

City of Merced
2020 Analysis of Impediments to Fair Housing Choice
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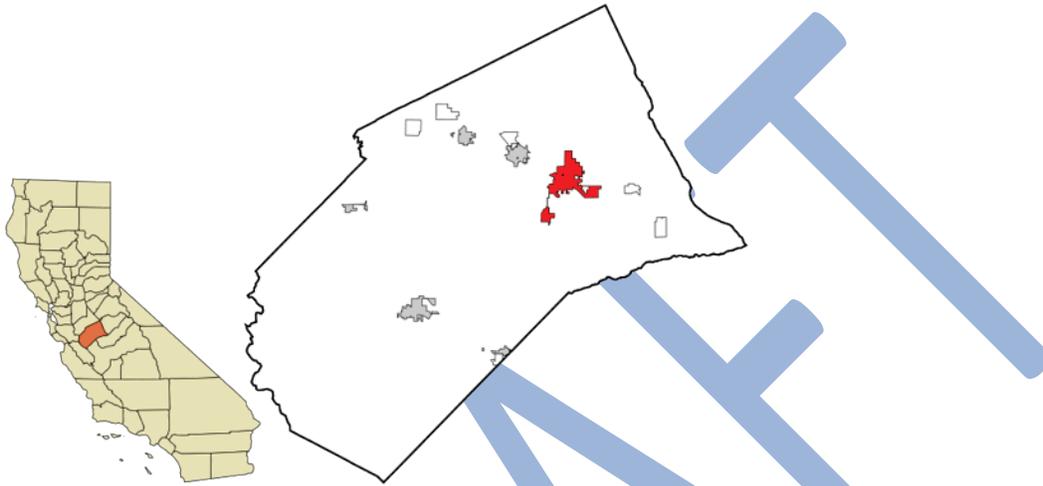
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Section 1. Executive Summary

The City of Merced is the county seat of Merced County, California and is located in the San Joaquin valley. The following Analysis of Impediments to Fair Housing Choice (AI) serves as a comprehensive look at fair housing issues in the City of Merced. The report includes an analysis of various demographic, economic, and housing indicators, a review of public and private sector policies that affect fair housing, and a review of the City's efforts to affirmatively further fair housing per federal law.



Location of the City of Merced in Merced County and California

With the rising pressure to create affordable housing, the City faces barriers and impediments such as lack of sufficient new housing development and a continued need for fair housing awareness and education in order to effectively realize fair housing for all residents seeking homes. The City has taken steps to promote fair housing and to educate its leadership, staff, and residents to ensure that all residents are protected under state and local law and to adhere with the Department of Housing and Urban Development (HUD) regulations on fair housing as required by HUD entitlement grants.

The conclusion of this analysis has identified several current impediments to fair housing choice. For each impediment, recommendations and outcome measures have been identified for activities that can help to alleviate these impediments moving forward. The current impediments to fair housing choice are:

Impediment #1 *Lack of knowledge of fair housing laws and fair housing resources among the general public and property owners*

- The general public often does not understand fair housing rights or the fair housing complaint processes;
- Fair housing opportunities are not readily available on the City's website.

Impediment #2 *Disproportionate Housing Problems for Special Needs Populations*

- Accessible and affordable housing choices for persons with disabilities and the elderly are limited;
- Fair housing complaints are most likely to be based on failures by property owners to provide reasonable accommodations to tenants;
- Homelessness is an increasing problem in Merced and people experiencing homelessness are in need of both housing and supportive services.

Impediment #3 *Economic barriers due to limited supply of adequate and accessible affordable housing*

- High costs, especially for extremely low- and very low- income renters who face significant affordability “gaps;”
- Low vacancy rates leave limited housing options and few that are affordable.

Impediment #4 *Lending access for Black and Very Low Income Households*

- Black households represent over 5% of the population in Merced but just 4% of all home purchase applicants in 2017 indicating a need for greater outreach and information to Black communities with respect to lending opportunities. In contrast, White household represent about 27% of the population but 39% of home purchase applications. Asian household represent 11% of the population but 17% of home purchase applications;
- Very Low Income applicants are five times more likely to be denied for home purchase loans than other applicants.

Methodology

The Analysis of Impediments to Fair Housing Choice consists of a comprehensive review of laws, regulations, policies, and practices affecting housing affordability, accessibility, availability, and choice within the City of Merced. The assessment specifically includes an evaluation of:

- Existing socio-economic conditions and trends in the City, with a particular focus on those that affect housing and special needs populations;
- Public and private organizations that impact housing issues in the City and their practices, policies, regulations, and insights relative to fair housing choice;
- The range of impediments to fair housing choice that exists within both the urban center communities and other areas of the City;
- Specific recommendations and activities for the City to address any real or perceived impediments that exist; and

- Effective measurement tools and reporting mechanisms to assess progress in meeting fair housing goals and eliminating barriers to fair housing choice

Additional quantitative data were obtained from sources including U.S. Census Bureau reports, American Community Survey data (ACS), the US Bureau of Labor Statistics (BLS), Longitudinal Employer-Household Dynamics (LEHD), Boxwood Means Inc. via PolicyMap, Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act data (HMDA), and the US Department of Housing and Urban Development (HUD).

Purpose of Fair Housing

Fair housing has long been an important issue in American urban policy – a problem born in discrimination and fueled by growing civil unrest that reached a boiling point in the Civil Rights Movement. The passing of the Fair Housing Act in 1968 was a critical step towards addressing this complex problem, but it was far from a permanent solution. Since the passing of the Act, community groups, private businesses, concerned citizens, and government agencies at all levels have worked diligently to battle housing discrimination. The Fair Housing Act mandates that HUD ‘affirmatively further fair housing’ through its programs. Towards this end, HUD requires funding recipients to undertake fair housing planning (FHP) in order to proactively take steps that will lead to less discriminatory housing markets and better living conditions for minority groups and vulnerable populations.

This 2020 Analysis of Impediments to Fair Housing Choice is an in-depth study of potential barriers, challenges and opportunities for housing choice for Merced residents on a citywide scale. Impediments to Fair Housing are defined as any actions, omissions, or decisions based upon race, color, religion, national origin, disability, gender, or familial status that restrict, or have the effect of restricting, housing choice or the availability of housing choice. Fair Housing Choice is the ability of persons of similar income levels – regardless of race, color, religion, national origin, disability, gender, or familial status – to have the same housing choices.

The Analysis of Impediments is an integral component of the fair housing planning process and consists of a review of both public and private barriers to housing choice. It involves a comprehensive inventory and assessment of the conditions, practices, laws, and policies that impact housing choice within a jurisdiction. It provides documentation of existing, perceived and potential fair housing concerns, and specific action strategies designed to mitigate or eliminate obstacles to housing choice for the residents. The Analysis is intended to serve as a strategic planning and policy development resource for local decision makers, staff, service providers, the private sector, and community leaders in the City. As such, this Analysis of Impediments will ultimately serve as the foundation for fair housing planning in the City. The long-term objective of this Analysis of Impediments to Fair Housing Choice is to make fair housing choice a reality for residents through the prevention of discriminatory housing practices.

Fair Housing Concepts

Housing choice plays a critical role in influencing individuals' and families' abilities to realize and attain personal, educational, employment and income potential. The fundamental goal of HUD fair housing policy is to make housing choice a reality through sound planning. Through its ongoing focus on Fair Housing Planning, HUD "is committed to eliminating racial and ethnic discrimination, illegal physical and other barriers to persons with disabilities, and other discriminatory practices in housing." Among the recurring key concepts inherent in fair housing planning are:

- *Affirmatively Further Fair Housing (AFFH)* – Under its community development programs, HUD requires its grantees to affirmatively further fair housing through three broad activities: 1) conduct an Analysis of Impediments to Fair Housing Choice; 2) act to overcome identified impediments; and 3) track measurable progress in addressing impediments and the realization of fair housing choice.
- *Affordable Housing* – Decent, safe, quality housing that costs no more than 30% of a household's gross monthly income for utility and rent or mortgage payments.
- *Fair Housing Choice* – The ability of persons, regardless of race, color, religion, national origin, disability, gender, or familial status, of similar income levels to have the same housing choices.
- *Fair Housing Planning (FHP)* – Fair Housing Planning consists of three components: the Analysis of Impediments, a detailed Action Plan to address identified impediments, and a monitoring process to assess progress in meeting community objectives. FHP consists of a close examination of factors that can potentially restrict or inhibit housing choice and serves as a catalyst for actions to mitigate identified problem areas.
- *Impediments to Fair Housing* – Any actions, omissions, or decisions based upon race, color, religion, national origin, disability, gender, or familial status that restrict, or have the effect of restricting, housing choice or the availability of housing choice.
- *Low and Moderate Income* – Defined as 80% of the median household income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs. Very low-income is defined as 50% of the median household income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs. Poverty level income is defined as 30% or below median household income.
- *Private Sector* – Private sector involvement in the housing market includes banking and lending institutions, insurance providers, real estate and property management agencies, property owners, and developers.

- *Public Sector* – The public sector for the purpose of this analysis includes local and state governments, regional agencies, public housing authorities, public transportation, community development organizations, workforce training providers, and community and social services.

Organization of Report

This AI is divided into seven sections:

- Section 1: The Executive Summary defines fair housing and explains the purpose of this report.
- Section 2: The Jurisdictional Background Data presents the demographic, housing and income characteristics of Merced. Major employers and transportation access to job centers are identified. The relationships among these variables are discussed.
- Section 3: Mortgage Lending Practices analyzes private activities that could impede fair housing choices in Merced.
- Section 4: Public Policies and Practices evaluates various public policies and actions that could impede fair housing choices in Merced.
- Section 5: Fair Housing Practices evaluates the fair housing services available to residents and identifies fair housing complaints and violations in Merced.
- Section 6: Previously Identified Impediments to Fair Housing summarizes progress made toward addressing impediments noted in the 2015 Analysis.
- Section 7: Identification of Impediments to Fair Housing Choice provides conclusions and recommendations about fair housing issues in Merced.

Citizen Participation Process

Community Advisory Meetings

Merced residents and public and private agencies either directly or indirectly involved with fair housing issues in Merced were invited to participate in four community advisory committee meetings.

The meetings provided the opportunity for the Merced community to gain awareness of fair housing laws and for residents and service agencies to share fair housing issues and concerns. To ensure that the fair housing concerns of low- and moderate-income and special needs residents were addressed, individual invitation letters were distributed via mail and e-mail, if available, to

agencies and organizations that serve the low- and moderate-income and special needs community. Agencies and organizations that were invited and contributed directly to this report.

Meeting times and dates were placed in Merced's newspaper and posted conspicuously at City Hall. Due to extensive outreach efforts, attendance at the public meetings included several service providers and citizen groups that work with residents considered a protected class according to HUD's definition. These community members and service providers supplied first-hand insight into fair housing issues and concerns.

Resident Survey

To supplement the citizen advisory meetings, a survey was made available to Merced residents at City Hall as well as online at the City's Web site. Spanish versions of the survey were also provided to reflect the diversity of Merced's residents. During the 8 week survey period, completed surveys were submitted by 204 Merced residents.

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Section 2. Jurisdictional Background

Introduction

The Demographic Profile looks at the City from the perspective of its people, exploring variables such as race and ethnicity, age, disability status, and others. This information will allow the City to answer one of the most important questions when addressing fair housing issues, *who* is in need of assistance. People are at the foundation of the decision-making process and understanding what the demographics of the City are and how they have changed is necessary before policy changes can be proposed.

The majority of the data in this section comes from either the 2010 Decennial Census or the 2013-2017 American Community Survey, both conducted by the US Census Bureau. When additional data sources are used, they will be clearly identified. It should be noted that the estimates provided are meant to show overall trends and not exact counts. In most cases, different data sources will differ on their estimates due to differences in methodology, but the overall trends will support each other.

Population

Understanding the change in population that occurs over time is necessary to properly address and forecast the housing needs in the community. Not only is it important to be aware of the current population but it is also necessary to look at historical trends. When a population grows more quickly than the housing stock the overall demand increases which puts upward pressure on housing prices. Increased prices make it more difficult to locate affordable, safe, and secure housing, particularly for lower income households.

There are approximately 82,008 people living in the City, which represents 28.4% growth since 2000. The majority of the growth occurred between 2010 and 2017 when the City gained over 13,000 residents. The City's growth rate was noticeably higher than the state where the growth rate was 15.1%.

Table 1: Population

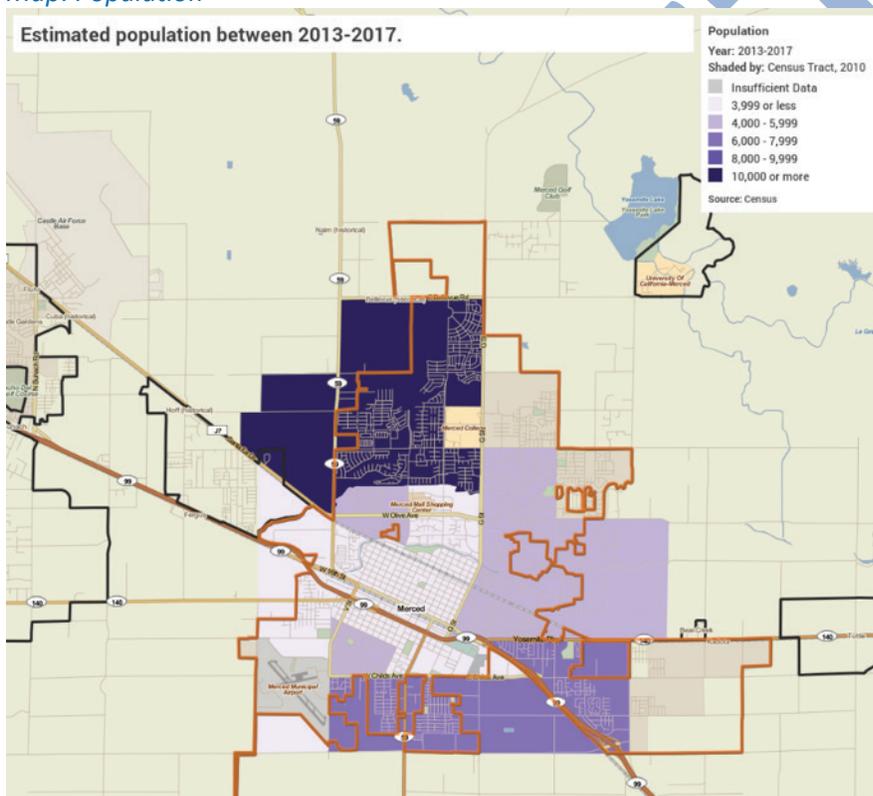
	2000	2010	2017	% Change 2000-2010	% Change 2010-2017	% Change 2000-2017
City of Merced	63,893	77,080	82,008	20.6%	6.4%	28.4%
California	33,871,648	36,637,290	38,982,847	8.2%	6.4%	15.1%

Source: 2000 & 2010 Census, 2013-2017 American Community Survey 5-Year Estimates (DP05)

Census tracts are geographic boundaries that are determined by the U.S. Census Bureau. After every decennial census the boundaries of tracts are altered to adjust to any population changes with the goal of approximately 4,000 people per tract. When a census tract has significantly more people than that it often represents areas of population growth since the boundaries were drawn. Similarly, when a tract has a population that is significantly less than 4,000 people it may mean that the population in those areas is decreasing.

In Merced, the population in each census tract is not uniform. Tracts in the center of the City have relatively small populations, under 4,000. The largest population tracts are in the north part of the City with 10,000 or more people.

Map: Population



Source: 2013-2017 ACS via PolicyMap

Age

The age distribution is vitally important to the housing market and a jurisdiction's economy. The needs of residents vary depending on what stage of life they are in. Residents who are nearing retirement or currently retired are often looking to downsize into smaller homes and may prioritize accessibility and transportation options. Young adults, particularly new families, have different housing demands and tend to look for homes they can grow into and possibly raise children in. Understanding how the age of the population is changing is important to determine

which types of housing units are in need and it will also help set realistic goals for what funds will be available.

Like much of the country, the demographic data from the City indicates that the average age of the population is increasing. In 2017, the median age of the population was 34.9 years old. That is an increase of 1.3 years since 2000 when the median age was 29.2 years old. In general, the population can be divided into three age groups: Youth (24 and younger), Working Age (24 to 60), and Elderly (60 and older). In Merced, 43.2% of the population is Youth, 47% are Working Age, and 9.7% are Elderly. The largest age group in the City is the 25 to 34 years old group with 12,555 people, or 15.3% of the population. That large age cohort has more people in it than all the Elderly people in the City.

