youth Program	CDBG	65 Youth Registered 102 Qeej class sessions 93 Dance sessions.
E: Improvement of Public Services (Continued)	Boys and Girls Club	CDBG	A total of 16 individuals participated in a total of 29 sessions held.
	Merced County Rescue Mission	CDBG	Provide a warming center for over-night accommodations for homeless population
	Healthy House	CDBG	A total of 19 sessions were held, with 50 individuals attended the sessions.
	Merced Community Action Agency	CDBG	Assisted 10 Households avoid eviction
F: Planning for Future Housing and Infrastructure Needs	N/A	CDBG	N/A
G: Economic Development	Economic Development	CDBG	Removed from program year per Substantial Amendments #1 and #2

Table 3 on the next page shows the 2013-14 Expenditures of the CDBG and HOME programs. The Table shows each program, funding source and number of persons served.

**Table 3
2013-14 Revenues & Expenditures
Drawn in Program Year**

Sources of Revenues & Expenditures	CDBG	HOME	TOTAL	PERSONS SERVED
Previous Year Carryover	\$217,414	\$181,144	\$398,558	N/A
Annual Grant Amount	\$940,877	\$354,406	\$1,295,283	N/A
Program Income	\$212,728	\$91,178	\$303,906	N/A
TOTAL REVENUE:	\$1,371,019	\$626,728	\$1,997,747	
ADMINISTRATIVE COSTS:				
Administration, loan servicing, operation	\$108,866	\$0	\$108,866	N/A
Indirect Administration	\$20,124	\$13,784	\$33,908	N/A
MCAG Continuum of Care	\$26,817	\$0	\$26,817	N/A
Fair Housing Services Hotline/Counseling Services	\$28,556	\$0	\$28,556	152 Total Individuals
HOME AFFORDABLE HOUSING				
Valley Crisis Center – 2 Units	\$0	\$173,953	\$173,953	2-units
Community Housing Development Organization				
Housing to Meet Special Needs – Highway 59 Housing	\$25,379	\$3,020	\$28,399	4 Units
PUBLIC SERVICES				
Graffiti Abatement	\$74,000	\$0	\$74,000	326 Graffiti Incident Calls
Merced Lao Family (Cultural Youth Program)	\$3,980	\$0	\$3,980	65 Youth Assisted
Merced County Rescue Mission (Warming Center)	\$3,700	\$0	\$3,700	881 - Individuals

Sources of Revenues & Expenditures	CDBG	HOME	TOTAL	PERSONS SERVED
Valley Crisis Center (Domestic Violence Program)	\$0	\$0	\$0	15 - Households
Healthy House (Ethnic Elders Transportation)	\$3,000	\$0	\$3,000	50 Individuals
Boys and Girls Club (Smart Moves Program)	\$0	\$0	\$0	16 Individuals
Merced County Community Action Agency (Rapid Re-Housing)	\$7,664	\$0	\$7,664	10 - Households 22 - Individuals
CDBG Affordable Housing/Rehabilitation				
128 W. 13 th Street	\$35,966	\$0	\$35,966	N/A
454 W. 8 th Street	\$16,106	\$0	\$16,106	N/A
1229 W. 10 th Street	\$395	\$0	\$395	N/A
420 Iroquois Ave	\$0	\$0	\$0	N/A
Rehab Activity Delivery Costs	\$106,804	\$0	\$106,804	4 Units Assisted
COMMUNITY DEVELOPMENT				
Economic Development	\$--	\$--	\$--	Activity Deleted
Code Enforcement	\$--	\$--	\$--	Activity Deleted
SECTION 108 LOAN				
The Grove Multi-Family Apartments	\$312,370	\$0	\$312,370	195 Units Occupied
TOTAL Expenditures	\$773,727	\$190,757	\$964,484	N/A

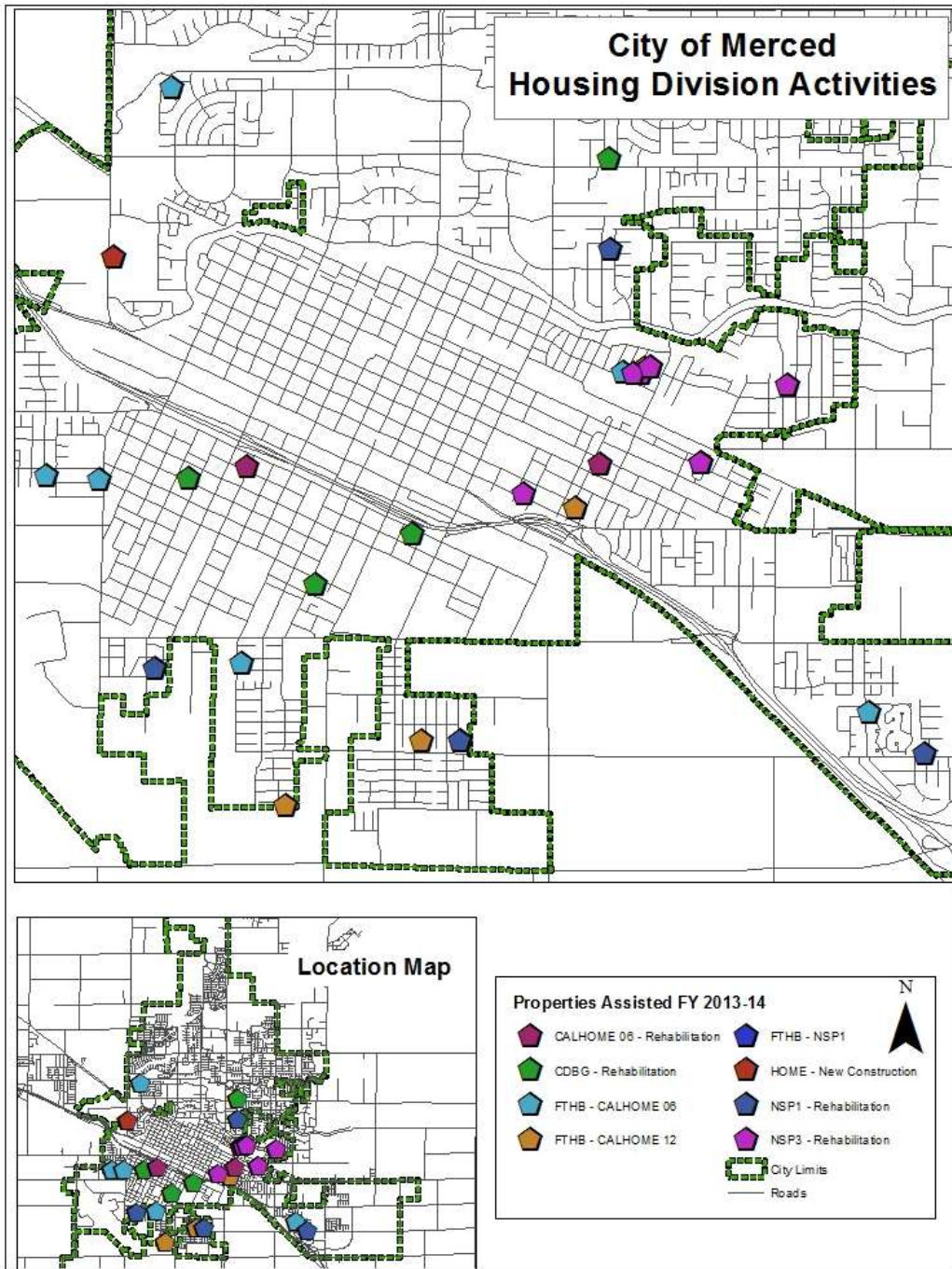
- b. Describe the accomplishments in attaining the goals and objectives for the reporting period.*
- c. Provide a breakdown of the CPD formula grant funds spent on grant activities for each goal and objective.*
- d. If applicable, explain why progress was not made towards meeting the goals and objectives.*

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 2013/14.

