

# Action Plan

**Grantee: Merced County, CA**

**Grant: B-11-UN-06-0009**

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<b>LOCCS Authorized Amount:</b>	\$ 2,705,877.00
<b>Grant Award Amount:</b>	\$ 2,705,877.00
<b>Status:</b>	Reviewed and Approved
<b>Estimated PI/RL Funds:</b>	\$ 1,000,000.00
<b>Total Budget:</b>	\$ 3,705,877.00

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## Funding Sources

**No Funding Sources Found**

## 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 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 &ndash 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



**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:**

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209-385-7686  
Merced County  
Department of Commerce, Aviation & Economic Development  
2507 Heritage Drive  
Atwater, CA 95301

Hendrickson, Mark

## Project Summary

Project #	Project Title	Grantee Activity #	Activity Title
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1	Acquisition/Rehab/Resale with Direct	100-B Acquisition/Rehab	County Acquisition/Rehab
2	Acquisition/Rehab/Resale with Direct	200-A Homeowner Assistance	Homeowner Assistance
3	Demolition/Redevelopment	300-D Demolition	Demolition and Clearance
4	General Administration	400-01 General Admin	County Administration
9999	Restricted Balance	<i>No activities in this project</i>	

## Activities



**Grantee Activity Number: 100-B Acquisition/Rehab**  
**Activity Title: County Acquisition/Rehab**

**Activity Type:**

Acquisition - general

**Project Number:**

1

**Projected Start Date:**

03/16/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

Acquisition/Rehab/Resale with Direct Homeownership

**Projected End Date:**

03/16/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 2,381,761.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 2,381,761.00

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Merced County Department of Commerce Aviation and Economic Development

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Merced County Department of Commerce Aviation and Economic Development	Local Government	\$ 1,731,761.00

**Location Description:**

**Activity Description:**

Administration for Merced County



**Grantee Activity Number: 200-A Homeowner Assistance**  
**Activity Title: Homeowner Assistance**

**Activity Type:**

Homeownership Assistance to low- and moderate-income

**Project Number:**

2

**Projected Start Date:**

07/01/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

LH25: Funds targeted for housing for households whose incomes are at or under 50% Area Median Income.

**Environmental Assessment:**

UNDERWAY

**Benefit Report Type:**

Direct (Households)

**Activity Status:**

Under Way

**Project Title:**

Acquisition/Rehab/Resale with Direct Homeownership

**Projected End Date:**

06/30/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 926,469.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 926,469.00

**Proposed Beneficiaries**

	<b>Total</b>	<b>Low</b>	<b>Mod</b>	<b>Low/Mod%</b>
<b># Owner Households</b>	12	10	2	100.00
<b># of Households</b>	12	10	2	100.00

**Proposed Accomplishments**

	<b>Total</b>
<b># of Singlefamily Units</b>	12
<b># of Housing Units</b>	12

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Merced County Department of Commerce Aviation and Economic Development

**Proposed budgets for organizations carrying out Activity:**

<b>Responsible Organization</b>	<b>Organization Type</b>	<b>Proposed</b>
Merced County Department of Commerce Aviation and Economic Development	Local Government	\$ 676,469.00

**Location Description:**



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

**Activity Description:**

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

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**Grantee Activity Number: 300-D Demolition**  
**Activity Title: Demolition and Clearance**

**Activity Type:**  
 Clearance and Demolition

**Activity Status:**  
 Under Way

**Project Number:**  
 3

**Project Title:**  
 Demolition/Redevelopment

**Projected Start Date:**  
 07/01/2011

**Projected End Date:**  
 06/30/2014

**Project Draw Block by HUD:**  
 Not Blocked

**Project Draw Block Date by HUD:**

**Activity Draw Block by HUD:**  
 Not Blocked

**Activity Draw Block Date by HUD:**

**Block Drawdown By Grantee:**  
 Not Blocked

**Total Budget:** \$ 27,059.00

**National Objective:**  
 LMMI: Low, Moderate and Middle Income National Objective for NSP Only

**Other Funds Total:** \$ 0.00

**Environmental Assessment:**  
 UNDERWAY

**Total Funds Amount:** \$ 27,059.00

**Benefit Report Type:**  
 NA

<b>Proposed Accomplishments</b>	<b>Total</b>
# of Singlefamily Units	
# of Multifamily Units	
# of Housing Units	
# of buildings (non-residential)	1
# of Properties	1

**Activity is being carried out by Grantee:**  
 Yes

**Activity is being carried out through:**  
 Grantee Employees and Contractors

**Organization carrying out Activity:**  
 Merced County Department of Commerce Aviation and Economic Development

**Proposed budgets for organizations carrying out Activity:**

<b>Responsible Organization</b>	<b>Organization Type</b>	<b>Proposed</b>
Merced County Department of Commerce Aviation and Economic Development	Local Government	\$ 27,059.00

**Location Description:**  
 Acquire and demolish blighted area in the target area identified as the "area of greatest need"





**Activity Description:**

Demolition and clearance

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**Grantee Activity Number:** 400-01 General Admin  
**Activity Title:** County Administration

**Activity Type:**

Administration

**Project Number:**

4

**Projected Start Date:**

07/01/2011

**Project Draw Block by HUD:**

Not Blocked

**Activity Draw Block by HUD:**

Not Blocked

**Block Drawdown By Grantee:**

Not Blocked

**National Objective:**

Not Applicable - (for Planning/Administration or Unprogrammed Funds only)

**Environmental Assessment:**

EXEMPT

**Benefit Report Type:**

NA

**Activity Status:**

Under Way

**Project Title:**

General Administration

**Projected End Date:**

06/30/2014

**Project Draw Block Date by HUD:**

**Activity Draw Block Date by HUD:**

**Total Budget:** \$ 370,588.00

**Other Funds Total:** \$ 0.00

**Total Funds Amount:** \$ 370,588.00

**Activity is being carried out by Grantee:**

No

**Activity is being carried out through:**

**Organization carrying out Activity:**

Merced County Department of Commerce Aviation and Economic Development

**Proposed budgets for organizations carrying out Activity:**

Responsible Organization	Organization Type	Proposed
Merced County Department of Commerce Aviation and Economic Development	Local Government	\$ 270,588.00

**Location Description:**

**Activity Description:**



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## Action Plan Comments:

### Action Plan History

Version	Date
B-11-UN-06-0009 AP#1	07/07/2011
B-11-UN-06-0009 AP#2	01/30/2014