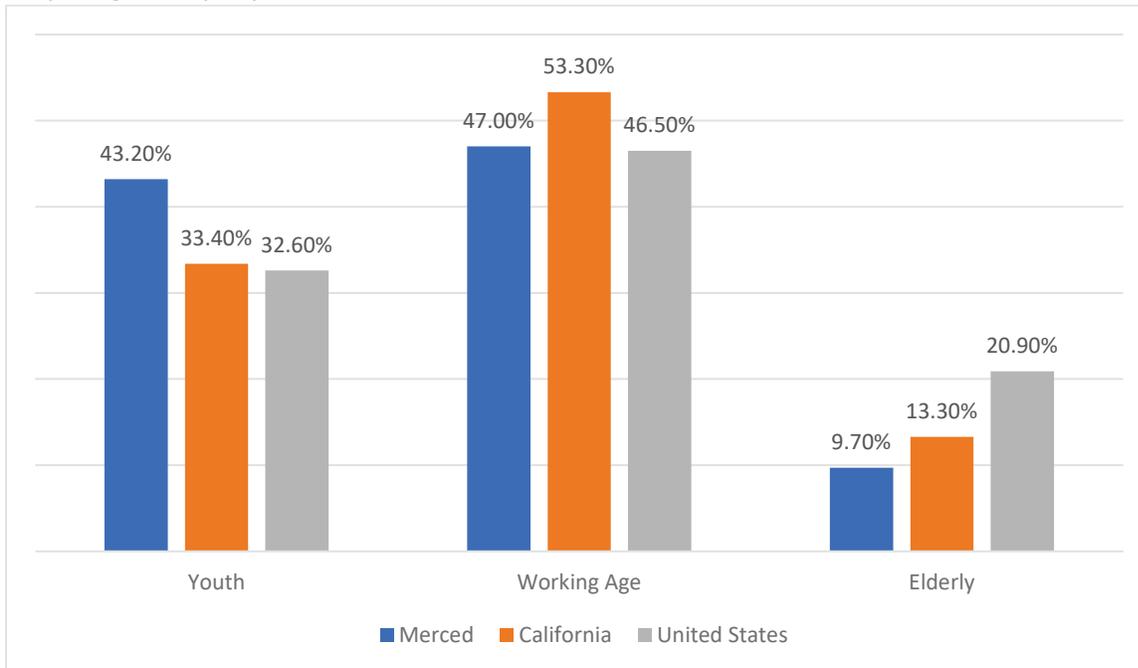
Table: Age

	Number of People in Age Group	Percent of People in Age Group
	Merced	
Under 5 years	6,802	8.3%
5 to 9 years	7,000	8.5%
10 to 14 years	7,036	8.6%
15 to 19 years	6,429	7.8%
20 to 24 years	8,208	10.0%
25 to 34 years	12,555	15.3%
35 to 44 years	9,465	11.5%
45 to 54 years	9,218	11.2%
55 to 59 years	4,086	5.0%
60 to 64 years	3,286	4.0%
65 to 74 years	4,725	5.8%
75 to 84 years	2,227	2.7%
85 years and over	971	1.2%
Median Age	29.2	(x)

Source: 2013-2017 American Community Survey 5-Year Estimates (DP05)

When compared to the State of California and the nation as a whole, the City of Merced stands out as having a relatively large youth population. Additionally, the City's elderly population is particularly small compared to the other jurisdictions. The age demographics of Merced create a demand for housing that differs from communities with an older population.

Graph: Age Groups by Jurisdiction



Youth

As noted above, Merced has a relatively large Youth population. In order to understand the consequences of this it is important to look at data for the youth subpopulations: Pre-School Age, Children, High School Age, and College Age. Due to data limitations the ages used in each category are an approximation of the members of each group.

Pre-School Age (Under 5 Years)

In many ways, children of this age represent how desirable it is for new parents to live within the City. If this population is relatively small or shrinking, then it is possible that parents view living in nearby jurisdictions as a better option for them. This may be due to lack of desired housing types, prices, and other factors.

In 2017, the Pre-School Age population made up 8.3% of the residents of the City, or approximately 6,802 children, a reduction from 9.7% in 2000.

Children (5 to 14 Years Old)

Members of this group are in elementary and middle school, generally an indicator that a family is less likely to move in the coming decade. In Merced, 17.1% of the population is in this group, a drop from 19.9% in 2010.

High School Age (15 to 19 Years Old)

Youth in this age are considerably more mobile than younger groups but their living situation is generally controlled by their parents. In Merced, 7.8% of the 2017 population was made up of this age group, or 6,429 people.

College Age (20 to 24 Years Old)

This population differs considerably from the other members of the Youth subgroup. They are more likely to live in a place of their choosing and may be students from outside the City. The factors that attract college age residents are different than the ones that attract parents with children. This population is also likely to start looking for a place to raise a family and/or become more stable, which requires housing that appeals to that desire. In the City, 10% of the population is in the College Age group. This is an increase from 2000 when 7.8% of the City's population was College Age.

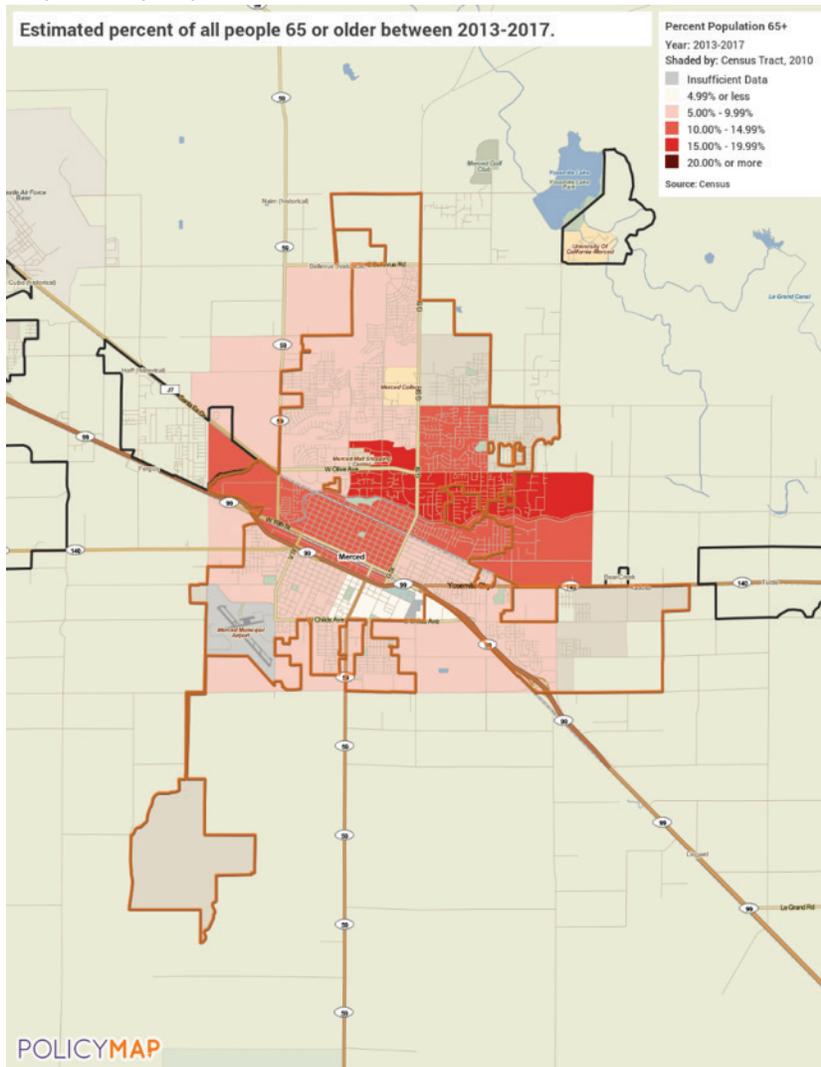
Elderly

Where housing is concerned, the needs of people aged 65 and over are particularly important. As people age, they may require new types of social services, healthcare, and housing. As communities across the nation grow proportionately older, the needs of the elderly become an increasingly important aspect of both public and private decision-making. Central to these evolving needs is access to housing options that are decent, safe, affordable, accessible, and located in proximity to services and transportation. Housing is one of the most essential needs of the elderly because the affordability, location, and accessibility of where they live will directly impact their ability to access health and social services – both in terms of financial cost and physical practicality.

In 2017, elderly 65 years and older were 9.7% of the total population in Merced. This group has remained relatively stable, in 2000 approximately 9.4% of the population was elderly.

The following map highlight the geographic distribution of the elderly population throughout the city. Lighter colored shades represent areas with lower populations and darker shades represent areas with higher populations.

Map: Elderly Population (65 and older)



Source: 2013-2017 ACS via PolicyMap

Age Dependency Ratio

Age dependency ratios relate the number of working-aged persons to the number of dependent-aged persons (children and elderly). An area's dependency ratio is comprised of two smaller ratios - the child dependency ratio and the old-age dependency ratio. These indicators provide insight into the social and economic impacts of shifts in the age structure of a population. Higher ratios of children and the elderly require higher levels of services to meet the specific needs of those populations. Furthermore, a higher degree of burden is placed on an economy when those who mainly consume goods and services become disproportionate to those who produce. It is important to note that these measures are not entirely precise – not everyone under the age of 18 or over 65 is economically dependent, and not all working age individuals are economically

productive. With these caveats in mind, dependency ratios are still helpful indicators in gauging the directional impacts of shifting age structures.

Race and Ethnicity

Federal housing policy intentionally segregated people by race for decades. Those policies, as well as the many local and state discrimination policies, are no longer legal, but many communities still feel the effect of red-lining and other laws meant to segregate racial groups. An unfortunate truth is that within the United States there is a link between a person’s race or ethnicity and their access to housing and economic opportunities. Many areas of the country have been classified as a Racially/Ethnically Concentrated Area of Poverty (R/ECAP). Proactively addressing the connection between race, housing, and poverty is a necessary part of any housing program.

Overall, Merced is more racially diverse than the state as a whole. It is a majority Hispanic City, but only by 2.2%. The second most common group is White, non-Hispanic with all other racial groups being significantly smaller.

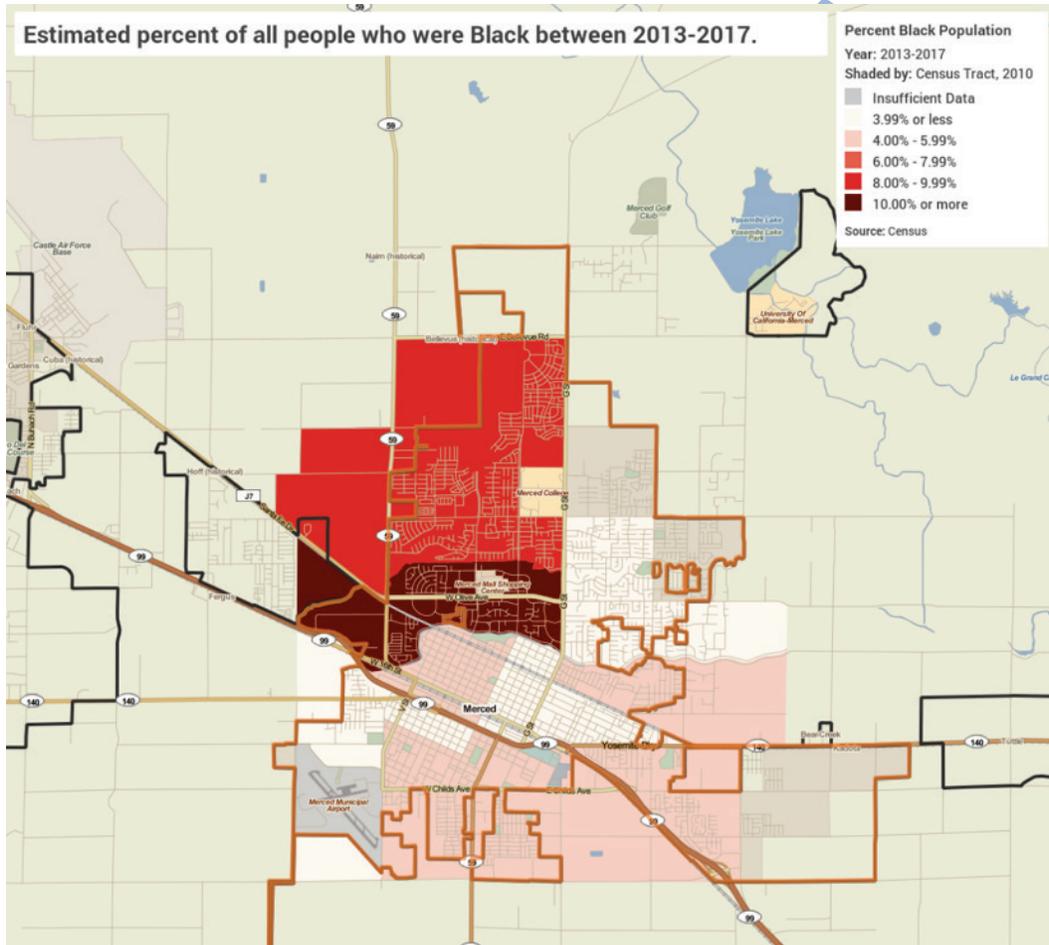
Table: Race and Ethnicity

	Merced	Percentage	California	Percentage
White, non-Hispanic	22,859	27.9%	14,777,594	37.9%
Black or African American, non-Hispanic	4,363	5.3%	2,161,459	5.5%
American Indian and Alaska Native, non-Hispanic	167	0.2%	137,813	0.4%
Asian, non-Hispanic	9,758	11.9%	5,427,928	13.9%
Native Hawaiian / Other Pacific Islander, non-Hispanic	70	0.1%	138,283	0.4%
Some other race, non-Hispanic	186	0.2%	93,746	0.2%
Two or more races, non-Hispanic	1,797	2.2%	1,140,164	2.9%
Hispanic or Latino (of any race)	42,808	52.2%	15,105,860	38.8%
Source: 2013-2017 American Community Survey 5-Year Estimates (DP05)				

Black

Nearly 4,400 residents of Merced identify as Black or African American, making up 5.3% of the total population. Census tracts with disproportionately large number of black residents are found in the northern part of the City. These tracts have over 10% of the population that identifies as Black.

Map: Black Population

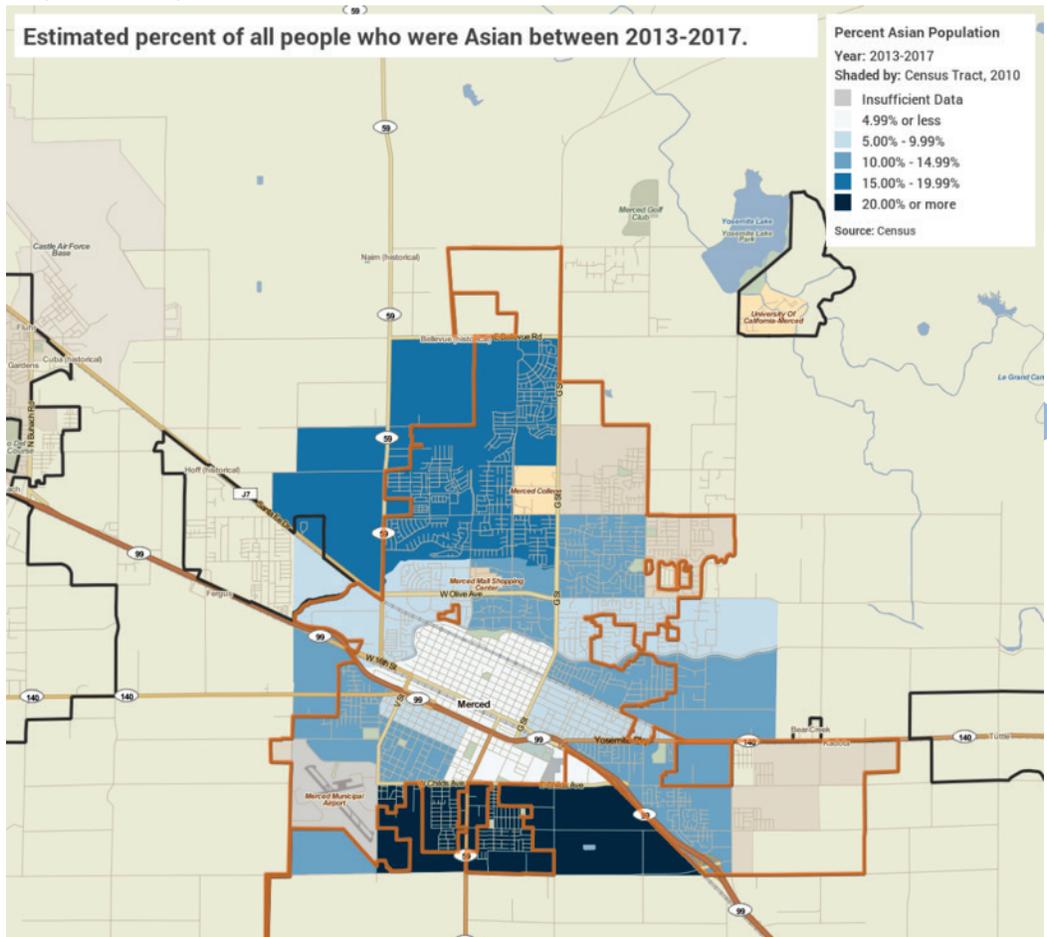


Source: 2013-2017 ACS via PolicyMap

Asian

Residents who identify as Asian are the third largest racial or ethnic group and make up 11.9% of the City's population. In Merced, Asian residents are more prevalent in the southern part of the City where they make up 20% or more of the population.

