

Grantee: Merced County, CA

Grant: B-11-UN-06-0009

October 1, 2020 thru December 31, 2020

Grant Number: B-11-UN-06-0009	Obligation Date:	Award Date:
Grantee Name: Merced County, CA	Contract End Date:	Review by HUD: Submitted - Await for Review
Grant Award Amount: \$2,705,877.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$2,705,877.00	Estimated PI/RL Funds: \$1,000,000.00	
Total Budget: \$3,705,877.00		

Disasters:

Declaration Number  
NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

Using the information obtained from RealtyTrac.com, the County identified the location and concentrations of foreclosures and pre-foreclosures. Potential target areas were mapped utilizing HUD’s NSP3 Mapping Tool. Target area data provided by HUD was evaluated and compared. Based on this analysis, high priority target areas were selected and options ranked. The ability to achieve the greatest impact with the funds available and general market conditions were also considered.

Winton, Planada, South Merced, Dos Palos, and South Dos Palos were the areas considered.

Winton has the highest percentage of subprime mortgages (35.5%) and estimated delinquent mortgages (26.2%). It also has the second highest percentage of persons with incomes below 120% of area median income (85.37%) and the fourth highest percentage of persons with incomes below 80% of area median income (64.96%). While the HUD Impact number exceeds the number of units expected to be accomplished with initial grant funds, it is anticipated there will be sufficient funding recycled back into the grant to achieve this number. The average number of days on the market for properties sold in Winton is 30 days, and the average number of properties sold each month is 46.5. With a median list price of \$78,280 and a median sales price of \$47,500, home prices in Winton are considered affordable for low- and moderate-income individuals or families. The County has a prior investment of housing grant funds within this community (\$2,567,690).

Planada has the fourth highest percentage of subprime mortgages (34.6%) and estimated delinquent mortgages (25.6%). It also has the third highest percentage of persons with incomes below 120% and 80% of area median income (84.67% and 69.41% respectively). There is sufficient funding available to meet HUD’s impact number within this target area alone. The average number of days on the market for properties sold in Planada is 47 days, and the average number of properties sold each month is 4. With a median list price of \$68,833 and a median sales price of \$67,500, home prices in Planada are considered affordable for low- and moderate-income individuals or families. The County has a prior investment of housing grant funds within this community (\$2,399,268).

South Merced has the third highest number of foreclosure starts in the past year (94) and REO units (54). It also has the highest percentage of persons with incomes below 120% of area median income (88.9%) and the second highest percentage of persons with incomes below 80% of area median income (69.85%). While the HUD Impact number exceeds the number of units expected to be accomplished with initial grant funds, it is anticipated there will be sufficient funding recycled back into the grant to achieve this number. The average number of days on the market for properties in Merced is 62 days, and the average number of properties sold each month is 101. With a median list price of \$116,400 and a median sales price of \$121,000, home prices in Merced are considered affordable for low- and moderate-income individuals and families.

Dos Palos has the second highest percentage of subprime mortgages (35.2%) and estimated delinquent mortgages (25.8%). It also has the second highest number of foreclosure starts (107) and REO units (60). However, there will not be sufficient funding available, even with the funding anticipated to be recycled back into the program, to

Summary of Distribution and Uses of NSP Funds:

meet the HUD impact number. The average number of days on the market for properties sold in Dos Palos is 65, and the average number of properties sold each month is 1.1. With a median list price of \$105,417 and a median sales price of \$62,688, home prices in Dos Palos are considered affordable for low- and moderate-income individuals or families.

South Dos Palos has the third highest percentage of subprime mortgages (35.17%) and estimated delinquent mortgages (25.78%). It also has the highest percentage of persons with incomes below 80% of area median income (72.76%) and the fourth highest percentage of persons with incomes below 120% of area median income (82.13%). However, this area is not large enough to utilize the entire grant and would have to be combined with a second target area. HUD prefers grantees select one target area to achieve the greatest impact. The average number of days on the market for properties sold in Dos Palos is 65, and the average number of properties sold each month is 1.1. With a median list price of \$105,417 and a median sales price of \$62,688, home prices in Dos Palos are considered affordable for low- and moderate-income individuals or families.

