

HOUSING

FUND NOS. 018, 031, 033-034, 041, 042

ACCOUNT NOS. 1301, 1304,1340, 1343-44, 1346, 1349

DESCRIPTION

The Housing Program administers Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), and Redevelopment Agency (RDA) Housing Set-Aside Funds in order to increase the supply of safe, decent, and affordable housing. The Program is also involved in community development, code enforcement, and neighborhood revitalization. CDBG and HOME are Federal Funds provided to the City of Merced on a formula basis, with the amount dependent upon the allocation level established by Congress. HOME funds can only be used for housing activities, while CDBG can be used for broader community development purposes within established guidelines. Examples of such activities in addition to housing are public services, public facilities improvements, and economic development. There is a 15 percent expenditure cap on public services activities and a 20 percent cap on planning and administration.

MISSION

The City of Merced Housing Program strives to create and maintain affordable housing for low to moderate income residents by using CDBG, HOME, and RDA Housing Set Aside funds. This is accomplished by providing technical support and below market interest rate loans to assist households to rehabilitate or reconstruct substandard dwelling units, deferred loans for down payment and closing costs to help households purchase their first home (First Time Homebuyer Assistance Program), and through joint development agreements with the private sector to stimulate the creation of additional affordable rental housing units in the community.

GOAL

- ◇ Meet the affordable housing needs of low and moderate income residents such that no one lives in housing which is not decent, safe, and sanitary.
- ◇ Increase home ownership opportunities for low and moderate income groups.
- ◇ Increase the stock of affordable housing for low and moderate income households.
- ◇ Assist in implementing recommendations from the Housing Element Update on affordable housing strategy.
- ◇ Ensure funding for adequate community services.

HOUSING

OBJECTIVES

PERFORMANCE MEASUREMENTS/INDICATORS

- | | |
|---|---|
| 1. Rehabilitate/reconstruct owner-occupied substandard dwelling units. | Complete 28-30 units. |
| 2. Rehabilitate/construct affordable rental housing units. | Complete 10-15 units. |
| 3. Provide a First Time Homebuyer Assistance Program. | Close escrows on 20-25 homes. |
| 4. Affirmatively further fair housing. | Implement recommendations from the "Analysis of Impediments to Fair Housing Choice" to overcome impediments identified in the report. |
| 5. Provide homeless shelter facilities and supportive housing to meet the needs of very low income and homeless people in Merced. | Assist the public agencies and non-profit organizations to implement Continuum of Care Plan including grant applications. |

CITY OF MERCED HOUSING PROGRAM PROGRAMS AND RESOURCES

For the direct operation of programs and services, the City of Merced Housing Program relies on three sources of revenue -- CDBG, HOME, RDA Housing Set Aside, and program income.

CDBG and HOME are Federal entitlement programs which provide funds to the City of Merced on a formula basis. The amount of money allocated by Congress in these categories is distributed to the local jurisdictions based on a formula. If the allocation level by Congress is higher than a previous year, the City receives more funds; if it is lower, there is a decrease.

Program income is the repayment of loans that have been made by the Housing Program.

PROGRAMS AND SERVICES

The City of Merced provides assistance to households who meet the income guidelines established by the funding source. The form of the assistance for households is always a loan. In the case of rehabilitation or reconstruction of substandard dwelling units, if the property is owner-occupied, the loan payments can be deferred if the household's income is insufficient to make payments and still retain a certain portion of their income for non-housing expenses. Senior citizens on a fixed income often receive a deferred payment loan. In addition to providing loan funds to rehabilitate substandard dwellings, the Housing Program provides assistance to qualifying households to purchase their first home. Payment on loans which provide down payment and closing cost support are deferred in both principal and interest for a period of five years.

An annual public hearing held before the City Council each spring details a list of proposed expenditures for the upcoming fiscal year. The plan for those expenditures, which is called Annual Action Plan, is submitted to HUD every year. The planning document that assists in the identification of program activities is the HUD Consolidated Plan which is updated every 5 years.

The number of projects completed in a fiscal year under the rehabilitation/reconstruction loan program is usually between 25 and 30. This depends on the amount of funds available and the cost of each project. With the passage of time, the number of higher cost projects (needing more extensive work) has increased.

The First Time Home Buyer Program has been very active over the last seven years, with close to 700 loan closures during that period.

FUNDS AND ACCOUNTS

The various program funding sources described above are handled through the following funds and accounts in the City's financial system:

FUND	ACCOUNT	PROGRAM
018	1301	Housing Program Administration
018	1304	Code Enforcement
031	1340	Unrestricted Program Income
033	1349	HOME Funds, Participating Jurisdiction (Entitlement), 1999
034	1346	BEGIN Program
041	1343	HOME Funds,State, 1992
042	1344	HOME Funds,State, 1993