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, 2011 Annual Action Plan, 2012 Annual Action Plan, and 2013 Annual Action Plan.

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





**Table 4
2013-14 Objectives and Outcomes
HOME Funded Programs**

HOME Investment partnership Funds (HOME) – Objectives and Outcomes	2013-14 Expenditures	Number of Persons served
Objective A: Housing Acquisition, Rehabilitation, Reconstruction and Neighborhood Revitalization		
Administration and Indirect Administration	\$13,784	N/A
Valley Crisis Center – Duplex	\$173,953	2 - Units
Objective B: New Affordable Housing Construction		
Housing to Meet Special Needs (CHDO) – Highway 59	\$3,020	4 - Units
Objective C: Housing Affordability (Assistance Programs)		
Objective D: City Coordination		
Objective E: Improvement of Public Services		
Objective F: Planning for Future Housing and Infrastructure Needs		
Objective G: Economic Development		
Total HOME Allocations	\$190,757	

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. Housing spent \$173,953 for this program in FY 13-14 with the goal of assisting victims of domestic violence.

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 home-owner occupied rehabilitated houses and 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 4 the Rehab Specialist and Inspector were responsible for ensuring all rehabilitation projects were properly abated of lead based paint.

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 opportunities to groups with special housing needs. When creating the 2013 Annual Action Plan the project identified was the development of a four-plex located on Highway 59. The development is proposed to be constructed during fiscal year 2014/15 by Central Valley Coalition for Affordable Housing (Community Housing Development Organization). The development is a Single Family Housing Project for low-income families.

Objective C: Housing Affordability (Assistance Program)

Housing Affordability

Not Applicable to this Funding Source

Objective D: City Coordination

Not Applicable to this Funding Source

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

Not Applicable to this Funding Source

Objective G: Economic Development

Not Applicable to this Funding Source.

**Table 5
2013-14 Objectives and Outcomes
CDBG Funded Programs**

Community Development Block Grant (CDBG) Funds – Objectives and Outcomes	2013-14 Expenditures	Number of Persons Served
Objective A: Housing, Rehabilitation, Reconstruction, and Neighborhood Revitalization		
128 W. 13th Street	\$35,966	N/A
454 W. 8th Street	\$16,106	N/A
1229 W. 10th Street	\$395	N/A
420 Iroquois Ave	\$0	N/A
Rehab Activity Delivery Costs	\$106,804	4 – units

Community Development Block Grant (CDBG) Funds – Objectives and Outcomes	2013-14 Expenditures	Number of Persons Served
Objective B: New Affordable Housing Construction		
The Grove Apartments – Section 108 Loan	\$312,370	195 Units Occupied
Highway 59 (CHDO)	\$25,379	4 – Units
Objective C: Housing Affordability		
Objective D: City Coordination		
Fair Housing Programs	\$28,556	20 Calls 152 Individuals
Continuum of Care Program	\$26,817	Approx. 476
Objective E: Improvement of Public Services		
Graffiti Abatement	\$74,000	326 Graffiti Incident Calls
Merced Lao Family	\$3,980	65 Youth Registered 102 Qeej class sessions 93 Dance sessions.
Merced County Rescue Mission	\$3,700	881 - Individuals
Boys and Girls Club	\$0	16 Individuals
Valley Crisis Center	\$0	Assisted 15 Households
Healthy House	\$3,000	50 Individuals
Merced County Community Action Agency	\$7,664	10 Households 22 Individuals
Objective F: Planning for Future Housing and Infrastructure Needs		
Objective G: Economic Development		
Total CDBG Allocations	\$644,737	

Objective A: Rehabilitation, Reconstruction, & Neighborhood Revitalization

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 home-owner occupied rehabilitated houses and 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 4 the Rehab Specialist and Inspector were responsible for ensuring all rehabilitation projects were properly abated of lead based paint.

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 204 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.

This year the City used \$312,370 of CDBG funding to cover the Section 108 Loan. The Grove Apartments were not able to make a payment to the City to assist with the loan repayment.



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 \$40,000 in CDBG and HOME funds, this program provided 45 Fair Housing Workshops at various locations, including the Housing Authority of Merced County and the City of Merced.

A total of 152 people were counted in attendance at the Fair Housing workshops. In addition, area residents were sent quarterly informational flyers and 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 20 calls from July 1, 2013 through June 30, 2014. 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.

Continuum of Care Program and 10-Year to End Homelessness

The City of Merced provided \$38,000 for administration of the Continuum of Care (CoC) program and monitoring/coordination of the 10-Year Plan to End Homelessness. These funds are paid to the Merced County Association of Governments (MCAG), which serves as the Collaborative Applicant on behalf of the Merced City and County CoC. As Collaborative Applicant, MCAG coordinates CoC program delivery.

CoC is a Department of Housing and Urban Development (HUD) program term referring to the continuum of services allowing individuals to move from homelessness to emergency shelter, transitional housing, and ultimately permanent housing. Through this process, individuals in need of supportive services are provided necessary resources to address the root causes of homelessness. To be eligible for CoC homeless assistance funding, local CoCs must fulfill certain program obligations as set forth by HUD. If the local CoC is compliant with HUD requirements, they can submit a competitive application for CoC Homeless Assistance funding.

The CoC Homeless Assistance application is a document describing a community's comprehensive response to homelessness and includes homeless service provider applications for HUD CoC funding. Prior to the 2012 application period, the CoC grant application cycle was typically in November of each year; however, the 2012 application was due and submitted, in January 2013. Although the 2012 Merced City and County application ranked high enough to receive new project funding for that grant cycle, with the exception of planning funds to support CoC administration (\$8,060), no new projects were funded throughout the country because of sequestration.

The 2013-14 Notice of Funding Available (NOFA) was released on November 22, 2013 with a submission deadline of February 3, 2014. As with 2012, HUD did not provide new project funding for this application cycle. As such, the 2013-14 application was comprised of renewals only, for an annual request totaling \$534,671. During this quarter, HUD announced that all Merced City and County CoC grant submissions were awarded under the current application. This was not the case nationally, with many CoCs experiencing funding reductions.

The majority of grant funds will continue to support existing permanent supportive housing programs, as well as one transitional housing program. Funding will also be provided for the Homeless Management Information System (HMIS), which is required by HUD to remain eligible for CoC funding.

Upcoming Renewals:

- **Mental Health - Project Home Start** - \$133,885; Project Home Start provides permanent supportive housing to four dual-diagnosed, chronically homeless adults. Grant was originally awarded in 2005 and requires annual renewal.
- **Mental Health - Project Hope Westside** - \$149,097; provides permanent supportive housing to eight dual-diagnosed, chronically homeless adults. Grant was originally awarded in 2011 and requires annual renewal.
- **Sierra Saving Grace Homeless Project** - \$75,472; The program will provide seven chronically homeless, medically disabled individuals permanent housing and supportive services. This two year grant was awarded in 2011 and will require annual renewal.