Map: Asian Population

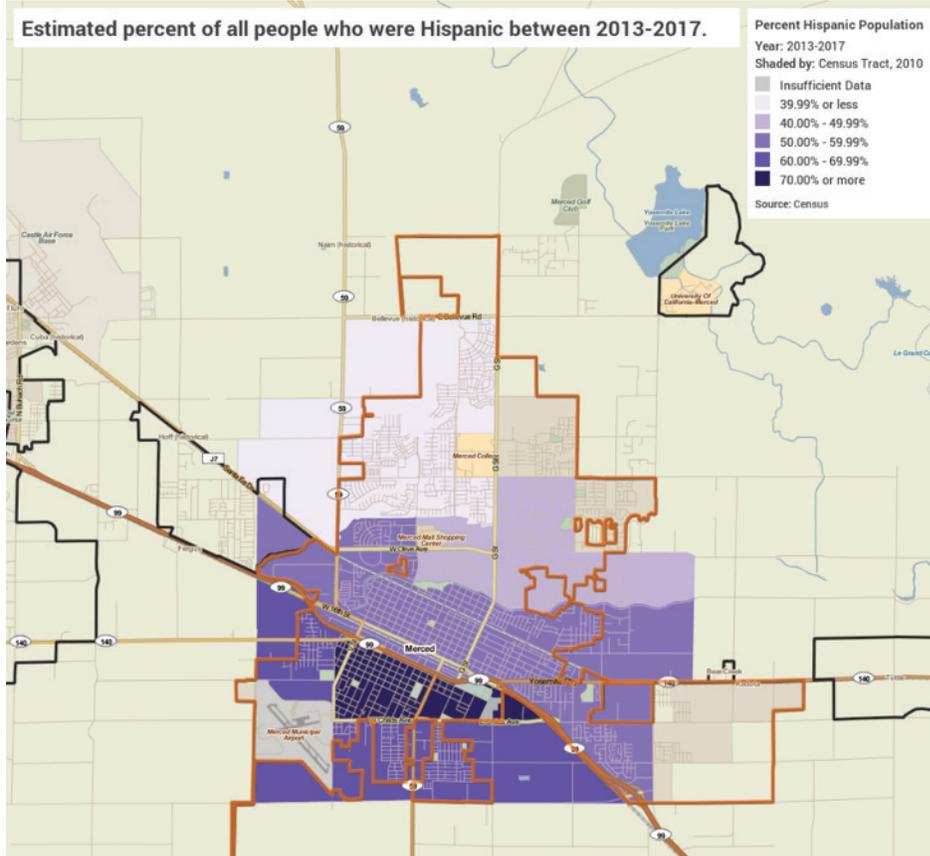


Source: 2013-2017 ACS via PolicyMap

Hispanic

As noted above, the majority of the City's residents are Hispanic. Areas with a heavy Hispanic concentration are located primarily in the southern part of Merced. Over 70% of residents in these tracts

Map: Hispanic Population



Source: 2013-2017 ACS via PolicyMap

Due to the relatively small number of residents from the other identified racial groups accurate mapping and analysis was not conducted.

Foreign-Born

Like many communities across the country, Merced has a significant foreign-born population. According to the most recent data, there are 17,667 foreign-born residents and nearly 45% of them are naturalized citizens. Nearly 65% of them entered prior to 2000 and 67% came from Latin America. The median household income for foreign-born residents in the City is over \$12,000 less than the MHI for foreign-born residents in the state.

Table: Demographics of Foreign-Born Population

	Merced		California	
	#	%	#	%
Date Entered				
Entered Prior to 2000	11,361	64.3%	6,885,378	65.5%
2000 to 2009	5,176	26.3%	2,477,851	23.6%
2010 or Later	1,130	6.4%	1,155,259	11.0%
Total	17,667	100.0%	10,518,488	
Place of Birth				
Europe	318	1.8%	673,183	6.4%
Asia	5,424	30.7%	4,049,570	38.5%
Africa	0	0.0%	178,814	1.7%
Oceania	0	0.0%	84,148	0.8%
Latin America	11,819	66.9%	5,549,884	51.3%
North America	883	0.5%	136,740	1.3%
Citizenship Status				
Naturalized Citizen	7,900	44.7%	5,267,884	50.1%
Not a U.S. Citizen	9,767	55.3%	5,250,604	49.9%
Economic Indicators				
Median Household Income	\$35,388		\$57,872	
In Poverty	19,053	30.0%	1,739,749	16.7%
Housing Tenure				
Owner-Occupied	2,900	39.1%	2,034,453	48.5%
Renter-Occupied	4,517	60.9%	2,160,296	51.5%
Source: 2013-2017 American Community Survey 5-Year Estimates (S0501, S0502)				

Diversity

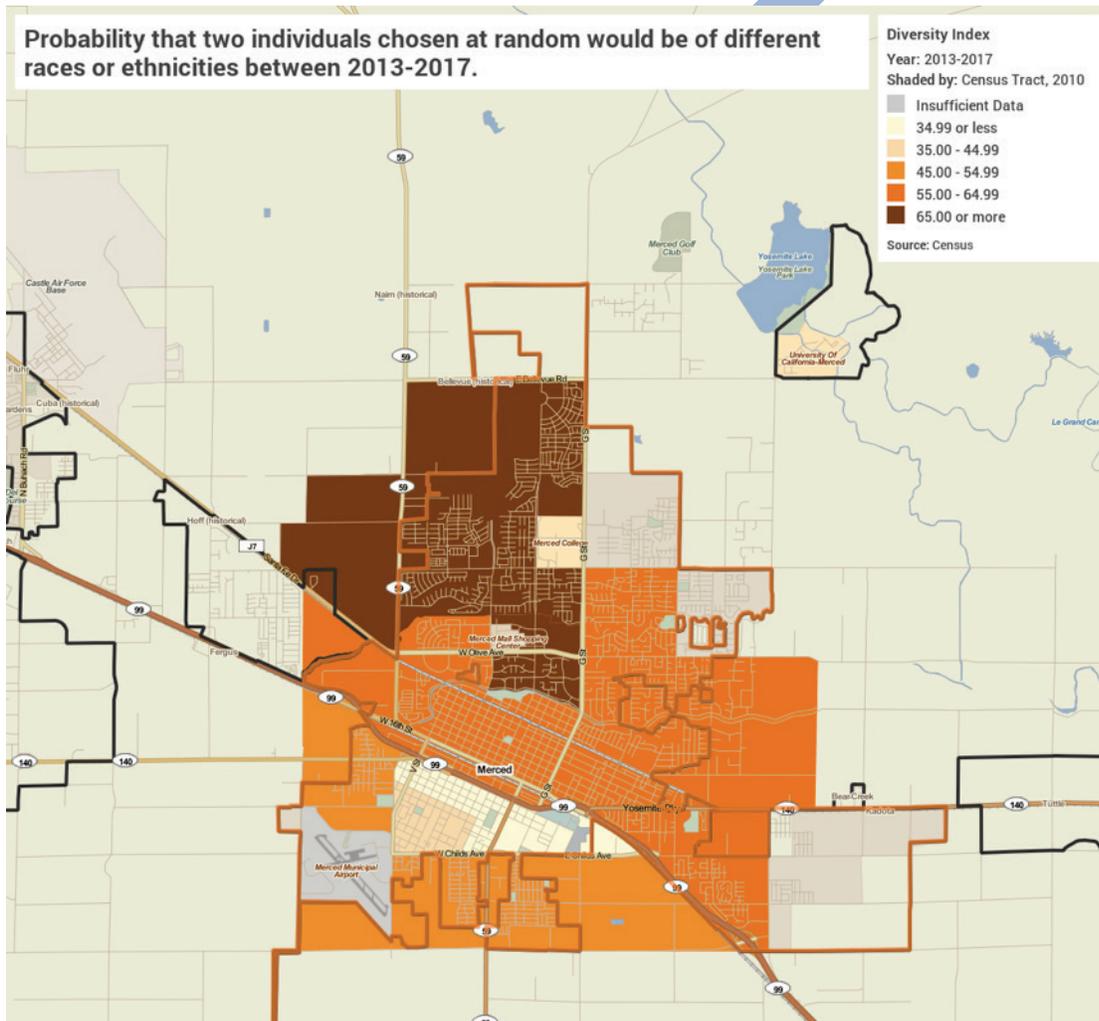
There are two metrics that can be used to determine how diverse a jurisdiction is, the Diversity Index and the Predominant Race. The map below displays the Diversity Index ranking for census tracts in Merced, based on data from Policy Map. As Policy Map explains:

The diversity index is an index ranging from 0 to 87.5 that represents the probability that two individuals, chosen at random in the given geography, would be of different races or ethnicities between 2013-2017. Lower index values between 0 and 20 suggest more homogeneity (similar) and higher index values above 50 suggest more heterogeneity (diverse). Racial and ethnic diversity can be indicative of economic and behavioral patterns. For example, racially and

ethnically homogenous areas are sometimes representative of concentrated poverty or concentrated wealth. They could also be indicative of discriminatory housing policies or other related barriers.

Merced as a whole has a diversity index score of 57, meaning that it is classified diverse. While no areas in the City had a score below 25, there are areas that are noticeably less diverse than others. Tracts in the north part of the City are overall more diverse, particularly when compared to central tracts in the southern part of the City.

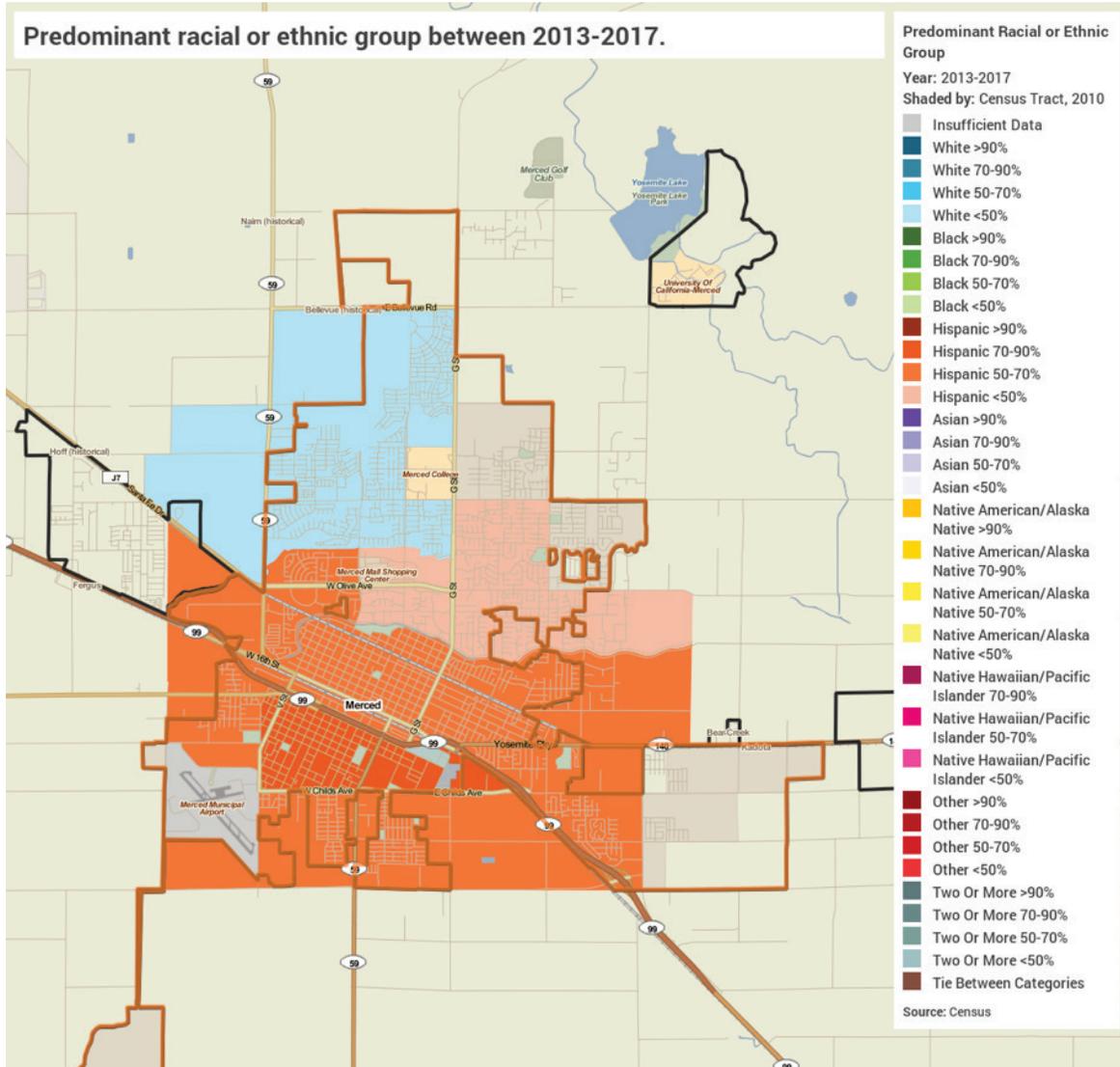
Map: Diversity Index



Source: 2013-2017 ACS via PolicyMap

The map below provides a visual representation of where there are predominant races within the City. Most of the City is majority Hispanic, except for one area to the north where White residents are slightly more predominant than other groups.

Map: Predominant Race



Source: 2013-2017 ACS via PolicyMap

Disability

Residents who have a disability face additional challenges, particularly when it comes to housing. Finding affordable housing is even more difficult for those who need units that have or can be modified for wheelchairs, shower supports, ramps, and other accessibility aides. Communities with a relatively large elderly population need to pay particular attention to this issue due to the close relationship between age and disability.

In Merced there are 14,113 residents who report a disability, or 17.4%. This is higher than the statewide rate of 10.6%. Unsurprisingly, the percentage of residents with a disability increases with age. Approximately 1% of residents under the age of 5 have a disability and nearly 65% of residents 75 and over have one.

The number of residents under 5 years old with a disability is relatively small but it is an important demographic to consider. Families raising children with disabilities have costs that can be substantial higher than other families. It is important that resources are available to prevent housing insecurity.

Table: Age and Disability Status

	Merced		California	
	Number	Disability Rate	Number	Disability Rate
Persons with a disability	14,113	17.4%	4,088,523	10.6%
Under 5 years	67	1.0%	16,039	0.6%
5 to 17 years	1,867	10.3%	279,466	4.2%
18 to 34 years	2,319	10.2%	469,908	4.9%
35 to 64 years	6,363	24.6%	1,525,378	10.3%
65 to 74 years	1,576	34.0%	702,349	24.1%
75 years and over	1,921	64.1%	1,095,383	51.3%

Source: 2013-2017 American Community Survey 5-Year Estimates (S1810)

Residents who have disabilities are not evenly distributed based on race or ethnicity. American Indian and Alaska Native residents report the highest disability rate in the City, 19.9%. This group similarly reports the highest rate of disability for the state as a whole. The lowest disability rate was reported by Asian residents at 11.6%.

