

**Merced County
Neighborhood Stabilization Program (NSP3)
HUD Abbreviated Action Plan**

**Information to be Submitted in the Application to the
U.S. Department of Housing and Urban Development**

DRAFT

The Neighborhood Stabilization Program (NSP) was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. NSP3 references NSP funds authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, which provides a third round of neighborhood stabilization grants to states and local governments. The United States Housing and Urban Development Department (HUD) has awarded Merced County \$2.7 million in NSP3 funds to support its efforts to reverse the effects of foreclosed properties.

Local governments can use their NSP3 funds to acquire land and property, to demolish or rehabilitate abandoned properties, or to offer down payment and closing cost assistance to low-to-moderate income homebuyers. HUD has provided program guidance to assist grantees with the development of their NSP3 Plan, which must be submitted to HUD by March 1, 2011.

Key highlights from the HUD guidelines include the following:

1. HUD is looking for grantees to select a “target” area and not undertake a “shotgun” approach.
2. 50% of the funds must be expended within 2 years of program commencement.
3. 100% of the funds must be expended within 3 years of program commencement.
4. 25% of the funds expended must benefit those individuals who have very low household incomes.
5. Any program income generated must be disbursed for eligible NSP activities before additional cash withdrawals can be made from the grant.

While the foreclosure issue is national in scope, Merced County and each of its communities have suffered immeasurably from this crisis. In this respect, the County’s challenge with its NSP3 funds is to identify a target area from which to place the funds and to demonstrate that we can make a significant impact within that selected area.

Less authorized administrative costs with NSP3, the County will have approximately \$2.4 million with this particular award. It is estimated that at an average cost of \$200,000 to acquire, rehabilitate and re-sell each unit, 12 properties will be served. Program income will recycle back into the grant to serve additional units, most likely 6 or less.

Considering that every single community within Merced County has been afflicted with foreclosures, staff and its consultant, Self-Help Enterprises, has spent considerable time evaluating data provided by HUD via their NSP3 Mapping Tool. The data reflects an “apples to apples” comparison of several potential target areas located in Merced County that had the highest concentration of foreclosures within those respective areas.

Key data indicators include:

1. Percentage of Subprime Mortgages between 2004 and 2007.
2. Percentage of Estimated Delinquent Mortgages.
3. Percentage of persons who make less than 80 percent of Area Median Income.
4. HUD Significant Impact Number, which is the estimated number of properties needed to make an impact in the identified target area.

The community of 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 (85.4%) and the fourth highest percentage of persons with incomes below 80% of area median income (65.01%). While the HUD impact number for Winton (14) exceeds the number of units expected to be accomplished with initial grant funds (approximately 12), it is anticipated there will be sufficient funds to successfully achieve this number. In addition to NSP funding and program income, the County was awarded 2010 CDBG funds which may be used in all unincorporated areas including Winton and Planada. The boundaries of this target area are Olive Avenue to the north, Walnut Avenue to the south, Chestnut Lane/N. Onyx Avenue to the east, and Jones Road/Santa Fe Drive to the west.

The community of Planada has the fourth highest percentage of subprime mortgages (34.86%) and estimated delinquent mortgages (25.6%). It also has the third highest percentage of persons with incomes below 120% (84.67%) and 80% (69.41%) of area median income. There is sufficient funding available to meet HUD’s impact number within this target area alone. The boundaries of this target area are State Highway 140 to the north, Gerard Avenue to the south, Ivett Road to the east, and Beck Road to the west.

The community of South Merced has the third highest number of foreclosure starts in the past year (94) and Real Estate Owned (REO) units (54). It also has the highest percentage of persons within 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 program income recycled back into the grant to achieve this number. The boundaries of this target area are Childs Avenue to the north, Dickenson Ferry Road/Mission Avenue to the south, Tyler Road to the east, and Southwest Avenue to the west.

The City of 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 anticipated return

of program income to be recycled back into the program, to meet the HUD impact number. The boundaries of this target area are Carmelia Avenue to the north, Stearman Street to the south, Millux Avenue to the east, and Colony Branch No. 2 Canal to the west.

The community of 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 boundaries of this target area are Valeria Street to the north, Aqua Vista Street to the south, and Elgin Avenue to the east.

Based on information collected from the Merced County Association of Realtors' Multiple Listing System (MLS), a key distinguishing factor between Winton and Planada is that property in Winton spends fewer days on the market (30) than Planada (47), and that more property is selling in Winton per month (46.5) than Planada (4).