- **Community Action Agency - Homeless Management Information Systems (HMIS)** - \$82,709. It is the role of the HMIS project to create an unduplicated count of the homeless individuals and families in the Merced County system of care including demographic traits such as age, gender, and veteran and disability status.
- **Community Social Model Advocates-Rose Julia Riordan Tranquility Village** - \$44,904; the program provides transitional housing and supportive services for up to two years for 10 women and up to six children.
- **Turning Point Community Programs** - \$130,144; The program provides up to 12 dually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate.

In addition, the Housing Authority of Merced County was awarded eight Shelter Plus Care vouchers under the CoC Homeless Assistance grant program to provide permanent supportive housing to persons who have experienced chronic homelessness. The vouchers were awarded in 2011 for a five year term.

10-Year Plan

The 10-Year Plan was approved by the MCAG Governing Board in May 2011. The Implementation Team (10-Year Plan Recommendation 20) was appointed by the MCAG Governing Board in September 2011. May 2014 marked the third anniversary of the 10-Year Plan. Goals to date:

Recommendation 1 - Adopt a “Housing First Model/Rapid Re-housing Approach” and begin implementing it immediately. Outcome: Model/Approach was adopted immediately.

Recommendation 2 – Obtain Shelter Plus Care Certificates. Outcome: The Housing Authority of Merced County is currently administering eight vouchers. Along with permanent housing, clients are receiving supportive services from Mental Health.

Recommendation 3 – Create Permanent Supportive Housing Units. Outcome: Merced County Mental Health opened Project Hope Westside. The program provides 8-10, individually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate in Los Banos.

Recommendation 4 - Obtain HUD Veterans Affairs Supportive Housing (VASH) Vouchers. Outcome: Housing Authority of the County of Merced received 25 HUD-VASH Vouchers – HUD-VASH Vouchers will support 25 veterans in finding and maintaining permanent housing. HUD provides the Housing Choice Section 8 Voucher and VA provides case management and support for veterans transitioning from homelessness to permanent housing. To date, the vouchers have been fully utilized. The Veterans Administration has a local Licensed Clinical Social Worker who provides the case management and works at the Veterans Community Based Outpatient Clinic located at 340 E. Yosemite Avenue in Merced.

Recommendation 8 – “...Funding to increase homelessness prevention resources will also be the focus of a funding request by the Community Action Agency to the City of Merced Community Development Block Grant Program (CDBG) by the end of the calendar year.” Outcome: Community Action Agency applied for CDBG funds and was awarded \$19,980. Fourteen families were assisted with these funds. Applying and receiving these funds also satisfies Recommendation 12 of the 10-Year Plan.

Recommendation 13 – “...Work with the County Department of Mental Health (DMH) to target Assertive Community Treatment (ACT) services to chronically homeless persons using data that documents length of homelessness and disabling conditions. Currently, the Department is able to provide funding for 50 homeless persons with mental illness who are often chronically homeless and have other disabling conditions. A request will be for funding to serve an additional 10 persons during the three months after the implementation of the 10-Year Plan. Outcome: ACT services have been expanded by Mental Health to include an additional 10 persons.

Recommendation 17 – Homeless Management Information System (HMIS) – Encourage all homeless service providers to participate in HMIS which is designed to record and store client level information concerning the characteristics and service needs of homeless persons. Outcome: Community Action Agency is the CoC’s HMIS administrator. CoC HUD grantees are required to enter data in HMIS. Currently, one non-HUD funded homeless service provider inputs in HMIS. Other non-HUD funded agencies are seeking further information to potentially participate in HMIS.

Recommendation 18 - Street Count – Outcome: The 2013 street count took place on the morning of January 22, 2014 with surveys taken over the following week. The annual county-wide homeless count and survey identifies and enumerates various sub-populations such as veterans, chronically homeless persons, families, youth, ex-offenders and others. This data helps communities understand changes in trends among homeless populations, assess programs, justify requests for additional resources, comply with HUD and other stakeholders, raise awareness, and measure community progress toward preventing and ending homelessness. The final report was completed May March 2014.

Recommendation 19 - Cost Study – Engage UC Merced or other regional university to assist in the creation of a cost study concerning chronically homeless individuals in Merced County. Outcome: A Stanislaus State University student conducted a literature review during the fall 2012

semester. The literature review provided information on the methodologies that have been used to measure the cost of homelessness for a community and evaluated the best approach for Merced.



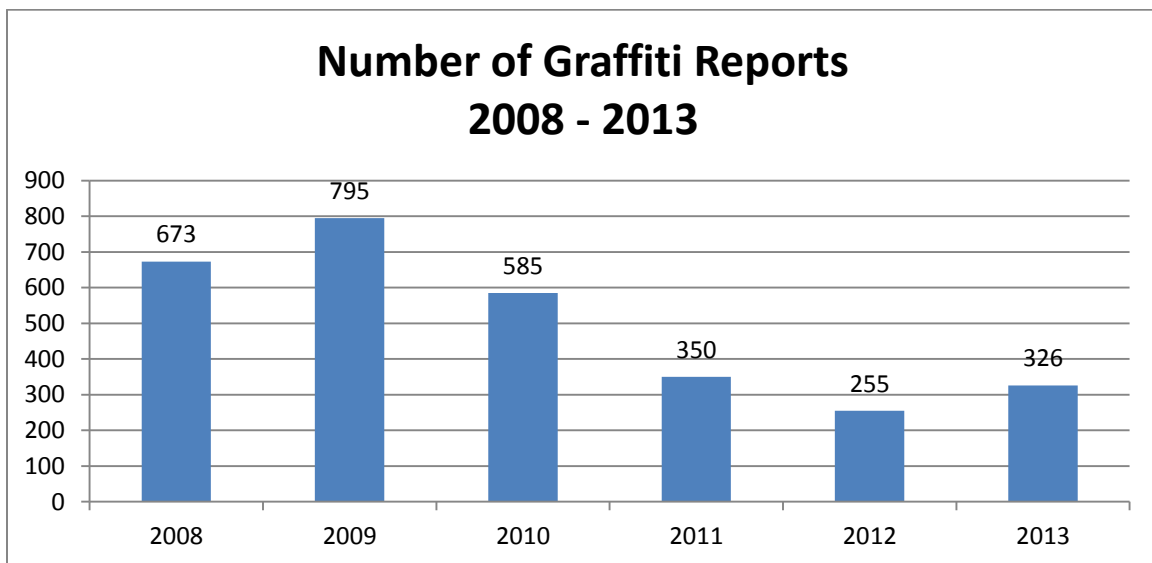
Objective E: Improvement of Quality and Quantity of Public Services

Boys and Girls Club

The Boys and Girls Club received \$6,220 to provide the youth administered Smart Moves Program. The program provided support and educated the participants the effects of drug, alcohol, and tobacco abuse. The program was successful in educating 16 youth over the course of 29 sessions.

Graffiti Abatement

The Housing Division funded \$74,000 for a program through the Development Services Department for graffiti prevention and abatement. The program partnered with a local vendor to report and remove graffiti throughout the community. In many cases, the graffiti incidents are gang-related. Once the incident is reported, law enforcement reviews the tag and determines if this incident is a one-time event or connected to gang “tagging crews.” There were 326 calls for graffiti abatement reported and over 2,341 incidents/images taken requiring abatement.