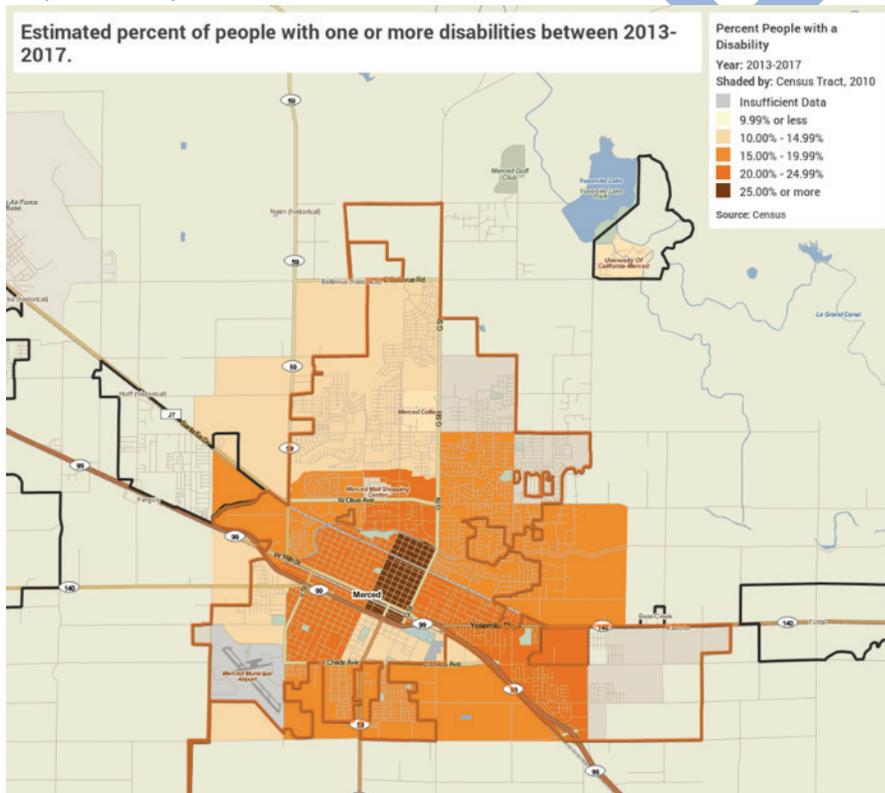
Table: Race and Disability Status

	Merced		California	
	Number	Disability Rate	Number	Disability Rate
White	7,655	17.7%	2,706,229	11.6%
Black or African American	801	17.7%	327,936	15.0%
American Indian and Alaska Native	135	19.9%	46,789	16.4%
Asian	1,178	11.6%	437,822	8.0%
Native Hawaiian and Other Pacific Islander	10	12.5%	15,536	10.4%
Some other race	3,534	19.2%	385,675	7.3%
Two or more races	800	19.3%	168,536	9.3%
Hispanic or Latino (of any race)	6,871	16.2%	1,212,272	8.1%

Source: 2013-2017 American Community Survey 5-Year Estimates (S1810)

The map below shows the distribution of people with disabilities in Merced. There are some census tracts that stand out as having a disproportionately large or small number of residents with a disability. In particular, over 25% of the population in a central tract have a disability.

Map: Disability



Source: 2013-2017 ACS via PolicyMap

Veterans

Since the War on Terror started over 18 years ago the number of veterans in the United States has consistently increased. With this influx of veterans there has been a mix of unique challenges and opportunities. Many communities, in cooperation with the Veterans Administration, has worked to provide educational and economic opportunities to veterans and to reduce veteran homelessness to zero. Veterans do face additional challenges though, particularly due to physical and mental disabilities obtained while serving.

In Merced, there are approximately 3,099 veterans. Approximately 43.2% of these veterans are Vietnam War veterans, the largest group, and 15.1% are War on Terror veterans. Overall, veterans tend to have stronger economic indicators than non-veterans. They have a higher median income, lower unemployment and lower poverty rates.

Table: Veterans

	Veterans	Non-veterans
Civilian population over 18 years old	3,099	53,826
Median Income	\$41,267	\$19,704
Labor force participation rate	74.3%	67.9%
Unemployment rate	9.5%	16.1%
Below poverty in the past 12 months	6.3%	26.5%
With any disability	40.0%	20.6%

Source: 2013-2017 American Community Survey 5-Year Estimates (S2101)

When compared to the state as a whole, it appears that veterans in Merced have demographics similar to the state. The unemployment rate and disability rates are slightly higher while the labor force participation and median income were slightly lower.

Table: Veterans – State Comparison

	Merced	California
Veteran population	3,099	1,661,433
Median Income	\$41,267	\$43,342
Labor force participation rate	74.3%	75.1%
Unemployment rate	9.5%	7.1%
Below poverty in the past 12 months	6.3%	7.5%
With any disability	40.0%	28.5%

Source: 2013-2017 American Community Survey 5-Year Estimates (S2101)

Crime

The prevalence of property and violent crime in an area has a large impact on the supply of safe, secure, and affordable housing. Areas with a high crime rate also tend to have fewer economic opportunities, higher poverty rates and lower labor participation rates. These communities may have a number of potentially high-quality and affordable homes, but the presence of crime may deter many households, particularly families. The root causes of crime are multi-faceted and include economic, social, and environmental factors. Addressing these are beyond the scope of this report, but crime does impact housing and may act as an impediment to fair housing choice.

The California Department of Justice tracks annual crimes throughout the state. The Merced Police Department reported 465 violent crimes in 2018, a significant drop from the 733 reported in 2009. The most common crimes were aggravated assault (318) and robbery (116). There were 30 rapes and one homicide as well. The violent crime clearance rate in 2018 was 51.2, an increase from 43.9 in 2009.

Sexually Transmitted Infection

Sexually transmitted infections (STIs) can have serious health consequences and long-term negative effects on a person's quality of life if left untreated. Understanding that STIs are common and treatable is an important step to maintaining health. Unfortunately, there is a lot of misinformation about STIs which can lead to increased medical costs and spreading of the infection. These additional medical costs can be an increased financial burden on residents, particularly low-income residents.

The California Department of Public Health tracks STI's throughout the state. Rates are tracked at the county level and the following data reflects Merced County, including the City.

Table: HIV and AIDS in 2017

	HIV/AIDS Cases	
	Diagnosed in 2017	Living
Merced County	26	294

Source: 2017 Epidemiologic Profiles of HIV in Merced County

Economic Profile

The market for housing and the availability of affordable housing is tied to two forces: supply and demand. In theory, the market will reach an equilibrium where supply equals demand but in practice it is much more complicated. Demand is not a static data point, it is the culmination of the needs, wants, and resources available to members of the population. An important factor in the demand is the economic position a person is in. Their income, employment opportunities, education, and availability of transportation all play a part in the demand for affordable housing.

Income

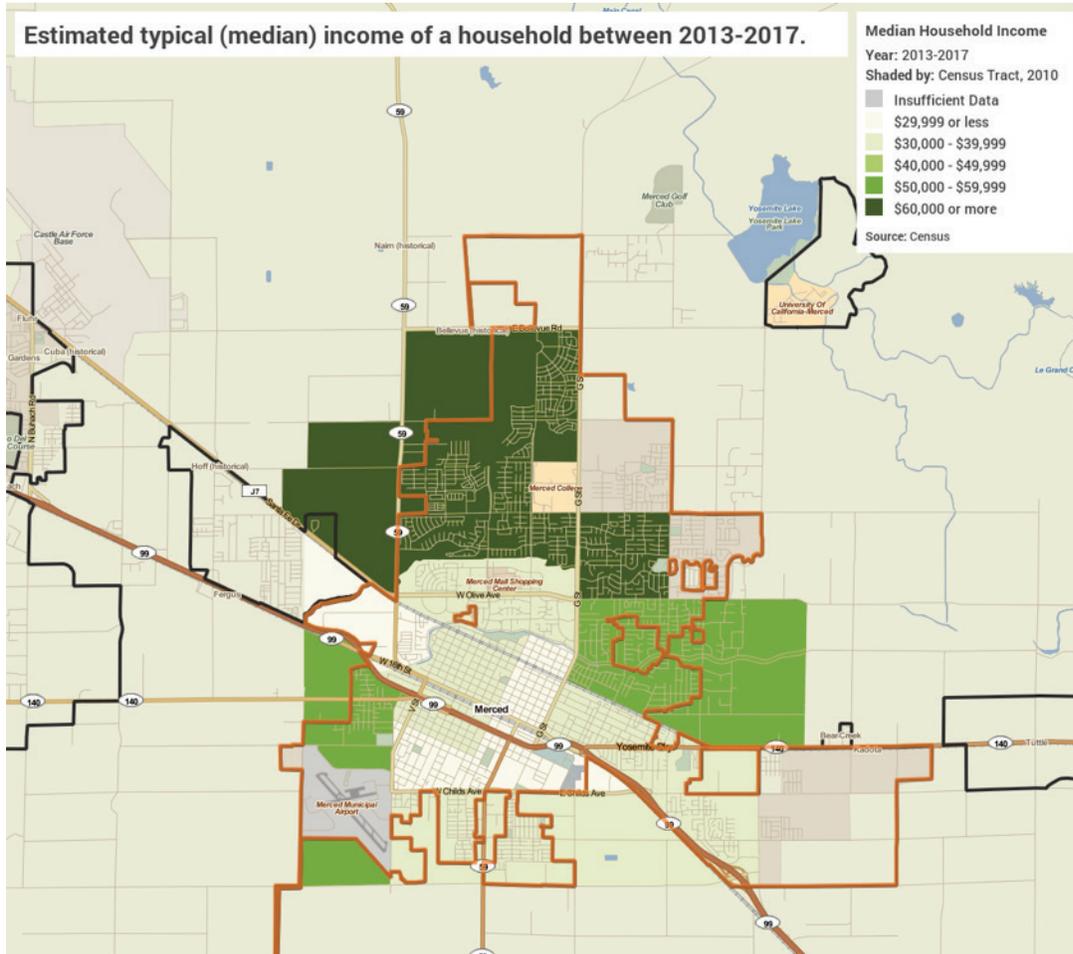
In 2017, the median household income (MHI) in Merced was \$40,704. This was considerably less than the statewide MHI of \$67,169. Since 2010, the state and the City of Merced grew at a similar rate. This growth rate is generally a positive indicator; however these figures do not adjust for inflation. The median household income in 2010 has the same purchasing power as \$40,646 in 2017, which means the actual increase in purchasing power in Merced is 0.1%.

Table: Median Household Income

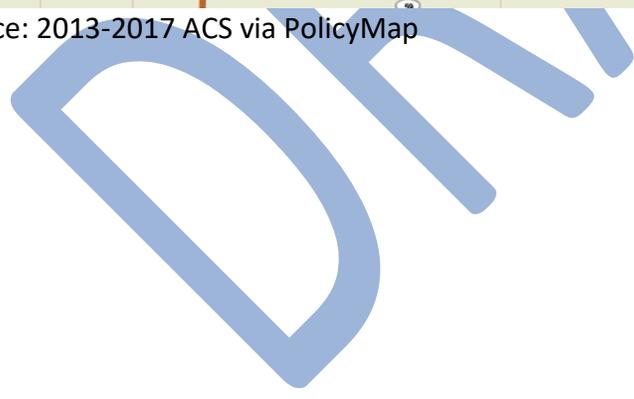
	2010	2017	Percent Change 2010-2017
Merced	\$36,269	\$40,704	10.6%
California	\$60,883	\$67,169	10.3%
Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP03)			

The map below displays the geographical distribution of median household income throughout Merced. Lighter colored shades represent areas with lower MHI and darker shades represent areas with higher MHI. There appears to be a relative concentration of wealth in northern tracts. These tracts had an MHI of \$60,000 or more. On the opposite end of the spectrum, the MHI was less than \$30,000 in the central tracts.

Map: Median Household Income



Source: 2013-2017 ACS via PolicyMap



Income and Race

While the 2017 citywide median household income (MHI) was \$40,704, there was a significant disparity among some racial and ethnic groups in the city. With an MHI of approximately \$45,631, White households had the highest MHI, the only group with an MHI higher than the Citywide average. Multiracial residents have the lowest MHI with \$26,250. The chart below displays the difference of MHI between all races in the city.

Chart: Income & Race Comparison

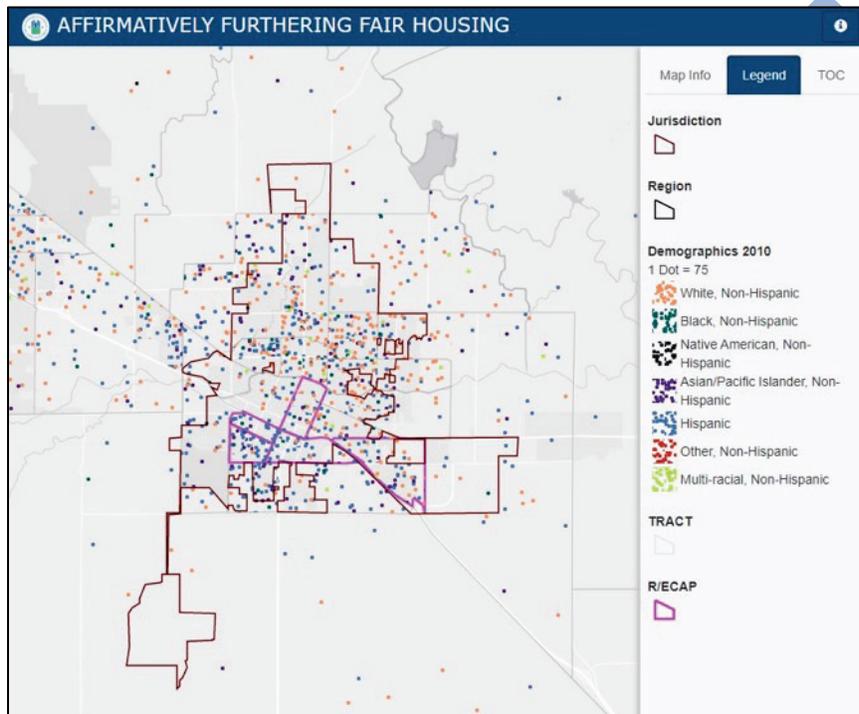


Data Source: 2013-2017 American Community Survey 5-Yr Estimates (S1903)

R/ECAP

HUD defines Racially or Ethnically Concentrated Areas of Poverty (R/ECAP) tracts as census tracts with at least a 50% non-white population and exceeds 40% poverty rate or that is three or more times the average tract poverty rate for the metropolitan/micropolitan area, or whichever threshold is lower. In Merced, there are five RECAP tracts, all in the southern half of the City. These areas are primarily Hispanic.

Map: R/ECAPs



Source: HUD AFH Data and Mapping Tool (AFHHT0004)

Poverty

Households who are in poverty face significant difficulty in finding safe, secure, and affordable housing. Residents living in impoverished areas have an increased risk for mental illness, chronic diseases, and a shorter life expectancy. These negative health effects can be particularly troubling when children are involved. Living in poverty increases the chance that a child will have higher rates of cavities, food insufficiency and struggle in school. The poverty rate in Merced is twice the statewide average and is growing more quickly.

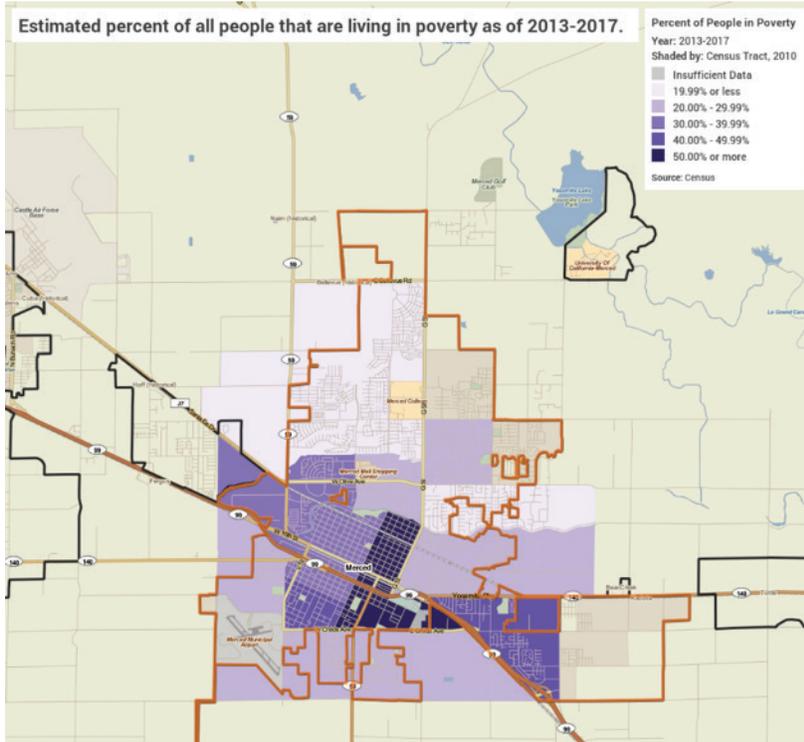
Table: Poverty Rate

	Poverty Rate (2010)	Poverty Rate (2017)	Difference	Percent Change
Merced	26.2%	30.2%	4.0%	15.3%
California	13.7%	15.1%	1.4%	10.2%

Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP03)

The following map displays the geographical distribution of poverty throughout Merced. The lighter shaded areas represent a smaller percent of people in poverty and the darker shaded areas represent a higher percent of people in poverty. Unsurprisingly, lower income census tracts reported a higher poverty rate, often over 50%.