Based on the analysis of the information presented above, the County Board of Supervisors identified Winton as the area of

greatest need and the target area in which its NSP3 funds will be utilized

**How Fund Use Addresses Market Conditions:**

While the foreclosure crisis is national in scope, California posted the nation's third highest foreclosure rate according to a December 2010 report from RealtyTrac. Within California, Merced County has the fourth highest foreclosure rate with 1 in 115 housing units in foreclosure as compared to the State which has 1 in 203 housing units in foreclosure. This scenario may not improve any time soon since unemployment has risen and home values continue to drop. Unemployment in Merced County rose to 20.1 percent in December 2010, up from a revised 18.5 percent in November 2010. This compares with an unadjusted unemployment rate of 12.3 percent for California and 9.1 percent for the nation during the same period. Additionally, DQNews reports a -0.87% drop in median home sales prices for Merced County in December 2010. However, this drop is much larger in Dos Palos where the drop was posted at -43.75% and in Winton where the drop was posted at -21.38%. The County's goal through its proposed use of NSP3 funds is to improve housing values and stabilize neighborhoods impacted by foreclosure. In order to determine the "areas of greatest need" in Merced County, information was obtained from RealtyTrac.com to identify the location and concentrations of foreclosures and pre-foreclosures. Next, the HUD NSP3 Mapping Tool was utilized to map potential target areas. Data provided by HUD as a model for predicting where foreclosures are likely was obtained for each target area as follows: percentage of subprime mortgages (2004-2007), estimated delinquent mortgages, foreclosure starts in the past year, number of Real Estate Owned (REO) units (7/09 – 6/10) and vacancy rate, percentage of persons below 120% and 80% of Area Median Income, and number of housing units needed to make an impact in the identified target area.

A local realtor supplied the County with information on general market conditions for each target area including average days on the market, average number of properties sold, median list price, median sales price, and the ratio of list price to sales price. This information was assessed to determine demand and affordability, as well as the likelihood that properties acquired and rehabilitated will be resold within a relatively short time frame, allowing the County the opportunity to recycle its funds to achieve greater impact.

**Ensuring Continued Affordability:**

The County will ensure continued affordability by applying HOME program guidelines, as suggested by HUD, for rental and owner-occupied properties.

At a minimum, all assisted properties of NSP funds will be subject to the HOME requirement of continued affordability as outlined in the regulations for the HOME Investment Partnerships Program, Final Rule 24 CFR part 92.

HOME affordability periods-Homeownership

§  
92.254

Homeowners assistance HOME amount per unit

Minimum Period for Affordability in years

Under \$15,000  
\$15,000 to \$40,000  
Over \$40,000

5  
10  
15

[http://edocket.access.gpo.gov/cfr\\_2004/aprqr/pdf/24cfr92.254.pdf](http://edocket.access.gpo.gov/cfr_2004/aprqr/pdf/24cfr92.254.pdf)  
HOME affordability rental housing

§  
92.252  
Rental Housing Activity (HOME)

Minimum Period for Affordability in years

Rehabilitation of or acquisition of existing housing per unit under \$15,000  
\$15,000 to \$40, 000  
Over \$40,000 or rehabilitation involving refinancing  
New construction or acquisition of newly constructed housing

5  
  
10  
15  
  
20

**Definition of Blighted Structure:**

A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. This definition is consistent with California Health & Safety Code definition of a substandard structure under Section 17920

**Definition of Affordable Rents:**

Per the CDBG program, the generally accepted affordability standards are that households pay no more than 30 percent of household income for rent and utilities.

NOTE: For the purposes of NSP only, the percentage of annual median income is increased to 120 percent and otherwise is consistent with the California Health and Safety Code Section 50053.

**Housing Rehabilitation/New Construction Standards:**

The County’s Housing Rehabilitation Program will provide written rehabilitation standards with a write-up of deficiencies of each unit to be rehabilitated. After rehabilitation, the property must at a minimum meet local building codes, zoning ordinances, and cost-effective energy conservation standards. Local building codes include the International Building Code, International Residential Code, International Plumbing Code, International Mechanical Code, Uniform Mechanical Code, Uniform Plumbing Code, State Housing Code, and National Electrical Code.

**Vicinity Hiring:**

To the maximum extent possible, the County will provide for vicinity hiring by placing notices in the local newspaper to advertise for needed services such as appraisal services, real estate broker services, contractors, etc. Contractors will be encouraged to hire locally for any construction workers needed and to investigate the prices of and, if possible, purchase goods and services from local vendors.

**Procedures for Preferences for Affordable Rental Dev.:**

The information obtained during the process of selecting the target area confirmed that single family residences are by far the largest housing type affected by the foreclosure crisis in Merced County. Additionally, the County does not currently have the capacity or partnerships necessary to complete a successful rental activity.

**Grantee Contact Information:**

mhendrickson@co.merced.ca.us  
209-385-7686  
Merced County  
Department of Commerce, Aviation & Economic Development  
2507 Heritage Drive  
Atwater, CA 95301

Hendrickson, Mark

Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$3,705,877.00
Total Budget	\$0.00	\$3,705,877.00
Total Obligated	\$0.00	\$2,701,812.62
Total Funds Drawdown	\$0.00	\$1,780,265.25
Program Funds Drawdown	\$0.00	\$1,780,265.25
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$6,940.00	\$1,016,067.62
Total Funds Expended	\$0.00	\$3,773,381.34
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

**Funds Expended**

Overall	This Period	To Date
Merced County Department of Commerce Aviation and	\$ 0.00	\$ 3,773,381.34