Merced Lao Family – Youth Program

The Merced Lao Family Community received \$6,980 to provide for two programs aimed at primarily reaching 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 2013-14, 65 youth were registered with the program which featured 102 Qeej class sessions and 93 dance sessions. Youth participated in various public shows in the community and surrounding areas. Shows were throughout the Central Valley and included the Hmong New Year Celebration, community weddings and other such events. The majority of youth enrolled come from large households that meet CDBG low income standards.

Merced County Rescue Mission

The Merced County Rescue Mission received \$3,700 to provide a warming center in the winter and wet weather months. The center was open from December to March for a total of 95 days. The center provided a warm place for 881 clients, of which 44 clients were repeats, there were a total of 449 men, 432 women, and 0 children served.

Healthy House

Healthy House received \$3,000 to provide senior citizens assistance with understanding medical forms, the community's transportation system, and setting up medical appointments. This program was successful in educating 50 senior citizens with chronic medical illnesses.

Merced County Community Action Agency

Merced Community Action Agency received \$10,000 to provide rental assistance to households that were behind on rent and at risk of being evicted.. This program was successful in preventing 10 households or 22 individuals from becoming homeless. Of the households that received assistance all are current with their rent and utilities.

Valley Crisis Center – Domestic Violence Program

Valley Crisis Center received \$8,314 to provide assistance to households that were victims of domestic violence. This program was able to help 15 female adults with a combined 35 children to relocate to a safe living situation; family sizes ranged from 1 child to 7 children. Of the households that received assistance, 10 were able to maintain their new safe housing situation, one (1) adult found work, and one (1) adult became a full time student.

Objective F: Planning for Future Housing and Infrastructure Needs

Cost Allocation Plan

In July 2011, the Housing Division created a Request for Proposal (RFP) for professional services consisting of a citywide cost plan and a development services and housing cost allocation plan. Staff continues to work with HUD to finalize the Cost Allocation Plan for the City of Merced.

G: Economic Development

Economic Development

The funding originally budgeted for Economic Development Activity was removed with the approval of substantial amendment #1.

**Table 6
2013-14 Objectives and Outcomes
NSP Funded Programs**

Neighborhood Stabilization (NSP) Funds – Objectives and Outcomes	2013-14 Expenditures	Number of Households Served
Objective A: Housing, Rehabilitation, Reconstruction		
Neighborhood Stabilization Programs (1 & 3)		
Acquisition Costs	\$85,305	N/A
Rehabilitation Costs	\$128,740	N/A
Maintenance Costs	\$40,367	N/A
Gap Lending – First Time Home Buyer	\$30,118	4
Administrative and Activity Delivery Costs	\$225,415	N/A
Total NSP Funds Spent in FY 2013/14	\$509,945	8 Total
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 Programs (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 and vacant at least 90 days.

In FY 13-14, \$509,945 was spent using Neighborhood Stabilization Program funds to rehabilitate and resell eight (8) homes to assist First Time Homebuyers acquiring previously foreclosed houses. Of the homes purchased with Neighborhood Stabilization Programs, six (6) are currently being rehabilitated and the others will be rehabilitated in the order in which they were purchased. A total of four (4) first-time home buyers received gap financing loans with NSP funding.

Objective B: New Affordable Housing Construction

Not Applicable to this Funding Source, as there were no new affordable housing projects this fiscal year.

**Table 7
2013-14 Objectives and Outcomes
CalHOME Funds**

CalHOME Funds – Objectives and Outcomes – Affordable Housing	2013-14 Expenditures	Number of Households Served
Objective A: Housing, Rehabilitation, Reconstruction		
Down Payment Assistance – First Time Home Buyer	\$347,300	10
Rehabilitation	\$32,045	2
Total CalHome Allocations	\$379,345	12
NOTE: There is Only One Objective Met with CalHOME Funding		

Objective A: Housing, Rehabilitation, Reconstruction

The City of Merced provided ten (10) First Time Home Buyer down-payment assistance loans and two (2) low-interest rehabilitation loans to income eligible households. According to CalHOME protocol, these loans are deferred for 30 years, making this program very affordable for low-income households.

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

Despite the loss of personnel, the Division continues to educate the remaining staff by sending them to CDBG and HOME trainings, look at past practices, explore community partnerships, and contact other jurisdictions in the Central Valley offering similar programs in the community. The Housing Division was reduced by two staff members due to reductions in HUD funding allocations and other similar grant funds. 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. The Graffiti Abatement program was revamped and administered this year by the Development Services Department to concentrate on reducing graffiti in low income targeted neighborhoods. This was a change from years past, as the program has historically been administered by the Police Department.




Internally, all procedures have been looked at and revamped for more effective results and in some areas, to align practices with HUD guidelines. Training has been budgeted and will continue as CDBG and HOME 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 a non-profit organization, 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.

However, the City of Merced has contracts with Habitat for Humanity – Stanislaus County, Project Sentinel, and Community Housing Council of Fresno to provide first time homebuyers HUD approved counseling. 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 encourage and provide mortgage counseling programs to first time homebuyers in neighboring communities.

Insufficient supply of affordable rental housing

The City of Merced has identified providing affordable housing as a priority in the City’s Housing Element. While the City is not a provider of affordable housing, it does assist developers with affordable housing funding.

Due to financial constraints, the City was not able to enter into any contracts with developers for construction of new affordable housing units. With the department's limited resources, staff is currently pursuing rehabilitation of existing affordable rental units rather than new construction.

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.

Additionally, the Division is endeavoring to rehabilitate existing residential properties for victims of domestic violence. Staff purchased two units and will rehabilitate them in fiscal year 2014/15 prior to a local domestic violence provider.

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 year 2013-14 the City was unable to partner with private developers. However, the City did receive a grant from the State of California to provide 30-year deferred loans to first time home buyers for mortgage assistance and for home-owner occupied rehabilitation projects.

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 a staff person who is responsible for assisting organizations with grant writing, providing a meeting place for board meetings and organizing meetings. This individual is considered a resource to all local service and non-profit entities in the community that provide assistance for homeless.

Neighborhood Stabilization Program funding was combined with HOME dollars and private funds to pay for construction of the Woodbridge and Gateway Terrace multi-family apartment complexes.

c. How matching requirements were satisfied.

There were no programs requiring match funds in FY 2013-14.

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 meet HUD requirements and ensure programs are in compliance. Staff met with department heads that received funding in FY 2013-14, looked at current programs and procedures, and then identified programs and funding that met the National Objectives. The 2013-14 Annual Action Plan contains new programs, local service providers and non-profit organizations, all of which meet the National Objective and are in compliance. Training, monitoring and revamping to meet compliance regulations is now a regular practice.

Citizen Participation

- 1. Provide a summary of citizen comments.*** Staff made a concerted effort to reach out to the community for their comments and input about the HUD Annual Action Plan and CAPER for fiscal year 2013/2014. The public was noticed or offered hearings and meetings 5 times for various items. A total of 6 people attended three public meetings held in 2013 for the Annual Action Plan. Recommendations from the public included: housing for foster youth, single moms and homeless individuals.

Overview of 2013 HUD Annual Plan Community Public Meetings

Merced City Housing Department staff members are to hold public meetings annually to help prepare for writing the City's Housing and Urban Development (HUD) Annual Plan. This plan is a requirement of the Federal HUD grant program.