Map: People in Poverty



Source: 2013-2017 ACS via PolicyMap

Poverty and Race

The 2017 citywide poverty rate was 30.2%, but there was significant disparity among differing racial and ethnic groups. Hispanic residents, the largest ethnic group in the City, has a poverty rate slightly higher than the citywide. American Indian and Alaska Native residents report the highest poverty rate, approximately 52.6%. White residents report the lowest poverty rate at 26.4%.

Table: Poverty and Race or Ethnicity

	Estimate	Percentage
White	11,426	26.4%
Black or African American	1,305	29.2%
American Indian and Alaska Native	357	52.6%
Asian	2,875	28.4%
Native Hawaiian / Other Pacific Islander	0	0.0%
Some other race	6,832	37.2%
Two or more races	1,703	41.4%
Hispanic or Latino (of any race)	15,055	35.5%
Source: 2013-2017 American Community Survey 5-Year Estimates (S1701)		
Data Note: Hispanic and Latino identify as an ethnic group.		

Employment

The table below outlines the labor statistics in Merced by industry. The largest industry is Education and Health Care Services at 30.1% and the second largest job-producing industry is retail trade with 11.1%. The City has larger Agriculture, Retail Trade, Transportation and Warehousing, Educational services and health care, and Public Administration than the State.

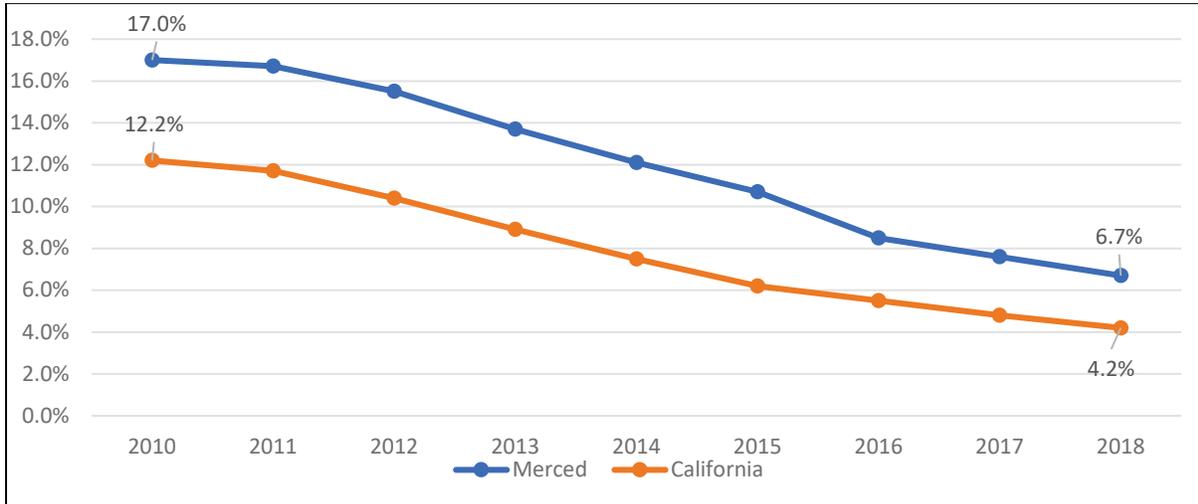
Table: Employment by Industry

	Number of Workers	Share of Workers (%)	Number of Workers	Share of Workers (%)
	Merced		California	
Agriculture, forestry, fishing and hunting, mining	2,005	6.9%	415,522	2.3%
Construction	1,622	5.6%	1,095,245	6.1%
Manufacturing	2,502	8.6%	1,711,597	9.5%
Wholesale trade	675	2.3%	532,171	3.0%
Retail trade	3,211	11.1%	1,944,607	10.8%
Transportation and warehousing, and utilities	1,488	5.1%	894,568	5.0%
Information	228	0.8%	529,359	2.9%
Finance and insurance, real estate, rental, leasing	1,266	4.4%	1,108,073	6.2%
Professional, scientific, management, administrative and waste management services	1,777	6.1%	2,378,080	13.2%
Educational services, health care, social assistance	8,717	30.1%	3,766,488	20.9%
Arts, entertainment, recreation, accommodation and food services	2,535	8.7%	1,877,141	10.4%
Other services, except public administration	1,223	4.2%	952,898	5.3%
Public administration	1,742	6.0%	788,166	4.4%
Total	28,991	100%	17,993,915	100%
Source: 2013-2017 American Community Survey 5-Year Estimates (DP03)				

Unemployment

Data for the following two charts come from the Bureau of Labor Statistics. From a high of 17% in 2010, the unemployment rate has steadily decreased each year to its current low of 6.7% in 2018. The city unemployment rate follows the same downward trend as the State but has consistently been higher by approximately 2.5% to 5.0%.

Chart: Unemployment Rate from 2010 to 2018 (%)



Source: BLS, Local Area Unemployment Statistics, Not seasonally adjusted

Commute

Workers driving a personal vehicle is the most common form of transportation in Merced, by far. Less than 15% of workers in the City use a different form of transportation. When compared to the state, residents use taxi cabs, motorcycles, or other means less than the City.

Table: Commuting Method

	Merced	California
Workers 16 years and over	27,904	17,589,758
Car, truck, or van	86.8%	84.0%
Drove alone	76.7%	73.6%
Carpooled	10.1%	10.4%
Public transportation (excluding taxicab)	2.7%	5.2%
Walked	1.7%	2.7%
Bicycle	0.7%	1.1%
Taxicab, motorcycle, or other means	5.3%	1.5%
Worked at home	2.8%	5.6%
Source: 2013-2017 American Community Survey 5-Yr Estimates (S0801)		

Overall, commute times to work have increased from 2010. The largest growth is in the number of people who spend an hour or more commuting, rising by 3.9%.

Table: Travel Time to Work

	2010	2017	Difference
Workers 16 years+ did not work at home	26,927	27,117	190
Less than 10 minutes	21.7%	19.7%	-2.0%
10 to 14 minutes	23.5%	23.6%	+0.1%
15 to 19 minutes	20.3%	17.8%	-2.5%
20 to 24 minutes	11.3%	11.2%	-0.1%
25 to 29 minutes	1.9%	2.6%	+0.7%
30 to 34 minutes	9.0%	6.7%	-2.3%
35 to 44 minutes	2.6%	3.3%	+0.7%
45 to 59 minutes	3.3%	4.6%	+1.3%
60 or more minutes	6.4%	10.3%	+3.9%
Mean travel time to work (minutes)	20.4	23.6	
Source: 2006-2010 & 2013-2017 American Community Survey 5-Yr Estimates (S0801)			

Housing Profile

Housing Type

According to the 2013-2017 American Community Survey estimates, 1-unit detached structures were the most prevalent type of housing in Merced, comprising 65.8% of all units. This is a slight increase from 2010 when this housing type represented 61.4%. An important group of property types are called the “Missing Middle” and represent housing types that are neither 1-unit or large complexes. In Merced, only 18.5% of the City’s housing stock is in the Missing Middle.

Table: Residential Property Types

	2010		2017	
	Number	%	Number	%
1-unit, detached structure	16,319	61.4%	17,822	65.8%
1-unit, attached structure	1,009	3.8%	768	2.8%
2 units	1,189	4.5%	1,259	4.6%
3 or 4 units	2,763	10.4%	1,909	7.0%
5-9 units	2,601	9.8%	2,470	9.1%
10-19 units	709	2.7%	650	2.4%
20 or more units	1,250	4.7%	1,466	5.4%
Mobile Home	722	2.7%	723	2.7%
Boat, RV, van, etc.	0	0.0%	13	0.0%
Total	26,562	26,562	27,080	27,080
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04)				

Unit Size

According to the 2013-2017 ACS, 3-bedroom units make up the largest portion of City's housing stock at 39.3% of all units. The second most prevalent housing size were 2-bedroom units at 24.7% of the City's stock. It is important for a variety of housing sizes to exist in order to provide residents at all stages of life with the home size they need.

Table: Housing Units by Size

	2010		2017	
	Number	%	Number	%
No bedroom	730	2.7%	758	2.8%
1 bedroom	2,883	10.9%	2,207	8.2%
2 bedrooms	7,446	28.0%	6,677	24.7%
3 bedrooms	10,132	38.2%	10,653	39.3%
4 bedrooms	4,686	17.6%	6,007	22.2%
5 or more bedrooms	685	2.6%	778	2.9%
Total	26,562	100%	27,080	100%

Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (B25041)

Age of Housing Units

The table below provides data on the age of Merced's housing stock by year cohort in comparison to the state as a whole. Much of the housing stock in the City is relatively new. The largest cohort in the city was units built between 2000 and 2009, comprising nearly one-quarter of the housing stock. As homes age, they become much more susceptible to increased maintenance issues, deteriorate, be at risk for lead-based paint hazards and/or fall into dilapidated conditions.

Table: Year Unit Built

	Merced		California	
	Number	%	Number	%
Built 2010 or Later	495	1.8%	287,025	2.1%
Built 2000 to 2009	6,452	23.8%	1,615,173	11.5%
Built 1990 to 1999	3,009	11.1%	1,527,242	10.9%
Built 1980 to 1989	4,399	16.2%	2,137,731	15.3%
Built 1970 to 1979	5,163	19.1%	2,496,506	17.8%
Built 1960 to 1969	2,548	9.4%	1,876,273	13.4%
Built 1950 to 1959	2,134	7.9%	1,906,691	13.6%
Built 1940 to 1949	1,331	4.9%	852,988	6.1%
Built 1939 or earlier	1,549	5.7%	1,296,670	9.3%
Total	27,080	100%	13,996,299	100%

Data Source: 2013-2017 American Community Survey 5-Year Estimates (DP04)

Occupancy Characteristics

The table below compares renter and owner occupancy data in Merced between 2010 and 2017. Since the 2010, the percentage of total occupied housing units has increased by approximately 5% in the City. The total number of housing units also increased slightly. During this time period it appears there has been a slight shift away from owner-occupied units to rental units, which now make up 60.3% of all housing units.

Table: Housing Occupancy

	2010		2017	
	Number	%	Number	%
Total Housing Units	26,562	100.0%	27,080	100.0%
Occupied Housing Units	23,753	89.4%	25,491	94.1%
Owner Occupied Housing Units	10,005	42.1%	10,132	39.7%
Renter Occupied Housing Units	13,748	57.9%	15,359	60.3%
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04)				

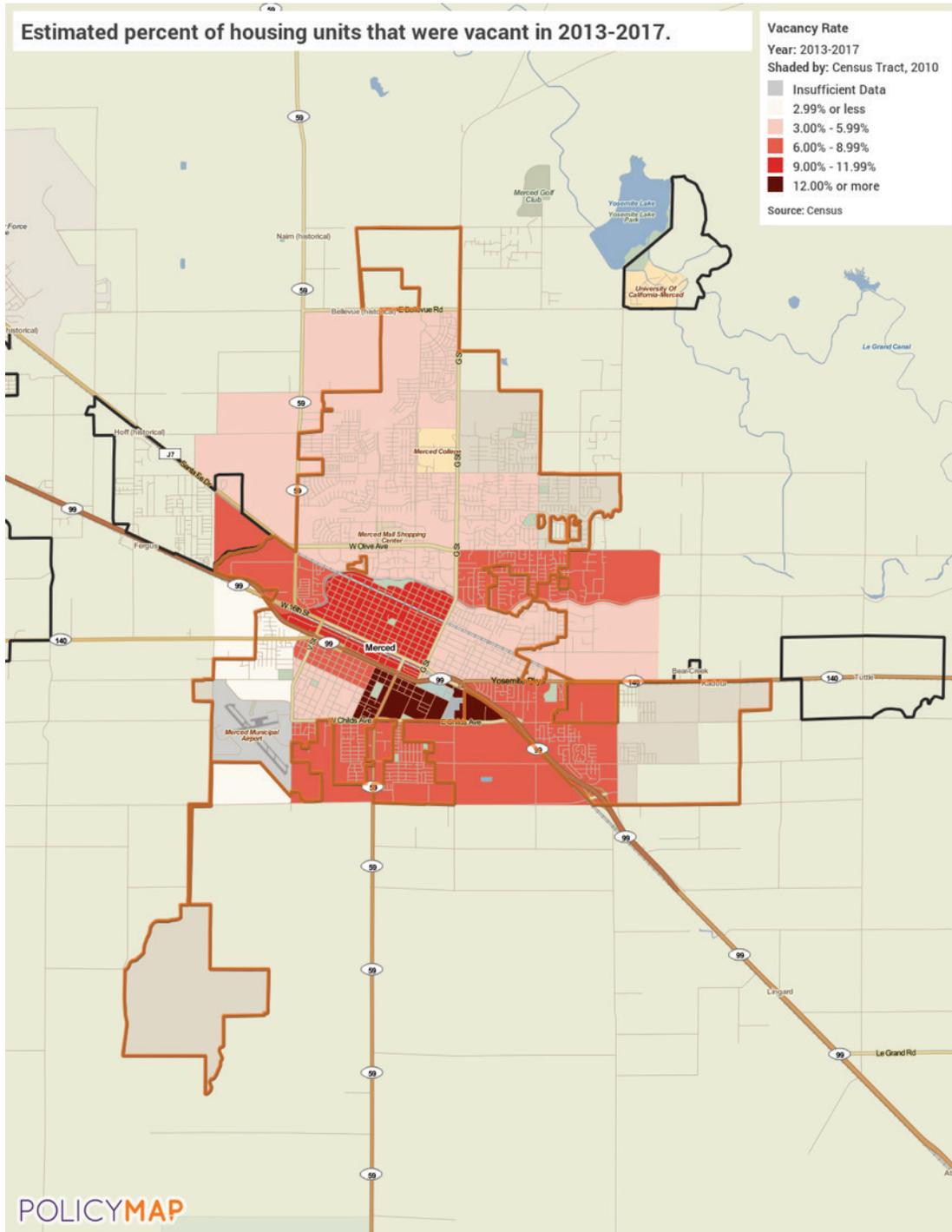
The following table shows the vacancy rates for renters and homeowners in 2010 and 2017. A property is considered vacant if no one is living in it at the time of enumeration and it is available for occupation (for example, it does not contain any structure that is damaged to a point where it would be deemed unfit for occupation). During this time period the vacancy rate dropped for every group in both the City and the State.

Table: Residential Vacancy Rate

	2010		2017	
	Homeowner Vacancy Rate	Rental Vacancy Rate	Homeowner Vacancy Rate	Rental Vacancy Rate
Merced	6.4%	8.6%	2.3%	5.3%
California	2.2%	5.0%	1.2%	3.6%
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04)				

The map below depicts the residential vacancy rates by census tract in Merced. The highest vacancy is found in the central tracts where 12% or more of the housing units are vacant. This is more than quadruple the rate in a tract to the west.

Map: Vacancy



Source: 2013-2017 ACS via PolicyMap

Construction Activity

Between 2010 and 2018 residential construction units issued in Merced grew significantly from 2 until 77. The most common housing type to receive a permit is 1-unit, which fits the trend of small unit buildings throughout the City.

Table: Construction Permits Issued

	1-Unit		2-Units		3-4 Units		5+ Units		Total	
	#	PPU	#	PPU	#	PPU	#	PPU	#	PPU
2010	2	\$209,081.00	0	N/A	0	N/A	0	N/A	2	\$209,081.00
2011	0	N/A	0	N/A	0	N/A	70	\$91,649.99	70	\$ 91,649.99
2012	0	N/A	0	N/A	12	\$87,767.75	54	\$88,749.00	66	\$ 88,570.59
2013	9	\$257,027.33	0	N/A	0	N/A	6	\$88,749.00	15	\$189,716.00
2014	46	\$253,874.04	0	N/A	0	N/A	0	N/A	46	\$253,874.04
2015	56	\$253,874.05	0	N/A	0	N/A	0	N/A	56	\$253,874.05
2016	70	\$253,874.04	0	N/A	0	N/A	0	N/A	70	\$253,874.04
2017	74	\$253,874.04	0	N/A	0	N/A	0	N/A	74	\$253,874.04
2018	77	\$253,874.05	0	N/A	0	N/A	0	N/A	77	\$253,874.05

Source: US Census Bureau, Building Permits Survey
PPU = Price Per Unit

Market and Demand

Since 2008, the number of housing units sold in the City has declined significantly. As of 2017, the most recent year data was availability, the number of homes sold was less than half of 2008. The median sales price has decreased also down to a low of \$115,000 in 2011.