In terms of program delivery, staff has studied a number of other local government examples. In our particular case, it appears that our easiest path to success is to advance a program whereby the County acquires a foreclosed property, rehabilitates the property, and then later re-sells the property. Since we will only have resources to deal with approximately 12 properties initially, staff believes we can effectively manage this portfolio. We anticipate a return of approximately 50% in program income for every dollar the County uses to purchase and rehabilitate properties. For example, if the County were to purchase a piece of foreclosed property, rehabilitate that property and less real estate transaction costs for \$200,000, we can expect a return of \$100,000 in program income. This program income would again be recycled back into the targeted community selected.

Staff will work to best ensure that local contractors are utilized for the rehabilitation portion of the work described above and will develop criteria for selecting a local realtor or realtors to handle the aforementioned real estate transactional issues. This method is now commonplace amongst several local governments, including other jurisdictions within Merced County who also operate housing programs.

Review and approval of the Draft Abbreviated Action Plan by the Merced County Board of Supervisors is scheduled Tuesday, February 15, 2011. Public comments will be accepted and reviewed until February 7, 2011. Written comments may be directed to Merced County Commerce, Aviation & Economic Development, 2507 Heritage Drive, Atwater or to phymiller@co.merced.ca.us.

Community of Winton

Target Area: North Olive Avenue
 South Walnut Avenue
 East Chestnut Lane/N. Onyx Ave
 West Jones & Santa Fe

Within this target area, Realty Trac currently shows the following numbers of properties in each state of foreclosure:

Winton 1&2 combined

Pre-foreclosures	15
Auction	17
Bank Owned	20

Area Benefit Eligibility:

Persons <120% Area Median Income :	85.4%
Persons<80% Area Median Income:	65.01%

Home prices/values range from the \$33,000-\$225,000.

HUD is looking for a minimum of 14 in Winton #1 & 2 combined in order to make an impact in this area. If using the entire allocation of funds, each property would have approximately \$195,000 for use on purchase and rehabilitation.

*Activity Delivery and Administration would need to be subtracted from this amount.

It is recommended that you consider the pre-foreclosures and auction properties since many of the properties which are currently bank-owned may be off the market by the time the funds are officially awarded.

You will find a map of the possible target area attached.

Area wide foreclosure figures at this time are:

Pre-foreclosures	32
Auction	59
Bank Owned	<u>67</u>
	158

NE Winton #2

The screenshot shows a web browser window displaying a real estate map of Winton, CA. The browser's address bar shows the URL: <http://www.realtytrac.com/mapsearch/mapsearch.aspx?address=6603%20Alyssa%20Dr%2C%20Winton%2C%20CA%20953888&parsed=1&st=6603>. The browser's title bar reads "Search foreclosures in 6603 Alyssa Dr, Winton, CA | RealtyTrac.com - Windows Internet Explorer".

The main content area features a map of Winton, CA, with various streets and properties marked. The map includes a search bar and a "Search" button. The left sidebar contains a "FORECLOSURES" section with the following filters:

- Pre-foreclosure
- Auction
- Bank-Owned
- Gov't-Owned

The "FOR SALE" section includes:

- For Sale
- For Sale By Owner
- Bank Hot Properties
- Online Auctions
- Recently Sold
- 3m 6m 9m
- Multiple properties

The right sidebar contains a "Mortgage Rates" section with a "Search" button and an advertisement for RealtyNoteBid.com, which offers "Huge Discounts" on "Foreclosure Homes" nationwide. The advertisement text reads: "Without sharing your personal information", "California", "Search", "Advertisement", "RealtyNoteBid.com", "Brought to you by:", "Huge Discounts", "Foreclosure Homes", "Nationwide!", "Discounted".

The bottom of the browser window shows the Windows taskbar with the Start button and several open applications: "Search foreclosures i...", "4 Microsoft Office O...", "H:\REHAB\NSP\NSP-3...", "4 Microsoft Office ...", and "Adobe Reader". The system tray shows the time as 4:05 PM and the date as 10/10/2008.

Community of Planada

Target Area: North I-140
South E. Gerard Ave.
East S. Ivett Rd.
West Beck Rd.

Within this target area, RealtyTrac currently shows the following numbers of properties in each state of foreclosure:

Pre-foreclosures	6
Auction	8
Bank Owned	20

Area Benefit Eligibility:

Persons <120% Area Median Income:	84.67%
Persons <80% Area Median Income:	69.41%

Home prices/values range from mid \$20,000's to \$240,000.

HUD is looking for a minimum of 11 properties in order to make an impact in this area. If using the entire allocation of funds, each property would have approximately \$245,988* for use on purchase and rehabilitation.

*Activity Delivery and Administration would need to be subtracted from this amount.

It is recommended that you consider the pre-foreclosures and auction properties since many of the properties which are currently bank-owned may be off the market by the time the funds are officially awarded.

You will find a map of the possible target area attached.