In March, two public meetings were held to get input regarding use of 2013-14 Community Development Block Grant (CDBG) funding. These meetings were also held to inform the public that a small amount of CDBG funds would be made available to eligible local projects and provide information regarding deadlines for applications.

As an Entitlement Community, Merced receives an annual HUD allocation for use with its Community Development Block Grant (CDBG) and HOME programs. A maximum priority is to benefit low-moderate income persons; prevent or eliminate slum or blight; and some funds can be used for urgent community developmental needs because existing conditions pose a serious or immediate threat to health or welfare of the community.

Eligible Activities include, but are not limited to:

- Acquisition of real property;
- Relocation and demolition;
- Rehabilitation of residential and non-residential structures;
- Construction of public facilities and improvements, such as water and sewer facilities, streets, neighborhood centers, and the conversion of school buildings for eligible purposes;
- Public services, within certain limits;
- Activities relating to energy conservation and renewable energy resources; and
- Provision of assistance to profit-motivated businesses to carry out economic development and job creation/retention activities.



Public Input:

Each of the meetings held had a sign-in sheet and notes were taken of comments made. In addition, qualifying local non-profits received notification inviting them to attend the meetings, to provide input and to apply for CDBG funding. Following is an overview of comments and applications received.

Comments:

Many public members voiced concern for families and single adults who are considered to be part of the Low to Moderate income and/or the homeless population:

1. Homeless Day Center
 - a. Supportive Services
 - b. Remove Blight
 - c. Showers

2. More Opportunities for Kids
 - a. Teen Center
 - b. Van used to pick up kids which would take them to the Boys and Girls Club
 - c. Various Programs including Music, Art, Sports, Tutoring, etc.

3. Family Emergency Shelters
 - a. Homeless
 - b. Families
 - c. Kids

4. Paying for Utilities
 - a. Veterans with Vouchers
 - b. Paying rental deposits (1st and last)

List of Service Providers Housing should partner with:

1. United Way – Building Healthy Communities
 2. Human Services Agency
 3. Getting Ahead
 4. Central Alliance
-
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 2013-14 CAPER and a request for comments was publicly noticed in the following ways:

- 1) Community Meetings at the Merced Civic Center August 28, 2014
- 2) Notices were posted at the Merced Civic Center in September 2014.
- 3) Public Notices were published in the Merced County Times and Merced Sun-Star.
- 4) Public Notice was uploaded for public viewing on the City's Housing Division website.

A Public Hearing was held before the City Council on September 15, 2014. Additional information requested is attached to the CAPER as Exhibit G.

PUBLIC NOTICES

January 31, 2013 – Merced County Times – CDBG & HOME Funding Process for FY 13/14 – PUBLIC HEARING DATE – 4/15/13

February 2, 2013 – Merced Sun Star – HUD Annual Plan ad for FY 13/14 – PUBLIC MEETINGS – 3/6 & 3/7/13. PUBLIC HEARING DATE – 4/15/13

May 22, 2013 – Merced Sun Star – Applications being received for Public Services Funding

May 23, 2013 – Merced County Times – Application being received for Public Services Funding

August 16, 2013 – Merced Sun Star – CAPER notice for FY 12/13

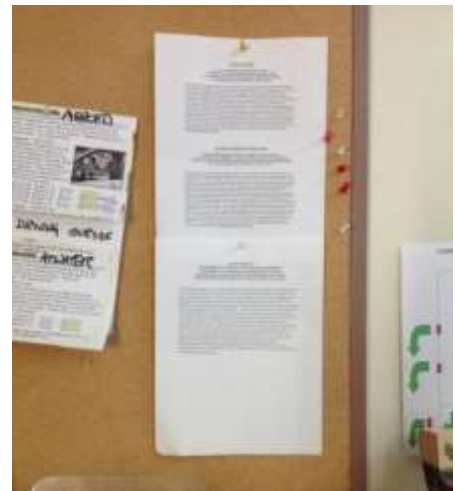
August 22, 2013 – Merced County Times – CAPER notice for FY 12/13

PUBLIC HEARINGS

May 6, 2013 – Council Meeting – HUD Annual Action Plan 2013 hearing – Public Hearing – May, 6, 2013

July 15, 2013 – PUBLIC HEARING AND FINAL ADOPTION – 7/15/13

June 17, 2013 – Council Meeting – Approval of First Substantial Amendment to 2012 HUD Annual Action Plan



COMMUNITY MEETINGS

March 6, 2013- Meeting Date – Stephen Leonard Hall – Annual Action Plan FY 13/14 –
Public Hearing: April 15, 2013

March 7, 2013 – Meeting Date – at City Hall in the Sam Pipes Room – Annual Action
Plan FY 13/14 – Public Hearing – April 15, 2013

SUBSTANTIAL AMENDMENT MEETINGS/HEARINGS

AMENDMENT #1 Public Meeting Dates – 1/28/14, 1/29/14, 1/30/14
Public Hearing – March 3, 2014

AMENDMENT #2 – 2 Public Meetings Held on 4/29/14 – 1 at City Hall in the Sam
Pipes Room the other at the Senior Center
Public Hearing – June 2, 2014

Institutional Structure

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

With the Housing Division staff being relatively new, Housing's top priority remains to create an efficient department, reassess policies and procedures, train staff on various programs, and improve working relationships with community members and grant representatives.

Monitoring

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

Staff was able visit all the public service activities once during the fiscal year. All programs were reviewed and program staff was interviewed to ensure compliance. This review included a look at reporting, financial reporting, and determination if the activity met its goals and objectives.

Staff made multiple visits to all the residential rehabilitation projects during construction of the properties. Additionally, staff visited The Grove as well as all houses being purchased, rehabbed or sold to eligible first time home buyers. 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 the need for more on-site visitation and improved reporting procedures. For some activities, their programs only function on the weekends, which staff accommodated and monitored when possible.

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

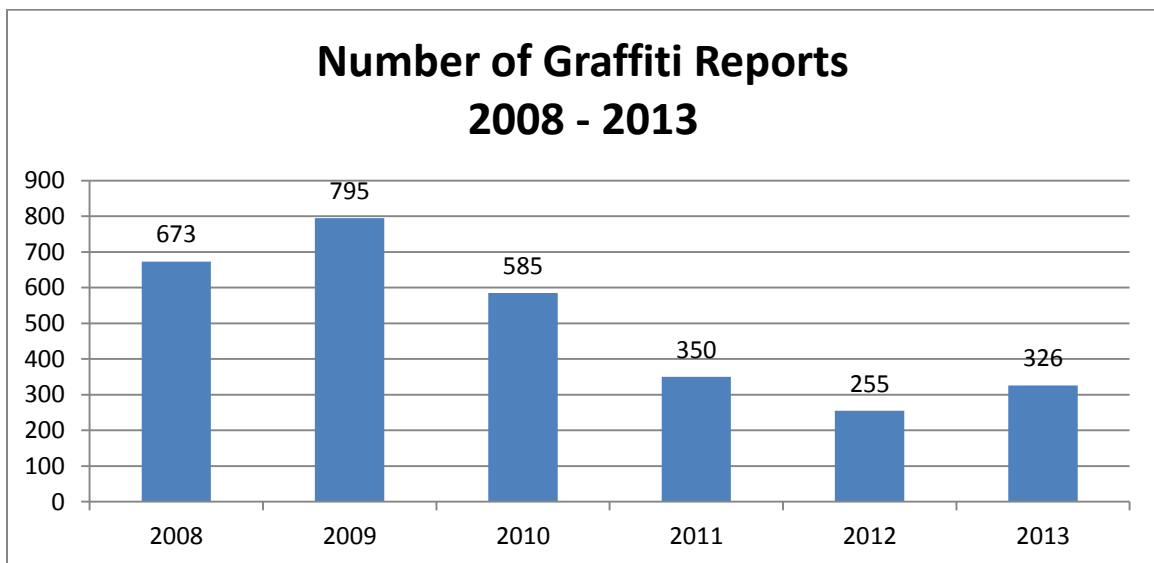
a. Describe the effect programs have in solving neighborhood and community problems.