Table: Annual Housing Sales

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number	2,548	2,484	1,961	1,553	1,180	961	790	941	987	950
MSP*	\$157,500	\$115,000	\$119,900	\$115,000	\$126,750	\$145,000	\$170,000	\$189,000	\$203,000	\$235,000

Data Source: Policy Map & Zillow
*Data Note: Median Sales Price

Housing Costs

The following section examines the change in housing costs for owners and renters across Merced. The Median Home Value in Merced fell from \$223,500 in 2010 to \$185,000 in 2017, a 17.2% drop. However, during the same period median rents have increased. The median contract rent in 2010 was \$680 and jumped to \$781 in 2017.

Table: Cost of Housing

	2010	2017	Percent Change
Median Home Value	\$223,500	\$185,000	-17.2%
Median Contract Rent	\$680	\$781	14.9%
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04, B25058)			

Owner-Occupied Units

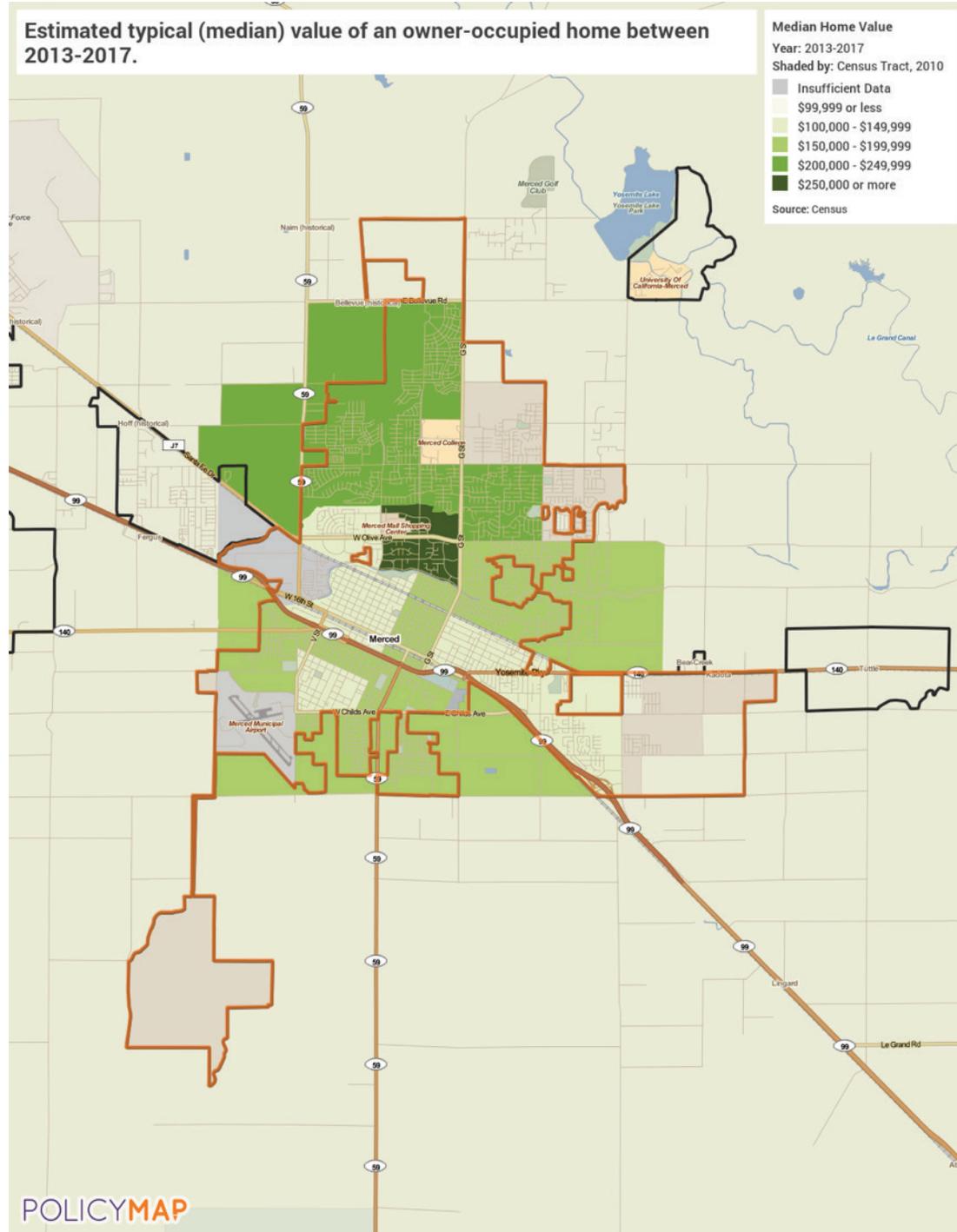
The following table compares 2010 and 2017 home value cohort data for the City. The overall trend is towards homes close to \$200,000 with the largest gain in the \$150,000 to \$199,999. There are fewer homes under \$100,000 and over \$300,000 in 2017 than 2010.

Table: Median Home Value for Owner Occupied Units

	2010		2017	
	Number	Percentage	Number	Percentage
Less than \$50,000	740	7.4%	648	6.4%
\$50,000 to \$99,999	965	9.6%	979	9.7%
\$100,000 to \$149,999	1,222	12.2%	1,591	15.7%
\$150,000 to \$199,999	1,342	13.4%	2,436	24.0%
\$200,000 to \$299,999	2,458	24.6%	2,935	29.0%
\$300,000 to \$499,999	2,671	26.7%	1,220	12.0%
\$500,000 to \$999,999	557	5.6%	279	2.8%
\$1,000,000 or more	50	0.5%	44	0.4%
Total Units/Median Value	10,005	\$223,500	10,132	\$185,700
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04)				

Homes are significantly more valuable in the central part of the City than elsewhere. In one area the median home value is over \$25,000 which is significantly higher than neighboring tracts.

Map: Median Home Value



Source: 2013-2017 ACS via PolicyMap

Renter Occupied Units

The table below compares 2010 and 2017 rent cohort data for Merced. The general trend over time is that there are fewer units available in the lower rent cohorts and increasing numbers of units available in the higher rent cohorts. Of particular notice, units over \$1,500 consisted of only 6.3% of all rental units in 2010, however that figure jumped to 11.2% in 2017.

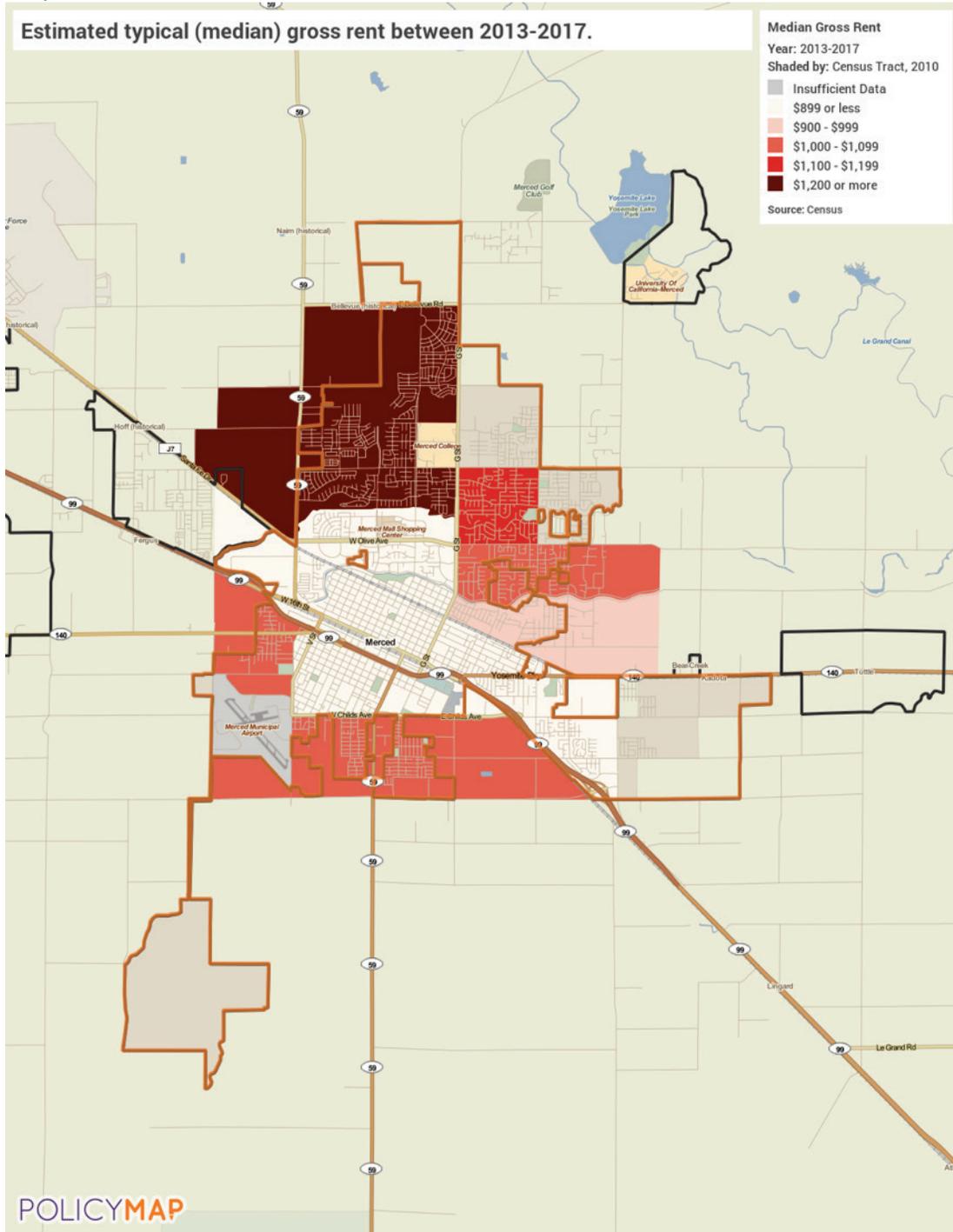
Table: Rental Costs

	2010		2017	
	Number	Percentage	Number	Percentage
No rent paid	392	--	478	--
Less than \$500	1,976	14.8%	1,607	10.8%
\$500-999	7,586	56.8%	7,339	49.3%
\$1,000-\$1,499	2,946	22.1%	4,272	28.7%
\$1,500 or more	848	6.3%	1,663	11.2%
Total Units/Median Rent	13,356	\$775	14,881	\$908
Data Source: 2006-2010 & 2013-2017 American Community Survey 5-Year Estimates (DP04)				
Note: Median Rent is calculated based solely on those renters actually paying rent.				

DRAFT

The distribution of median gross rents in the City shows a significant contrast based on location. Central tracts have much lower rent, less than \$900, than northern tracts where the median gross rent is \$1,200.

Map: Median Rent



Source: 2013-2017 ACS via PolicyMap

Affordability

By HUD's definition, households paying in excess of 30 percent of their monthly household income towards housing costs (renter or owner) are said to be cost burdened. The tables below detail data on 1.) owner costs as percentage of household income for homeowners with a mortgage, 2.) homeowners without a mortgage, and 3.) renter costs as a percentage of income.

Approximately 32.9% of homeowners with a mortgage are cost-burdened in Merced. That is over 2,300 households that are at risk of missing mortgage payments, medical care, or paying utilities. Housing costs are more than just the mortgage payment and also includes utilities.

Table: Monthly Costs of Homeowners with a Mortgage

	Number	Percentage
Less than 20%	2,997	42.7%
20 to 24.9%	1,080	15.4%
25 to 29.9%	628	9.0%
30 to 34.9%	646	9.2%
35% or more	1,665	23.7%
Not Computed	150	--
Data Source: 2013-2017 American Community Survey 5-Year Estimates (DP04)		

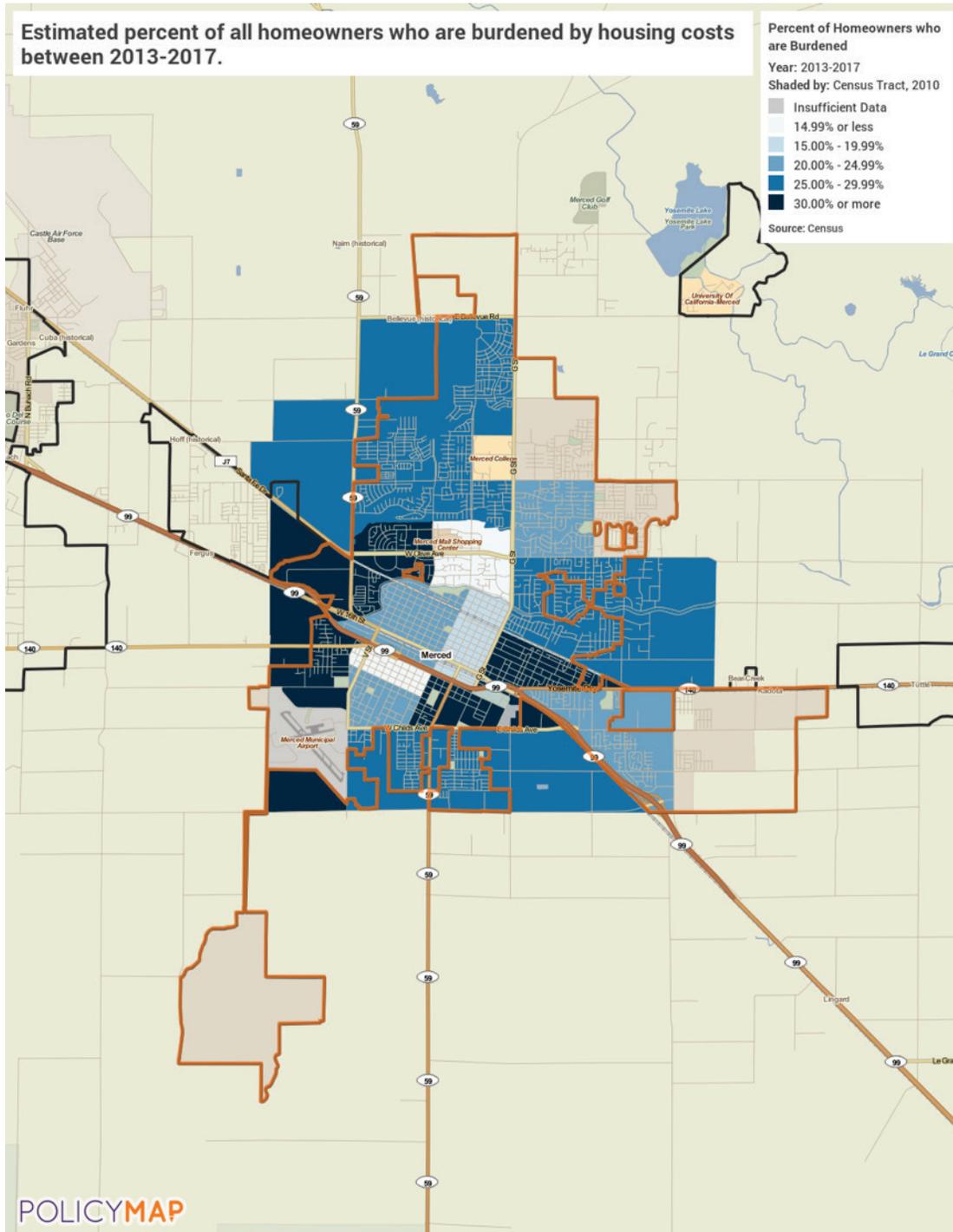
Homeowners without a mortgage are somewhat better off. Approximately 10.9% of homeowners without a mortgage are cost burdened. Many residents who no longer have a mortgage are older and may be on a fixed income, which means those that are cost burdened may need support to remain in their homes.