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$ .00	\$ .00	\$ .00
Overall Benefit Amount	\$370,550,641.23	\$ .00	\$ .00
Limit on Public Services	\$405,881.55	\$ .00	\$ .00
Limit on Admin/Planning	\$270,587.70	\$370,588.00	\$ .00
Limit on Admin	\$ .00	\$370,588.00	\$ .00
Most Impacted and Distressed	\$ .00	\$ .00	\$ .00
Progress towards LH25 Requirement	\$926,469.25		\$ .00

Overall Progress Narrative:

No activity for period ending on 12/31/2020

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Acquisition/Rehab/Resale with Direct Homeownership	\$0.00	\$2,381,761.00	\$1,692,899.25
2, Acquisition/Rehab/Resale with Direct Homeownership	\$0.00	\$926,469.00	\$0.00
3, Demolition/Redevelopment	\$0.00	\$27,059.00	\$0.00
4, General Administration	\$0.00	\$370,588.00	\$87,366.00

Activities

Project # /	1 / Acquisition/Rehab/Resale with Direct Homeownership
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<b>Grantee Activity Number:</b>	<b>100-B Acquisition/Rehab</b>
<b>Activity Title:</b>	<b>County Acquisition/Rehab</b>

<b>Activitiy Type:</b>	<b>Activity Status:</b>
Acquisition - general	Under Way
<b>Project Number:</b>	<b>Project Title:</b>
1	Acquisition/Rehab/Resale with Direct
<b>Projected Start Date:</b>	<b>Projected End Date:</b>
03/16/2011	03/16/2014
<b>Benefit Type:</b>	<b>Completed Activity Actual End Date:</b>
N/A	
<b>National Objective:</b>	<b>Responsible Organization:</b>
NSP Only - LMMI	Merced County Department of Commerce Aviation

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2020</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$2,381,761.00
<b>Total Budget</b>	\$0.00	\$2,381,761.00
<b>Total Obligated</b>	\$0.00	\$2,177,252.62
<b>Total Funds Drawdown</b>	\$0.00	\$1,692,899.25
<b>Program Funds Drawdown</b>	\$0.00	\$1,692,899.25
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$653,747.16
<b>Total Funds Expended</b>	\$0.00	\$1,884,301.09
Merced County Department of Commerce Aviation	\$0.00	\$1,884,301.09
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00

**Activity Description:**  
 Administration for Merced County

**Location Description:**

**Activity Progress Narrative:**

**Accomplishments Performance Measures**  
**No Accomplishments Performance Measures**

**Beneficiaries Performance Measures**  
**No Beneficiaries Performance Measures found.**

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Activity Supporting Documents: None

Project # / 2 / Acquisition/Rehab/Resale with Direct Homeownership

<b>Grantee Activity Number:</b>	<b>200-A Homeowner Assistance</b>
<b>Activity Title:</b>	<b>Homeowner Assistance</b>

<b>Activitiy Type:</b>	<b>Activity Status:</b>
Homeownership Assistance to low- and moderate-income	Under Way
<b>Project Number:</b>	<b>Project Title:</b>
2	Acquisition/Rehab/Resale with Direct
<b>Projected Start Date:</b>	<b>Projected End Date:</b>
07/01/2011	06/30/2014
<b>Benefit Type:</b>	<b>Completed Activity Actual End Date:</b>
Direct ( Household )	
<b>National Objective:</b>	<b>Responsible Organization:</b>
NSP Only - LH - 25% Set-Aside	Merced County Department of Commerce Aviation

<b>Overall</b>	<b>Oct 1 thru Dec 31, 2020</b>	<b>To Date</b>
<b>Total Projected Budget from All Sources</b>	\$0.00	\$926,469.00
<b>Total Budget</b>	\$0.00	\$926,469.00
<b>Total Obligated</b>	\$0.00	\$181,407.00
<b>Total Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Funds Drawdown</b>	\$0.00	\$0.00
<b>Program Income Drawdown</b>	\$0.00	\$0.00
<b>Program Income Received</b>	\$6,940.00	\$362,320.46
<b>Total Funds Expended</b>	\$0.00	\$1,795,748.25
Merced County Department of Commerce Aviation	\$0.00	\$1,795,748.25
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00

**Activity Description:**

Providing direct homeowner assistance including down payment and closing cost assistance.

**Location Description:**

To assist Low Income families to purchase a rehabilitated home in the targeted area in Winton California.

**Activity Progress Narrative:**

**Accomplishments Performance Measures**

	<b>This Report Period</b>	<b>Cumulative Actual Total / Expected</b>
	<b>Total</b>	<b>Total</b>
# of Housing Units	0	4/12
# of Singlefamily Units	0	4/12

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod
# of Households	0	0	0	4/10	0/2	4/12	100.00
# Owner Households	0	0	0	4/10	0/2	4/12	100.00

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Activity Supporting Documents: None

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