Boys and Girls Club

The Boys and Girls Club received \$6,220 to provide the youth administered Smart Moves Program. The program provided support and educated the participants the effects of drug, alcohol, and tobacco abuse. The program was successful in educating 16 youth over the course of 29 sessions.

Graffiti Abatement

The Housing Division funded \$74,000 for a program through the Development Services Department for graffiti prevention and abatement. The program partnered with a local vendor to report and remove graffiti throughout the community. In many cases, the graffiti incidents are gang-related. Once the incident is reported, law enforcement reviews the tag and determines if this incident is a one-time event or connected with gang “tagging crews.” There were 326 calls for graffiti abatement reported and over 2,341 incidents/images taken requiring abatement.



Merced Lao Family – Youth Program

The Merced Lao Family Community received \$6,980 to provide for two programs aimed at primarily reaching 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 2013-14, 65 youth were registered with the program which featured 102 Qeej class sessions and 93 dance sessions. Youth participated in various public shows in the community and surrounding areas. Shows were throughout the Central Valley and included the Hmong New Year Celebration, community weddings and other such events. The majority of youth enrolled come from large households that meet CDBG low income standards.



Merced County Rescue Mission

The Merced County Rescue Mission received \$3,700 to provide a warming center in the winter and wet weather months. The center was open from December to March for a total of 95 days. The center provided a warm place for 881 clients, 44 clients were repeats, there were a total of 449 men, 432 women, and 0 children served.

Healthy House

Healthy House received \$3,000 to provide senior citizens assistance with understanding medical forms, the community's transportation system, and setting up medical appointments. This program was successful in educating 50 senior citizens with chronic medical illnesses.

Merced County Community Action Agency

Merced Community Action Agency received \$10,000 to provide rental assistance to households that were behind on rent and at risk of eviction. This program was successful in assisting 10 households or 22 individuals from becoming homeless. Of the households that received assistance all are current with their rent and utilities.

Valley Crisis Center – Domestic Violence Program

Valley Crisis Center received \$10,000 to provide assistance to households that were victims of domestic violence. This program was able to help 15 female adults with a combined 35 children relocate to a safe living situation; family sizes ranging from 1 child to 7 children. Of the households that received assistance, 10 were able to maintain their new safe housing situation, one (1) adult found work, and one (1) adult became a full time student.

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 2013-14 was essential in working toward meeting the community's vision for Merced. Staff met with the public to ask what could be done to further meet those goals and objectives outlined in the Consolidated and Annual Action 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 eleven (11) organizations applied for funding for FY 2013-14 and eight (8) were selected.. Following the 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, CalHOME and Neighborhood Stabilization funds were primarily used to purchase and rehab foreclosed single-family units 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. One (1) house was purchased through the NSP program for resale to qualified families; two (2) loans for housing rehab were provided using CalHome dollars; fourteen (14) First Time Home Buyers were provided financial assistance to purchase a house with either CalHOME or NSP funds.

d. Indicate any activities falling behind schedule.

The 4-unit development located on Highway 59 is behind schedule. However, once Cal-Trans approves the encroachment permit, construction of the development should begin. Construction is anticipated to be completed before the summer of 2015. Some of the NSP rehabilitation activities scheduled to be completed this fiscal year were placed on hold due to limited staff resources and a larger than average inventory of houses. However, staff hopes to have all the NSP properties rehabilitated before the end of the next fiscal year.

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

The Housing Division continues to educate staff with development of activities and strategies, national objectives, allowable activities, processes and policies. Some of the many ways staff is being trained is by reading the HUD, CDBG and City manuals, taking various courses, and attending meetings. . These efforts have made a huge impact on moving the City's programs forward. 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.

As a reflection of having more community meetings, staff provided financial assistance to numerous organizations in the community. Outreach to banks, contractors, realtors, and the local building exchange also helped streamline Housing rehab and resale procedures.



f. Identify indicators that would best describe the results.

The 2013-14 Annual Plan contained only programs and activities that meet the National Objectives. However this year, funding was programmed and provided assistance to eight (8) sub-grantees for various services including rapid re-housing, warming shelter for the homeless, domestic violence victims, youth programs, and job training. In addition, funds were budgeted for internal programs which addressed the Consolidated Plan's priority areas, homelessness, economic development, and lead based paint abatement. 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.

Housing staff is still a new team and we continue to experience a loss of revenue year after year for housing projects. That said, staff has moved forward to meet the challenge and has worked to educate sub-grantees, identify challenged areas, and continue to improve upon an outdated process to create an efficient, effective program that meets National Objectives.

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

Staff continued to execute identified goals and ensure compliance in the FY 2013-14. All major goals are on target and will continue to be undertaken in FY 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 CalHOME 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 continues to improve lead-based paint procedures, working with internal and external experts in the field, to ensure resold NSP and CDBG rehabilitated properties are lead-based paint free. Additionally, prior to close of escrow, loans provided to first time buyers are inspected for lead-based paint. Lead testing is performed for all properties constructed prior to 1978.

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 Programs (Federal and State): During this reporting period, 1 house was acquired, rehabilitated, and 8 resold to households as follows:
 - Below 50% AMI 1 Households
 - 51% - 80% AMI 0 Households
 - 81% - 120 AMI 7 Households
- CDBG – Homeowner Rehabilitation: During this reporting period, 2 houses were rehabilitated as follows:
 - Below 50% AMI 1 Households
 - 51% - 80% AMI 1 Households
 - 81% - 120 AMI 0 Households

- 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. Within the last few months, the project was able to secure project based vouchers. Once the vouchers were awarded occupancy of the development steadily increased. As of June 2014, 195 units are occupied with Central Valley Coalition reviewing applications for the remaining nine units.
- Additionally, the City assists low – income homeowners and first time home buyers with a non CDBG funding source. The city currently has two CALHOME grants with the California Department of Housing and Community Development. During this reporting period, two (2) homes were rehabilitated totaling \$32,045 and ten (10) qualified first time homebuyer received deferred loans totaling \$347,300.



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 worked to ensure housing needs in extremely low, low and moderate-income areas are identified and steps taken to increase affordable housing stock. CalHOME funds are used for extremely low and 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 accommodations 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; provides 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 issues 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.

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 2013 Annual Plan, the City set a goal of serving 6-10 households with CDBG and HOME funds for rehabilitation. As shown in table 2, seven (7) units were assisted. Of the seven units assisted, four (4) units were owner occupied rehabilitation loans and three (3) were city owned rehabilitation projects. CDBG and CalHome funding sources were provided, which did not meet the City’s goal of assisting 10 -15 units.

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 B.

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

An official inspection was made of the Grove multi-family apartment complex by the Development Manager and Housing Program Specialist. Observations were made and noted.