Community wide foreclosure figures at this time are:

Pre-foreclosures	7
Auction	8
Bank Owned	<u>24</u>
	39

Planada

HUD USER GIS Maps - Windows Internet Explorer

http://www.huduser.org/NSP/NSP3.html

Map Options: Clear | Reset

Click Mode: Zoom | Info

NSP3 Legend (%): Tract Outline

LOG OUT

Click here for an Overview

NSP3 Options

14 Current Zoom Level

Show Tracts Outline (Zoom 11+)

DRAW FINISH

VIEW DATA

VIEW PROJECTS

METHODOLOGY INSTRUCTIONS

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee

Done

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Search foreclosures in Planada, CA | RealtyTrac.com - Windows Internet Explorer

http://www.realtytrac.com/mapsearch/mapsearch/mapsearch.aspx?address=planada%2C%20CA%20#eyJTVI

File Edit View Favorites Tools Help

Self Help Enterprises Intran... Search foreclosures in Pla...

Properties on map: 34 Neighborhood: Show parcel lines Lowe's Lowe's stores

FORECLOSURES

- Pre-foreclosure
- Auction
- Bank-Owned
- Gov't-Owned

FOR SALE

- For Sale
- For Sale By Owner
- Bank Hot Properties
- Online Auctions
- Recently Sold

3m 6m 9m

Multiple properties

Search Map

Address (optional)

City, State or ZIP (required)

Download picture http://www.realtytrac.com/birdseyeimage/propertyimage.ashx?v=N&z=30&src=mp&t=1=true&propi

Internet 100%

start

Inbox - Microsof... Search foreclosu... H:\REHAB\WSP\... Document2 - Mic...

9:27 AM

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South Merced

South Merced –Childs to Dickenson; Southwest to Tyler

Target Area: North Childs Ave.
South W. Dickenson Ferry Rd. / E. Mission Ave.
East Tyler Rd.
West Southwest Ave.

Within this target area, RealtyTrac currently shows the following numbers of properties in each state of foreclosure:

Pre-foreclosures	24
Auction	32
Bank Owned	86

Area Benefit Eligibility:

Persons <120% Area Median Income:	88.99%
Persons <80% Area Median Income:	69.85%

Home prices/values range from mid \$50,000's to \$300,000.

HUD is looking for a minimum of 18 properties in order to make an impact in this area. If using the entire allocation of funds, each property would have approximately \$150,326* for use on purchase and rehabilitation.

*Activity Delivery and Administration would need to be subtracted from this amount.

It is recommended that you consider the pre-foreclosures and auction properties since many of the properties which are currently bank-owned may be off the market by the time the funds are officially awarded.

You will find a map of the possible target area attached.

City wide foreclosure figures at this time are:

Pre-foreclosures	211
Auction	376
Bank Owned	<u>647</u>
	1,234

South Merced – Childs to Dickenson; Southwest to Tyler

Map Options: Clear | Reset

Click Mode: Zoom | Info

NSP3 Legend (%): Tract Outline

LOG OUT

Click here for an Overview

NSP3 Options

14 Current Zoom Level

Show Tracts Outline (Zoom 11+)

DRAW FINISH

VIEW DATA

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METHODOLOGY INSTRUCTIONS

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee

Done

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City of Dos Palos

Target Area: North: Carmelia Avenue
South: Stearman Street
East: Millux Avenue
West: Colony Branch No. 2 Canal

Within this target area, RealtyTrac currently shows the following numbers of properties in each state of foreclosure:

Pre-Foreclosure	19
Auction	24
Bank Owned	<u>32</u>
Total	75

Area Benefit Eligibility:

Persons <120% Area Median Income	68.49%
Persons <80% Area Median Income	50.52%

Home prices/values range from \$39,200 to \$294,357

HUD is looking for a minimum of 22 properties in order to make an impact in this area. If using the entire allocation of funds, each property would have approximately \$124,000* for use on purchase and rehabilitation.

*Activity Delivery and Administration would need to be subtracted from this amount.

It is recommended that you consider the pre-foreclosure and auction properties since many of the properties which are currently bank-owned may be off the market by the time the funds are officially awarded.

You will find a map of the possible target area attached.

City-wide foreclosure figures at this time are:

Pre-Foreclosure	35
Auction	35
Bank Owned	<u>60</u>
Total	130

Dos Palos

The screenshot displays the HUD USER GIS Maps application in a Windows Internet Explorer browser window. The address bar shows the URL <http://www.huduser.org/NSP/NSP3.html>. The interface includes a top navigation bar with "Map Options: Clear | Reset", "Click Mode: Zoom | Info", "NSP3 Legend (%): - Tract Outline", and a "LOG OUT" button. A red banner across the top of the map area reads "Click here for an Overview".