Table: Monthly Costs of Homeowners without a Mortgage

	Number	Percentage
Less than 10%	1,420	48.1%
10 to 14.9%	484	16.4%
15 to 19.9%	337	11.4%
20 to 24.9%	285	9.7%
25 to 29.9%	105	3.6%
30 to 34.9%	42	1.4%
35% or more	279	9.5%
Not Computed	14	--
Data Source: 2013-2017 American Community Survey 5-Year Estimates (DP04)		

Cost burdened homeowners are more prevalent in the inland and western tracts. Over 30% of all homeowners in many of these areas are currently cost-burdened. Given the data above it is primarily homeowners with mortgages that are cost burdened.

Map: Cost Burdened Owner-Occupied Households



Source: 2013-2017 ACS via PolicyMap

As is true across the country, renters in Merced have the highest cost-burden rate, 58.4%. These households are a much higher risk for homelessness or substandard living conditions. Unlike homeowners, renters lack the capital that comes with home ownership and cannot simply sell their residence and downsize to help with financial difficulties.

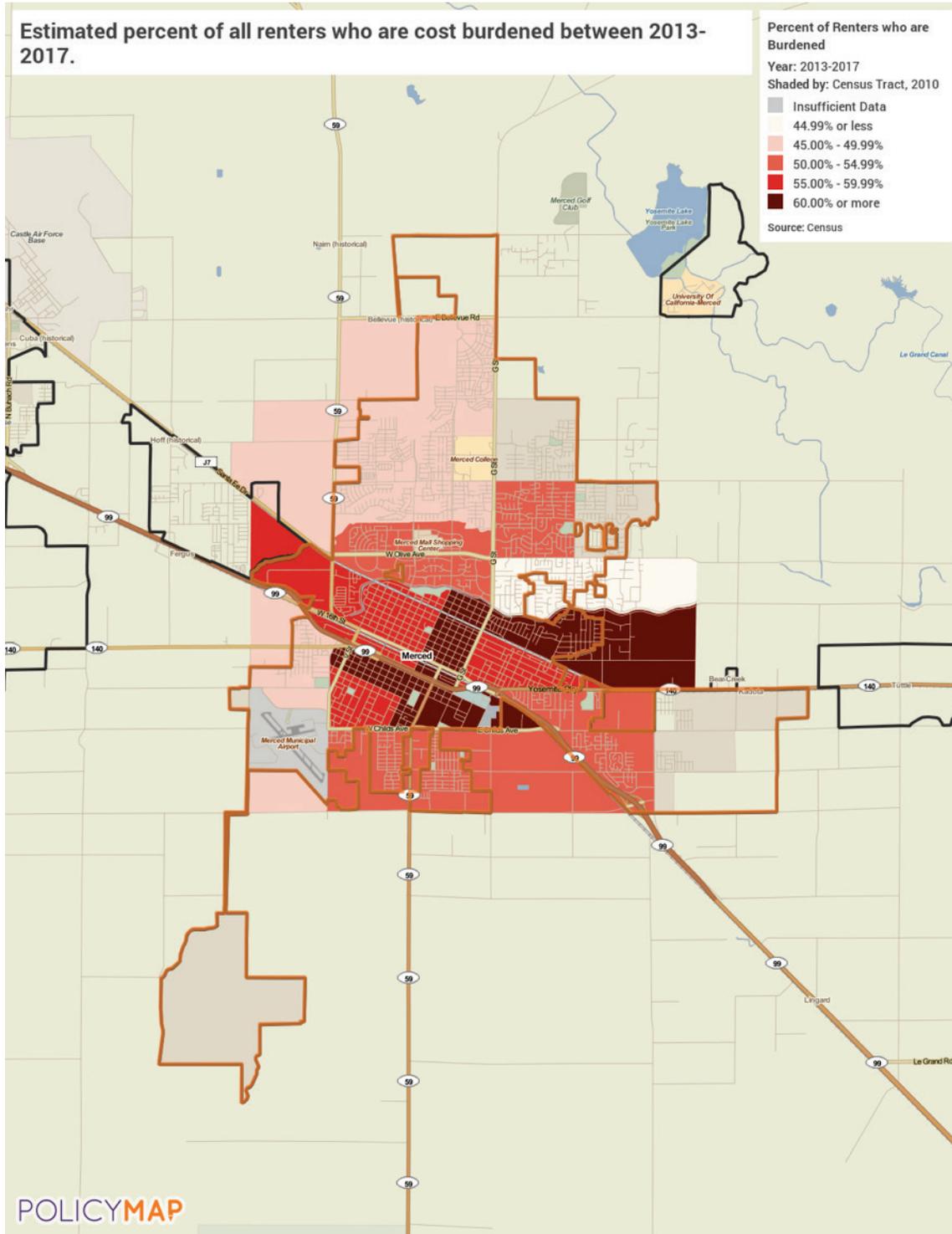
Table: Monthly Costs of Renters

	Number	Percentage
Less than 15%	1,416	9.8%
15 to 19.9%	1,302	9.0%
20 to 24.9%	1,973	13.6%
25 to 29.9%	1,347	9.3%
30 to 34.9%	1,389	9.6%
35% or more	7,091	48.8%
Not Computed	841	--
Data Source: 2013-2017 American Community Survey 5-Year Estimates (DP04)		

Areas with a high cost burden for renters have a cost burden rate of over 60%. These areas are to the south and eastern part of the City. Tracts along the northern and western edge are lower but still significant.

DRAFT

Map: Cost Burdened Renter Households

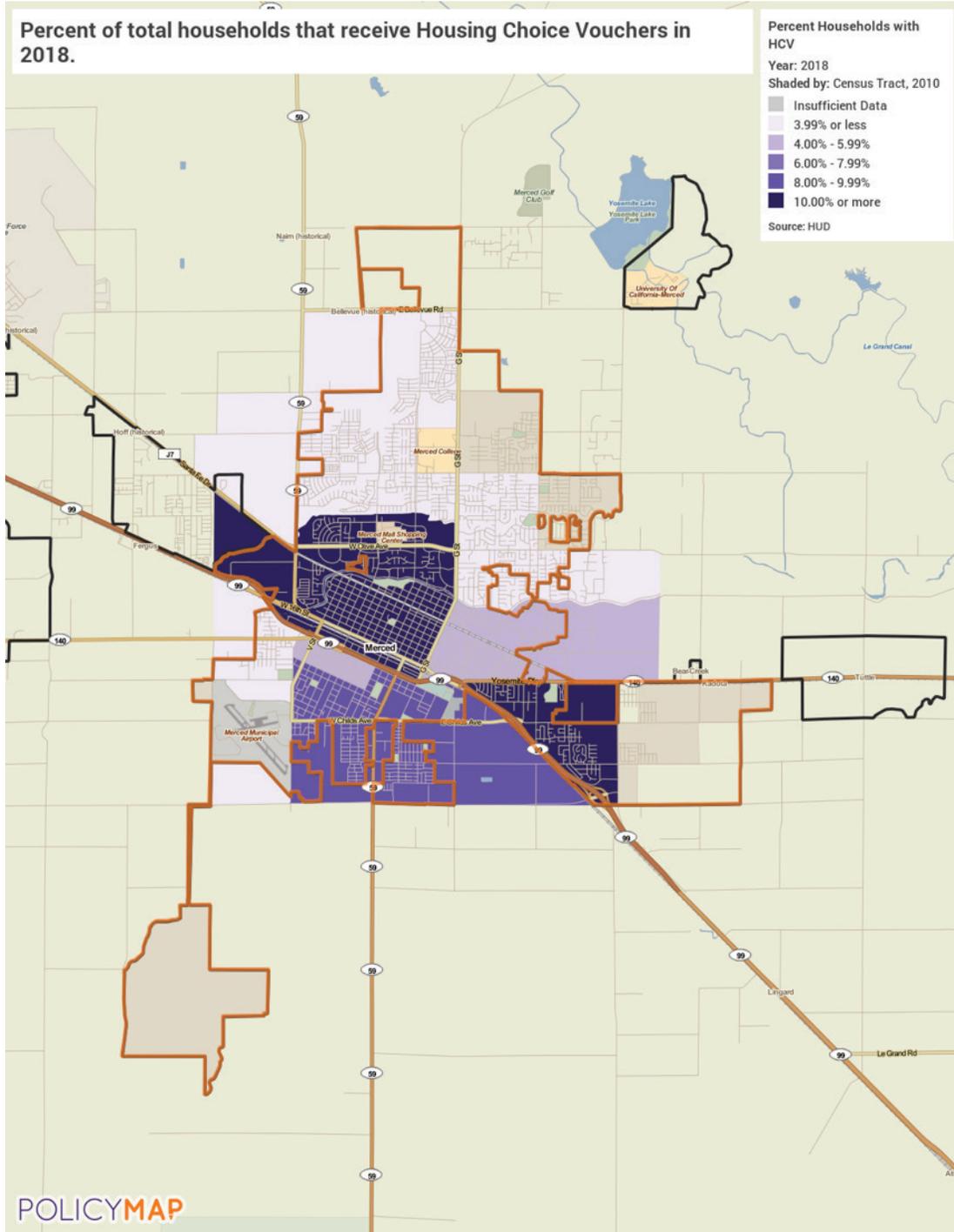


Source: 2013-2017 ACS via PolicyMap

Public Housing

The following map displays the percentage of the population that receives housing choice vouchers. Central tracts have the highest rate, over 10%, while neighboring tracts are significantly lower, less than 4%.

Map: Vouchers

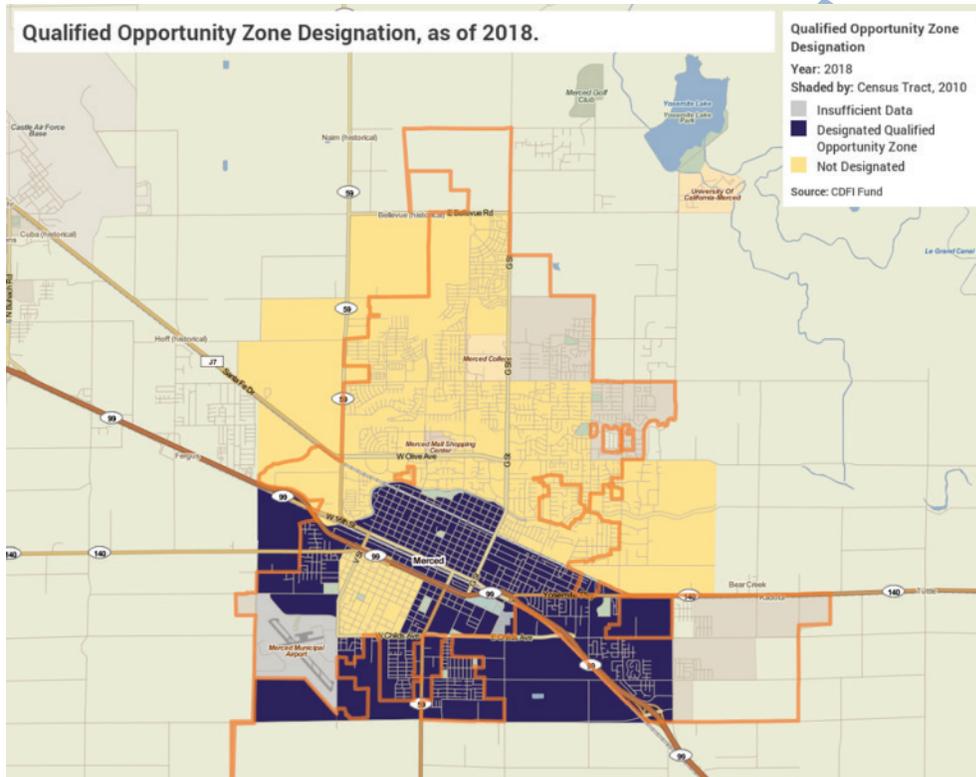


Source: HUD via PolicyMap

Opportunity Zones

In December 2017 the Tax Cuts and Jobs Act was signed into law. Part of that legislation was the Opportunity Zones Program which intends to provide tax incentives to investors to reinvest capital gains into communities in need. Using the metric outlined in the legislation, the state of California identified a number of Opportunity Zones in Merced.

Map: Opportunity Zone



Source: Community Development Financial Institutions Fund, US Department of the Treasury via PolicyMap

Section 3. Mortgage Lending Practices

Citywide lending practices were analyzed using data gathered from lending institutions in compliance with the Home Mortgage Disclosure Act (HMDA). The HMDA was enacted by Congress in 1975 and is implemented by the Federal Reserve Board as Regulation C. The intent of the Act is to provide the public with information related to financial institution lending practices and to aid public officials in targeting public capital investments to attract additional private sector investments.

Since enactment of the HMDA in 1975, lending institutions have been required to collect and publicly disclose data regarding applicants including: location of the loan (by Census tract, City, and MSA); income, race and gender of the borrower; the number and dollar amount of each loan; property type; loan type; loan purpose; whether the property is owner-occupied; action taken for each application; and, if the application was denied, the reason(s) for denial. Property types examined include one-to-four family units, manufactured housing and multi-family developments.

HMDA data is a useful tool in accessing lending practices and trends within a jurisdiction. While many financial institutions are required to report loan activities, it is important to note that not all institutions are required to participate. Depository lending institutions – banks, credit unions, and savings associations – must file under HMDA if they hold assets exceeding the coverage threshold set annually by the Federal Reserve Board, have a home or branch office in one or more metropolitan statistical areas (MSA), or originated at least one home purchase or refinancing loan on a one-to-four family dwelling in the preceding calendar year. Such institutions must also file if they meet any one of the following three conditions: status as a federally insured or regulated institution; originator of a mortgage loan that is insured, guaranteed, or supplemented by a federal agency; or originator of a loan intended for sale to Fannie Mae or Freddie Mac. For-profit, non-depository institutions (such as mortgage companies) must file HMDA data if: their value of home purchase or refinancing loans exceeds 10 percent of their total loan originations or equals or exceeds \$25 million; they either maintain a home or branch office in one or more MSAs or in a given year execute five or more home purchase, home refinancing, or home improvement loan applications, originations, or loan purchases for properties located in MSAs; or they hold assets exceeding \$10 million or have executed more than 100 home purchase or refinancing loan originations in the preceding calendar year.

It is recommended that the analysis of HMDA data be tempered by the knowledge that no one characteristic can be considered in isolation, but must be considered in light of other factors. For instance, while it is possible to develop conclusions simply based on race data, it is more accurate when all possible factors are considered, particularly in relation to loan denials and

loan pricing. According to the FFIEC, “with few exceptions, controlling for borrower-related factors reduces the differences among racial and ethnic groups.” Borrower-related factors include income, loan amount, lender, and other relevant information included in the HMDA data.

The following analysis is provided for the City of Merced, California summarizing 2017 HMDA data (the most recent for which comparable data are available) and data between 2007 and 2017 where applicable. Where specific details are included in the HMDA records, a summary is provided below for loan denials including information regarding the purpose of the loan application, race of the applicant and the primary reason for denial. For the purposes of analysis, this report will focus only on the information available and will not make assumptions regarding data that is not available or was not provided as part of the mortgage application or in the HMDA reporting process.

2017 City Overview

In 2017, there were approximately 3,500 applications within Merced for home loans to purchase, refinance or make home improvements for a single-family home - not including manufactured homes. Of those applications, 1,758 or 50 percent were approved and originated. This represents a 12 percent decline of total originations relative to 2016, consistent with the national total decrease of 12 percent. Of the remaining 1,760 applications, approximately 445 or 13 percent of all applications were denied. The top two application denial reasons within the City were debt-to-income ratio (25 percent) and credit history (23 percent), representing nearly half of the City’s total denials. Incomplete applications and credit history represented 18 percent and 15 percent of denials respectively. It is important to note that financial institutions are not required to report reasons for loan denials, although many do so voluntarily. Also, while many loan applications are denied for more than one reason, HMDA data reflects only the primary reason for the denial of each loan. The balance of the 1,315 applications, that were not originated or denied, were closed for one reason or another including a) the loan was approved but not accepted by the borrower, b) the application was closed because of incomplete information or inactivity by the borrower or c) in some instances the application may have been withdrawn by the applicant.