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.

Methods

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

- The Housing Division shall inform the public about the Affirmative Marketing Policy through handouts and application forms, periodic advertisements in general circulation newspapers, and regularly scheduled public meetings.
- The City shall at times display informational posters in the Merced City Hall Lobby, open to the public. All graphic presentations concerning the HOME Program shall display the HUD Equal Housing Opportunity logo or slogan.
- The owners of buildings selected for rehabilitation shall likewise be informed about the City's Affirmative Marketing Policy at the time that an application is submitted to the Housing Division.
- The City shall also provide tenants and rental property owners with copies of the "Landlord-Tenant Fact Sheet" produced by the State Department of Consumer Affairs.
- The City shall continue its practice of providing general information and telephone reference numbers to persons contacting the Housing Division with questions regarding affirmative marketing, federal fair housing, tenant's rights, assisted housing, and correction of substandard conditions in tenant-occupied dwellings.
- The City shall continue the services of the Fair Housing Services provider for all Merced residents. In addition to the toll-free hotline 1-888-MERCED8, the services are to provide free seminars, educational pamphlets, and counselors to assist renters and landlords with any fair housing questions or problems.

HOMELESS

Homeless Needs

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

Funding to Continuum of Care

The City of Merced provided \$38,000 for administration of the Continuum of Care (CoC) program and monitoring/coordination of the 10-Year Plan to End Homelessness. These funds are paid to the Merced County Association of Governments (MCAG), which serves as the Collaborative Applicant on behalf of the Merced City and County CoC. As Collaborative Applicant, MCAG coordinates CoC program delivery.

CoC is a Department of Housing and Urban Development (HUD) program term referring to the continuum of services allowing individuals to move from homelessness to emergency shelter, transitional housing, and ultimately permanent housing. Through this process, individuals in need of supportive services are provided necessary resources to address the root causes of homelessness. To be eligible for CoC homeless assistance funding, local CoCs must fulfill certain program obligations as set forth by HUD. If the local CoC is compliant with HUD requirements, they can submit a competitive application for CoC Homeless Assistance funding.



The CoC Homeless Assistance application is a document describing a community's comprehensive response to homelessness and includes homeless service provider applications for HUD CoC funding. Prior to the 2012 application period, the CoC grant application cycle was typically in November of each year; however, the 2012 application was due and submitted, in January 2013. Although the 2012 Merced City and County application ranked high enough to receive new project funding for that grant cycle, with the exception of planning funds to support CoC administration (\$8,060), no new projects were funded throughout the country because of sequestration.

The 2013-14 Notice of Funding Available (NOFA) was released on November 22, 2013 with a submission deadline of February 3, 2014. As with 2012, HUD did not provide new project funding for this application cycle. As such, the 2013-14 application was comprised of renewals only, for an annual request totaling \$534,671. During this quarter, HUD announced that all Merced City and County CoC grant submissions were awarded under the current application. This was not the case nationally, with many CoCs experiencing funding reductions.

The majority of grant funds will continue to support existing permanent supportive housing programs, as well as one transitional housing program. Funding will also be provided for the Homeless Management Information System (HMIS), which is required by HUD to remain eligible for CoC funding.

Upcoming Renewals:

- **Mental Health - Project Home Start** - \$133,885; Project Home Start provides permanent supportive housing to four dual-diagnosed, chronically homeless adults. Grant was originally awarded in 2005 and requires annual renewal.

- **Mental Health - Project Hope Westside** - \$149,097; provides permanent supportive housing to eight dual-diagnosed, chronically homeless adults. Grant was originally awarded in 2011 and requires annual renewal.
- **Sierra Saving Grace Homeless Project** - \$75,472; the program will provide seven chronically homeless, medically disabled individuals permanent housing and supportive services. This two year grant was awarded in 2011 and will require annual renewal.
- **Community Action Agency - Homeless Management Information Systems (HMIS)** - \$82,709. It is the role of the HMIS project to create an unduplicated count of the homeless individuals and families in the Merced County system of care including demographic traits such as age, gender, and veteran and disability status.
- **Community Social Model Advocates-Rose Julia Riordan Tranquility Village** - \$44,904; The program provides transitional housing and supportive services for up to two years for 10 women and up to six children.
- **Turning Point Community Programs** - \$130,144; The program provides up to 12 dually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate.

In addition, the Housing Authority of Merced County was awarded eight Shelter Plus Care vouchers under the CoC Homeless Assistance grant program to provide permanent supportive housing to persons who have experienced chronic homelessness. The vouchers were awarded in 2011 for a five year term.



10-Year Plan

The 10-Year Plan was approved by the MCAG Governing Board in May 2011. The Implementation Team (10-Year Plan Recommendation 20) was appointed by the MCAG Governing Board in September 2011. May 2014 marked the third anniversary of the 10-Year Plan. Goals to date:

Recommendation 1 - Adopt a “Housing First Model/Rapid Re-housing Approach” and begin implementing it immediately. Outcome: Model/Approach was adopted immediately.

Recommendation 2 – Obtain Shelter Plus Care Certificates. Outcome: The Housing Authority of Merced County is currently administering eight vouchers. Along with permanent housing, clients are receiving supportive services from Mental Health.

Recommendation 3 – Create Permanent Supportive Housing Units. Outcome: Merced County Mental Health opened Project Hope Westside. The program provides 8-10, individually diagnosed, chronically homeless mental health clients housing, basic needs and individualized intensive services as clinically appropriate in Los Banos.

Recommendation 4 - Obtain HUD Veterans Affairs Supportive Housing (VASH) Vouchers. Outcome: Housing Authority of the County of Merced received 25 HUD-VASH Vouchers – HUD-VASH Vouchers will support 25 veterans in finding and maintaining permanent housing. HUD provides the Housing Choice Section 8 Voucher and VA provides case management and support for veterans transitioning from homelessness to permanent housing. To date, the vouchers have been fully utilized. The Veterans Administration has a local Licensed Clinical Social Worker who provides the case management and works at the Veterans Community Based Outpatient Clinic located at 340 E. Yosemite Avenue in Merced.

Recommendation 8 – “...Funding to increase homelessness prevention resources will also be the focus of a funding request by the Community Action Agency to the City of Merced Community Development Block Grant Program (CDBG) by the end of the calendar year.” Outcome: Community Action Agency applied for CDBG funds and was awarded \$19,980. Fourteen families were assisted with these funds. Applying and receiving these funds also satisfies Recommendation 12 of the 10-Year Plan.

Recommendation 13 – “...Work with the County Department of Mental Health (DMH) to target Assertive Community Treatment (ACT) services to chronically homeless persons using data that documents length of homelessness and disabling conditions. Currently, the Department is able to provide funding for 50 homeless persons with mental illness who are often chronically homeless and have other disabling conditions. A request will be for funding to serve an additional 10 persons during the three months after the implementation of the 10-Year Plan. Outcome: ACT services have been expanded by Mental Health to include an additional 10 persons.

Recommendation 17 – Homeless Management Information System (HMIS) – Encourage all homeless service providers to participate in HMIS which is designed to record and store client level information concerning the characteristics and service needs of homeless persons. Outcome: Community Action Agency is the CoC’s HMIS administrator. CoC HUD grantees are required to enter data in HMIS. Currently, one non-HUD funded homeless service provider inputs in HMIS. Other non-HUD funded agencies are seeking further information to potentially participate in HMIS.