On the left side, there is a sidebar with the following sections:

- NSP3 Options**:
 - 14 Current Zoom Level
 - Show Tracts Outline (Zoom 11+)
 - DRAW and FINISH buttons
 - VIEW DATA button
 - VIEW PROJECTS button
 - METHODOLOGY and INSTRUCTIONS buttons
- Instructions**:

The NSP3 mapping tool now provides a summary NSP3 score for all projects drawn. Click on "View Projects", which will list all of the projects (target areas) that have data calculated. It shows the NSP3 score for each target area along with the total estimated housing units in that area. At the bottom of the list is a sum of all housing units in all target areas and the NSP3 score for all target areas drawn. Grantees are advised to know their state minimum and if the summary score is less than the state minimum the grantee should delete, add, or revise target areas. Note that if you delete or add, the tool only recalculates after you close the "View Projects" box and reopen it. HUD also advises grantees to think carefully about the size of their target areas in total. If those target areas have a very large number of total housing units relative to the dollars available, HUD will

The main map area shows a street grid in Dos Palos, California, with a blue-shaded project area. Key streets include Carmellia Ave, W Carmellia Ave, Egin Ave, N Egin Ave, Valeria St, and Val Ave. Landmarks like O'Barion Park and Pierini Park are also visible. A legend in the top right corner shows "Map" and "Terrain" options. The bottom status bar indicates "Done", "Internet", and "100%" zoom.

Search foreclosures in dos palos, ca | RealtyTrac.com - Windows Internet Explorer

http://www.realtytrac.com/mapsearch/mapsearch/mapsearch.aspx?address=Dos%20Palos%2C%20CA%20&parsed=1&ct=dos%20palos&cn=merced

Search foreclosures in dos palos, ca | RealtyTrac.com

CONTACT

Properties on map: 72 Neighborhood: Show parcel lines Lowe's Lowe's stores

FORECLOSURES

- P Pre-foreclosure
- A Auction
- B Bank-Owned
- G Gov't-Owned

FOR SALE

- F For Sale
- S For Sale By Owner
- H Bank Hot Properties
- O Online Auctions
- R Recently Sold
- M Multiple properties

Search Map

Address (optional)

City, State or ZIP (required)

SEARCH

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Pre-foreclosure Auction Bank-Owned Homes For Sale Recently Sold

Bank Owned Bank Hot Properties

Entered Date (newest first)

Done Internet 100%

National Average 30 year fixed

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California

Search

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Community of South Dos Palos

Target Area: North: Valeria Street
South: Aqua Vista Street
East: Elgin Avenue
West:

Within this target area, RealtyTrac currently shows the following numbers of properties in each state of foreclosure:

Pre-Foreclosure	5
Auction	4
Bank Owned	<u>10</u>
Total	19

Area Benefit Eligibility:

Persons <120% Area Median Income	82.13%
Persons <80% Area Median Income	72.76%

Home prices/values range from \$38,250 to \$294,988. Median price/value is \$107,168.

HUD is looking for a minimum of 5 properties in order to make an impact in this area. If using the entire allocation of funds, each property would have approximately \$546,000* for use on purchase and rehabilitation.

*Activity Delivery and Administration would need to be subtracted from this amount.

It is recommended that you consider the pre-foreclosure and auction properties since many of the properties which are currently bank-owned may be off the market by the time the funds are officially awarded.

You will find a map of the possible target area attached.

Area-wide (Dos Palos) foreclosure figures at this time are:

Pre-Foreclosure	35
Auction	35
Bank Owned	<u>60</u>
Total	130

South Dos Palos

HUD USER GIS Maps - Windows Internet Explorer

http://www.huduser.org/NSP/NSP3.html

HUD USER GIS Maps

Click here for an Overview

NSP3 Options

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Show Tracts Outline (Zoom 11+)

DRAW FINISH

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Map data ©2010 Google - Terms of Use

Done

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Search foreclosures in dos palos, ca | RealtyTrac.com - Windows Internet Explorer

http://www.realtytrac.com/mapsearch/mapsearch/mapsearch.aspx?address=Dos%20Palos%2C%20CA%20&sparsed=1&ct

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Pre-foreclosure
 Auction
 Bank-Owned
 Gov't-Owned

FOR SALE

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 Recently Sold
 3m 6m 9m

Multiple properties

Search Map

Address (optional)

City, State or ZIP (required)

SEARCH

0.7 miles

California

Search

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View Auction

Auction

- 3 Bedroom
- 2 Bath
- 1,560 sq ft

View Auctions

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Bank Owned 60 Properties | Bank Hot Properties 4 Properties

Sort by Entered Date (newest first)

Done Internet 100%