Grantee: Merced County, CA

Grant: B-11-UN-06-0009

October 1, 2012 thru December 31, 2012 Performance Report

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 Amount:
$2,705,877.00

Grant Status:
Active

QPR Contact:
Mary Gloria Goulart

Estimated PI/RL Funds:
$0.00

Total Budget:
$2,705,877.00

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&rsquos 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&rsquos 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&rsquos 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/aprqtr/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&rsquos 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 Pluming 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

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	$2,705,877.00
Total Budget	$2,705,877.00	$2,705,877.00
Total Obligated	$252,258.76	$1,963,487.25
Total Funds Drawdown	$272,902.76	$1,780,265.25
Program Funds Drawdown	$272,902.76	$1,780,265.25
Program Income Drawdown	$0.00	$0.00
Program Income Received	$151,042.56	$151,042.56
Total Funds Expended	$189,619.60	$1,743,545.23
Match Contributed	$0.00	$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	$0.00	$0.00
Limit on Public Services	$405,881.55	$0.00
Limit on Admin/Planning	$270,587.70	$87,366.00
Limit on State Admin	$0.00	$87,366.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	$270,587.70	$270,588.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	$676,469.25	$676,469.00

Overall Progress Narrative:

*Acquisition/ Rehab completed on 8 homes prior to the Oct-Dec 2012 Quarter.
> 6713 Olive
> 7240 Myrtle
> 7245 Christina
> 7290 Anne
> 7332 Edythe
> 7368 Mcconnell
> 7437 Peridot
> 7488 California

>
>*Construction started on 7041 Myrtle & 7316 Anne Cl. in Oct. 2012
>*Construction completed on 6799 Beth Cl. in Oct. 2012
* Assistance was provided to one homebuyer for the purchase of property located at 7437 Peridot.
> Escrow closed Dec 2012.
> Hispanic, Household of 4, Non-elderly, Non-handicap, Non-Female-Head-of-Household, Farmworker, Low-Income

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Acquisition/Rehab/Resale with Direct Homeownership	$252,258.76	$1,731,761.00	$1,692,899.25
2, Acquisition/Rehab/Resale with Direct Homeownership	$0.00	$676,469.00	$0.00
3, Demolition/Redevelopment	$0.00	$27,059.00	$0.00
4, General Administration	$20,644.00	$270,588.00	$87,366.00
9999, Restricted Balance	$0.00	$0.00	$0.00

Activities

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

Activitiy Category:
Acquisition - general

Activity Status:
Under Way

Project Number:
1

Project Title:
Acquisition/Rehab/Resale with Direct Homeownership

Projected Start Date:
03/16/2011

Projected End Date:
03/16/2014

Benefit Type:
N/A

Completed Activity Actual End Date:

National Objective:
NSP Only - LMMI

Responsible Organization:
Merced County Department of Commerce Aviation and

Overall	Oct 1 thru Dec 31, 2012	To Date
Total Projected Budget from All Sources	N/A	$1,731,761.00
Total Budget	$1,731,761.00	$1,731,761.00
Total Obligated	$252,258.76	$1,692,899.25
Total Funds Drawdown	$252,258.76	$1,692,899.25
Program Funds Drawdown	$252,258.76	$1,692,899.25
Program Income Drawdown	$0.00	$0.00
Program Income Received	$151,042.56	$151,042.56
Total Funds Expended	$168,975.60	$1,650,213.23
Merced County Department of Commerce Aviation and	$168,975.60	$1,650,213.23
Match Contributed	$0.00	$0.00

Activity Description:

Administration for Merced County

Location Description:

Activity Progress Narrative:

7041 Myrtle Ave. - Activity Delivery $22050.00
>7041 Myrtle Ave. - Loan Rehab $147,000.
>7245 Christina Ct. -Activity Delivery $-10.00
>7245 Christina Ct. -Loan Rehab $-64.40

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

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	

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

Activitiy Category:
Administration

Activity Status:
Under Way

Project Number:
4

Project Title:
General Administration

Projected Start Date:
07/01/2011

Projected End Date:
06/30/2014

Benefit Type:
N/A

Completed Activity Actual End Date:

National Objective:
N/A

Responsible Organization:
Merced County Department of Commerce Aviation and

Overall	Oct 1 thru Dec 31, 2012	To Date
Total Projected Budget from All Sources	N/A	$270,588.00
Total Budget	$270,588.00	$270,588.00
Total Obligated	$0.00	$270,588.00
Total Funds Drawdown	$20,644.00	$87,366.00
Program Funds Drawdown	$20,644.00	$87,366.00
Program Income Drawdown	$0.00	$0.00
Program Income Received	$0.00	$0.00
Total Funds Expended	$20,644.00	$93,332.00
Merced County Department of Commerce Aviation and	$20,644.00	$93,332.00
Match Contributed	$0.00	$0.00

Activity Description:

Location Description:

Activity Progress Narrative:

MERNSP3-912 $5161.00
>MERNSP3-1012 $5161.00
>MERNSP3-1112 $5161.00
>MERNSP3-1212 $5161.00

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

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	