Recommendation 18 - Street Count –

Outcome: The 2013 street count took place on the morning of January 22, 2014 with surveys taken over the following week. The annual county-wide homeless count and survey identifies and enumerates various sub-populations such as veterans, chronically homeless persons, families, youth, ex-offenders and others. This data helps communities



understand changes in trends among homeless populations, assess programs, justify requests for additional resources, comply with HUD and other stakeholders, raise awareness, and measure community progress toward preventing and ending homelessness. The final report was completed May March 2014.

Recommendation 19 - Cost Study – Engage UC Merced or other regional university to assist in the creation of a cost study concerning chronically homeless individuals in Merced County. Outcome: A Stanislaus State University student conducted a literature review during the fall 2012 semester. The literature review provided information on the methodologies that have been used to measure the cost of homelessness for a community and evaluated the best approach for Merced.

Central Valley Coalition for Affordable Housing

In 2013/14, the Central Valley Coalition for Affordable Housing (CVCAH) is in the process of constructing a 4-Unit Residential Development using Community Housing Development Organization (CHDO) Program funds.

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.

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

Each of the HUD Grantees strive 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 link with other resources in the community.

2. 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 worked diligently to coordinate the City and other agencies' homeless services into a centralized area which can be found at <http://www.mercedcoc.com/>.

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 opened 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 2013-14.

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

While no CDBG funds were used to assist with these developments HOME, NSP and CHDO funds were used to provide financial assistance for the development of the multi-family units.

- Providing More Affordable Housing for the Community:
 - With financial assistance provided from HOME and CHDO grant funds, Central Valley Coalition for Affordable Housing will begin construction of a four (4) unit development projected to start in the fall of 2014. Once completed, the project will be managed by CVCAH.
- With financial assistance provided by one or more of following grants HOME, CHDO, and NSP, the funds assisted in providing housing for individuals with special needs:

- 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. The apartment complex is at 95% occupancy.



- Increase Homeownership Opportunities for Low-Income Households:
 - Through the Neighborhood Stabilization Programs, the City was able to purchase one (1) foreclosed home, rehabilitate ten (10), and resell eight (8) of them to qualified first time home buyers. With 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 acquire 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 four 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 2013/14 program year identified programs to achieve specific goals as identified in the 5-Year Consolidated Plan. These include:

The Division continues to work with various City departments and developers to ensure there is sufficient supply of affordable housing opportunities within the community. The City of Merced also worked with various non-profit organizations to provide funding for multiple public service programs and projects.

CDBG provided loans to low and very low income homeowners to rehab their homes for health and safety or lead based paint problems.. Through the NSP and CalHOME 06 programs, staff was able to ensure all eighteen (18) properties sold to first time home buyers were clear of lead based paint.

Families in need of these low interest loans find our Housing Staff are very easy to work with. 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 issues.

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 previous CDBG programs and continues to use CDBG funds to provide affordable housing, safe suitable living environments and public improvements primarily for low to moderate-income families. However, new this year, the City worked with eight (8) non-profits to accomplish economic opportunities, affordable housing opportunities, and suitable living environment outcomes. 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. Housing staff worked with HUD Representatives to ensure all funded activities made necessary adjustments 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. Due to minimal use over the past few years, Housing decided to sell the CDBG relocation house in 2013.

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 abate lead based paint and/or termite areas within the housing unit where 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 float-funded activities.

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

The City received \$212,728 in CDBG Program Income and an additional \$91,178 in HOME Program Income for a grand total of \$303,906. In addition the City received \$0 in reimbursement funding from The Grove Apartment Complex for the HUD 108 loan. The City had budgeted \$312,370 for payment of the loan, per an agreement signed prior to construction of the complex. The City paid the full amount budgeted this fiscal year to HUD to cover the loan payment.

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

NSP Property Sales

- Program income was generated from the resale of numerous parcels managed as part of the Neighborhood Stabilization Program. The City received \$548,949 in program income through the sale of 5 properties.

CDBG Property Sales

- Program income was generated from the resale of numerous parcels managed as part of the Community Development Block Grant Program The City received \$85,000 in program income through the sale of 1 property.

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, 2014						
	AMORTIZED	# OF LOANS	DEFERRED	# OF LOANS	TOTALS	TOTALS
	AMOUNT		AMOUNT		\$	#
HOUSING REHABILITATION (INCLUDES OWNER-OCCUPIED & RENTAL UNITS)	\$2,283,552.66	126	\$20,104,952.13	174	\$22,388,504.79	300
HOME BUYER ASSISTANCE	\$282,841.29	65	\$1,131,951.32	67	\$1,414,792.61	132
TOTALS:	\$2,566,393.95	191	\$21,236,903.45	241	\$23,803,297.40	423

- 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		
HOUSING REHABILITATION	DEFERRED AMOUNT	NUMBER OF LOANS
CDBG *	\$4,236,334.11	89
HOME *	\$7,065,245.88	74
CALHOME/06 - REHAB (deferred for 30 years)	\$8,566.81	5
OTHER LOAN (miscellaneous multi-family development)	\$8,794,805.33	6
TOTAL REHAB DEFERRED	\$20,104,952.13	174
HOMEBUYER ASSISTANCE		
HOME - FTHB (deferred for 5 years)	\$117,285	9
CALHOME - FTHB (deferred for 30 years)	\$484,173.62	24
NSP1 - FTHB (deferred for 5 years)	\$203,784.68	26
NSP3 – FTHB	\$7,874	1
TOTAL FTHB DEFERRED:	\$1,131,951.32	67
<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 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.***

No loans were defaulted this fiscal year.

- 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.***

No properties are currently available for sale at this time.

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 had four (4) of CDBG Housing Rehabilitation projects begin, but were not completed this this fiscal year. However four (4) are currently in progress and are expected to be completed in Fiscal Year 2014/15.

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

The City provided \$139,215 CDBG which included the abatement of lead based paint. Additionally, the City spent \$395,527 between CDBG, HOME, and NSP rehabilitating dilapidated and foreclosed properties within the community. All the rehabilitation activities that took place were inspected by a qualified lead based paint inspector and if required the property was properly abated and received clearance of lead based paint.

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

Neighborhood Stabilization (NSP) funds enabled the City to rehabilitate ten (10) previously foreclosed homes. Of all the NSP homes that were rehabilitated eight (8) were sold, one is currently on the market for sale and one (1) renovation will be completed shortly.

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 to CDBG and HOME funds, the City utilizes program income generated from NSP 1 (State) and NSP 3 (Federal) 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 four (4) first time home buyer loans, sold eight (8) NSP homes, and have funded one (1) family unit for a household with an AMI below 60%.

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).

The City of Merced acquired a residence with HOME funds. The residence is currently programmed to be rehabilitated in fiscal year 2014/15. Once the rehabilitation is completed, the residence will be given to Valley Crisis Center for victims of domestic violence.

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: HOME Match Report
- Exhibit C: HUD HOME Annual Performance Report
- Exhibit D: CDBG Grantee Performance Financial Summary (PR26)
- Exhibit E: CDBG & CDBG-R Activity Summary Report (PR03)
- Exhibit F: CDBG & Home Summary of Accomplishments (PR23)
- Exhibit G: Substantial Amendment #1
- Exhibit H: Substantial Amendment #2
- Exhibit I: CAPER Public Hearing Notice
- Exhibit J: Administrative Report and Resolution