Disposition of Application by Loan Type and Purpose, 2017

Single-family Homes (excluding manufactured homes)

	Loan Type	Home Purchase	Refinance	Home Improvement
Total Applications				
	Conventional	855	1,213	214
	FHA	494	341	17
	VA	146	221	12
	FSA/RHS	4	0	1
Loans Originated				
	Conventional	518	573	115
	FHA	249	124	7
	VA	75	89	6
	FSA/RHS	2	0	0
Loans Approved but Not Accepted				
	Conventional	26	38	5
	FHA	11	15	1
	VA	3	2	0
	FSA/RHS	0	0	0
Applications Denied				
	Conventional	46	205	54
	FHA	27	59	2
	VA	11	36	3
	FSA/RHS	1	0	1
Applications Withdrawn				

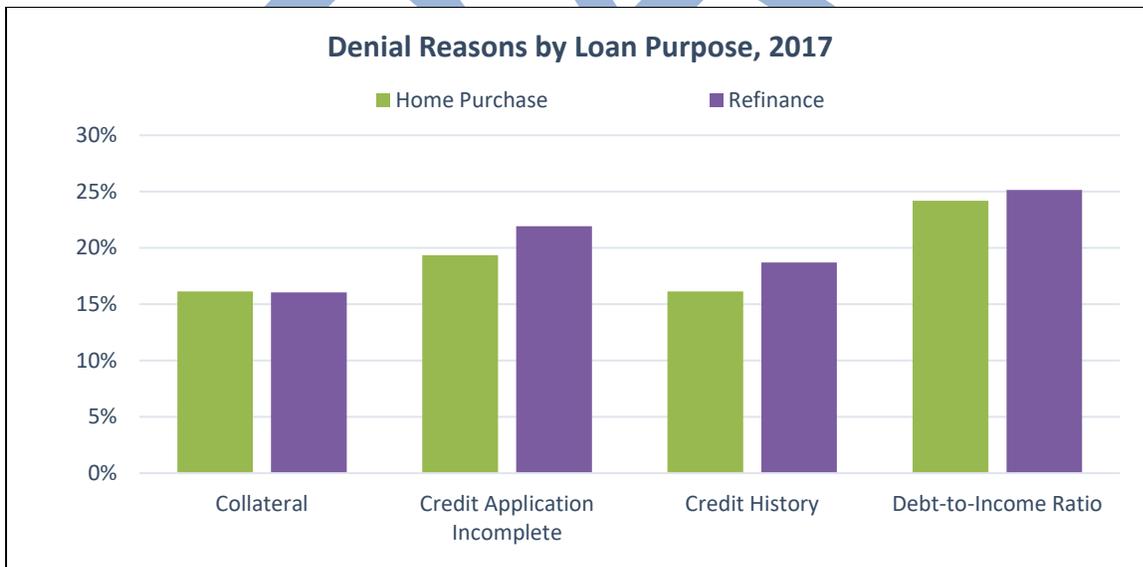
Conventional	93	234	24
FHA	47	79	2
VA	19	43	1
FSA/RHS	0	0	0

Files Closed for Incompleteness

Conventional	14	68	4
FHA	8	29	3
VA	3	21	0
FSA/RHS	0	0	0

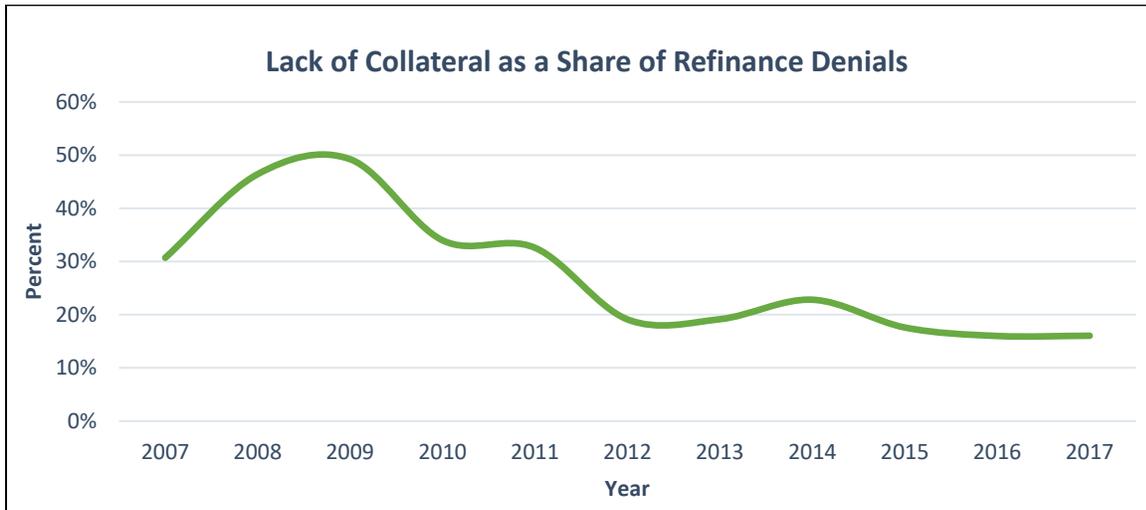
Source: 2017 HMDA

A further examination of the 445 denials within Merced during 2017 indicates that 67 percent were for applicants seeking to refinance existing mortgages for owner-occupied, primary residences. The top reason for both refinance and home purchase application denials was debt-to-income ratio at 25 percent and 24 percent respectively. Refinance applications were more likely to be denied for incomplete applications and credit history compared to home purchases.



Typically, homeowners, seeking to refinance their existing home mortgage are able to use their home as collateral. When the denial reason given for a refinance is a lack of collateral, this could indicate the home is worth less than the existing mortgage and, therefore, refinancing is not an option – these homes are commonly referred to as “under-water” or the borrowers are “upside-down” in their mortgage. Shown below, the percentage of refinance denials given for

the reason of lack of collateral has declined significantly since the peak of the housing crisis, from 49 percent in 2009 to 16 percent in 2017. This trend suggests that the number of “under-water” homes in Merced has declined since 2009.



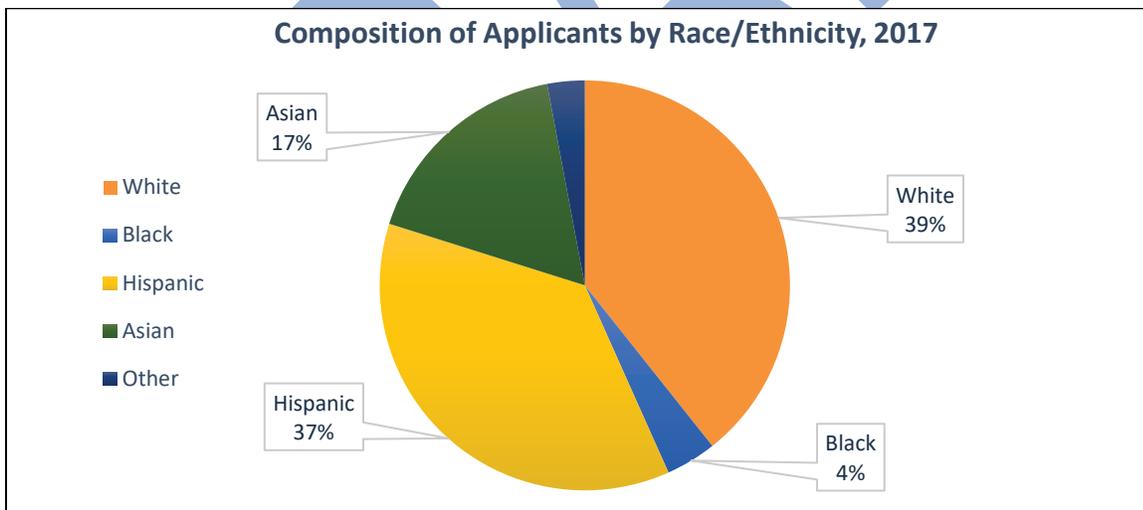
Home Purchase Lending in Merced

Of the home purchase loans for single-family homes that were originated in 2017, (844 loans originated) approximately 61 percent of these originations were provided by conventional lenders, slightly lower than the national conventional home purchase share of 64 percent. The remaining 39 percent of home purchase loans in Merced were provided by federally-backed sources including the Federal Housing Administration (FHA) at 33 percent of all home purchase originations, the Department of Veterans Affairs (VA) at 10 percent. Nonconventional loans, including the FHA and VA lending programs, have relatively lower down-payment requirements in comparison to conventional lenders. The FHA and VA lenders also have lower approval rates compared to conventional lenders.

Home Purchases by Type, 2017

	<i>Originations</i>	<i>Share of Total</i>
Conventional	518	61.4%
FHA	249	29.5%
VA	75	8.9%
FSA/RHS	2	0.2%
Total	844	

The share of applications and percentage of loan application denials for traditional home purchase loans in Merced varies by race/ethnic groups. The largest applicant group in 2017 were non-Hispanic Whites at 39 percent, followed closely by Hispanic applicants at 37 percent. Asian and Black applicants each represented 17 percent and 4 percent of all home purchase applications respectively. In 2017, denial rate for conventional single-family home purchases were similar for all race/ethnicity, with Whites, Blacks, and Hispanics being denied at a rate of 5 percent while Asians were denied at 7 percent.

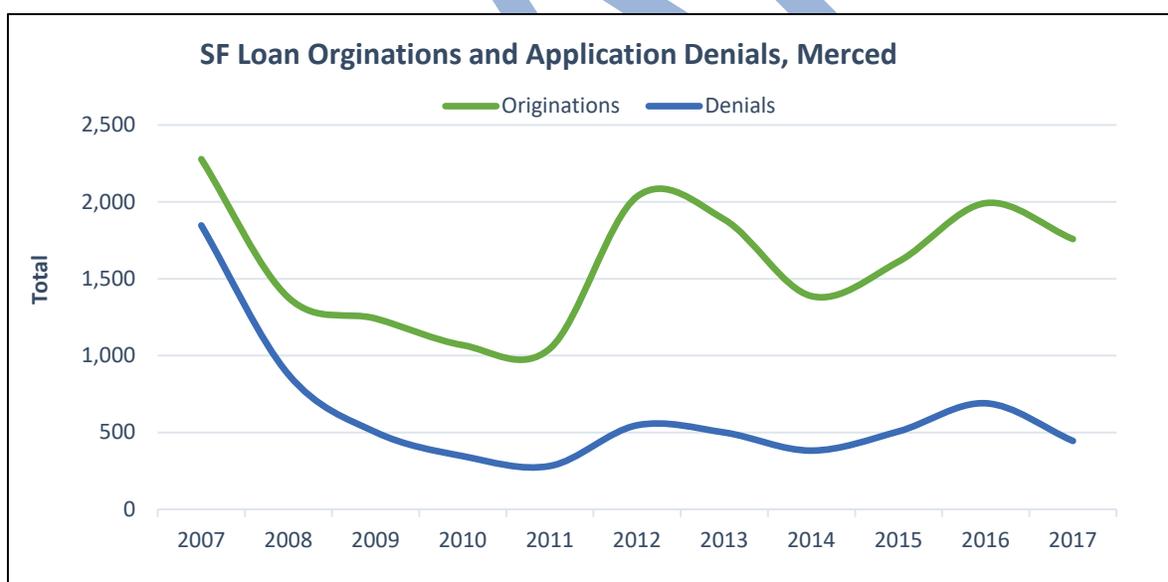


Merced's Single-family Lending Market, 2007-2017

The following section will examine HMDA data over the time period 2007-2017 for Merced.

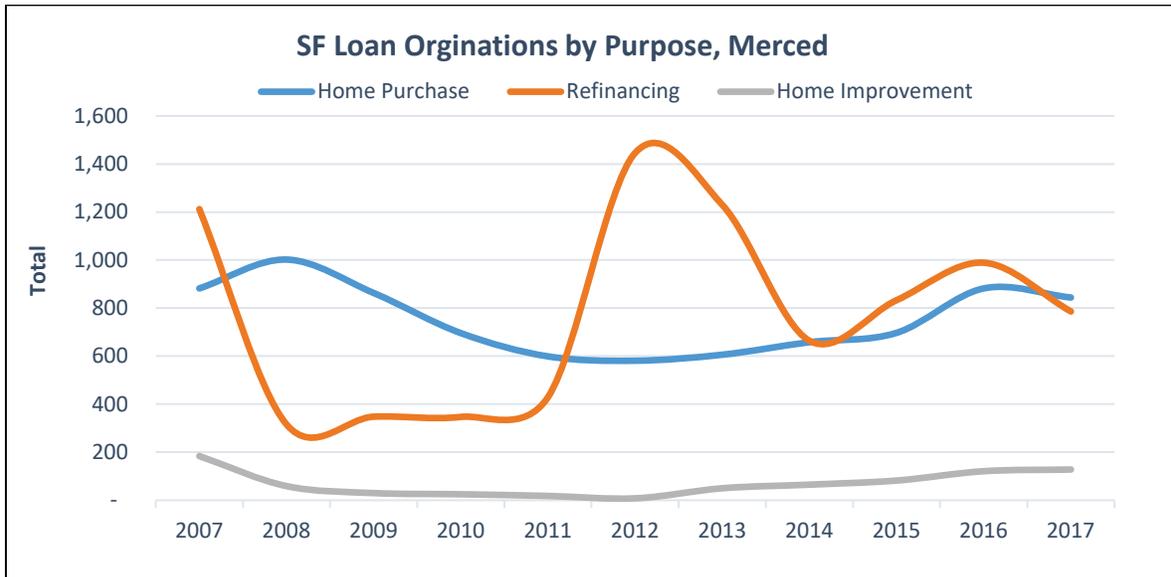
Highlighted below, the number of single-family loan originations followed a dynamic trajectory between 2007 and 2017. At the onset of the housing crisis, originations declined 40 percent between 2007 and 2008, followed by a further 24 percent decrease between 2008 and 2011. Between 2011 and 2012, originations grew by 95 percent, reaching over 2,000 total originations. Loan originations then fell by 32 percent between 2012 and 2014, though grew steadily between 2014 and 2016. Between 2016 and 2017, originations fell by 12 percent, and as of 2017, total originations are about 77 percent of the level prior to the housing crisis.

In contrast to originations, the number of application denials within Merced demonstrated fewer extreme changes between 2007 and 2017. As of the most recent data year, denials are 76 percent below the level experienced in 2007. Relatedly, the share of denials as a percent of total originations and total denials has declined markedly since the housing bust, from 45 percent in 2007 to approximately 20 percent as of 2017.

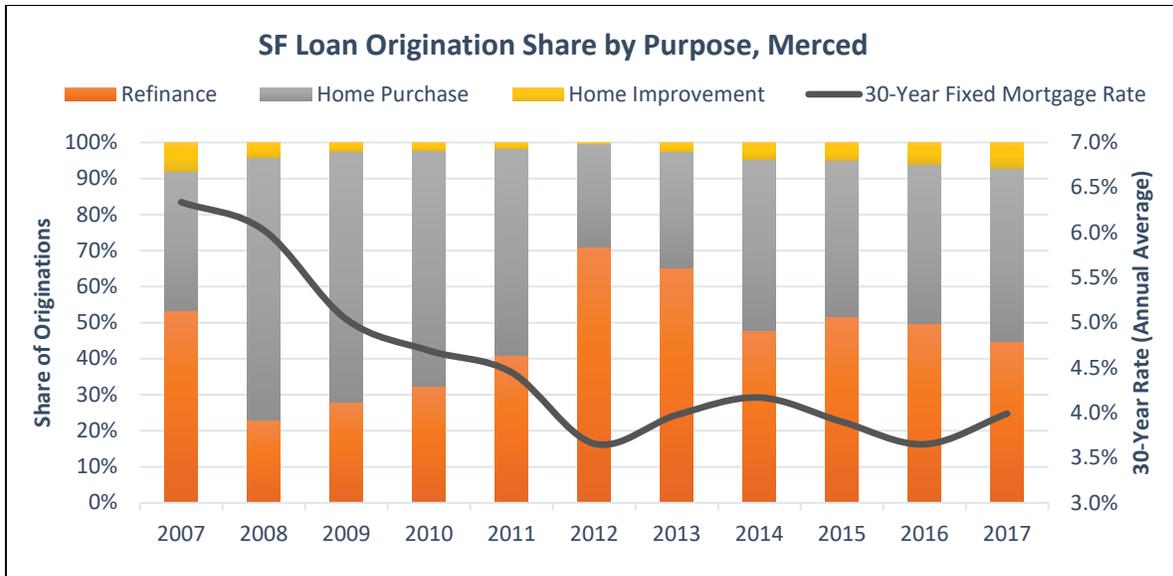


Shown below, much of the year-to-year fluctuations in total originations that occurred between 2007 and 2017 were the result of refinancing originations. Though refinances were the top loan purpose in 2007, home purchases became the dominant loan purpose between 2008 and 2017. Refinances increased dramatically in 2012 as interest rates were broadly falling, discussed further below. In 2017, home purchase surpassed refinances as the top loan purpose and comprised 48

percent of the City’s total originations. Though the 844 home purchase loans originated in 2017 was lower than 2016, total home purchase originations have increased 45 percent since 2012, suggesting a recovering demand for housing within the City.



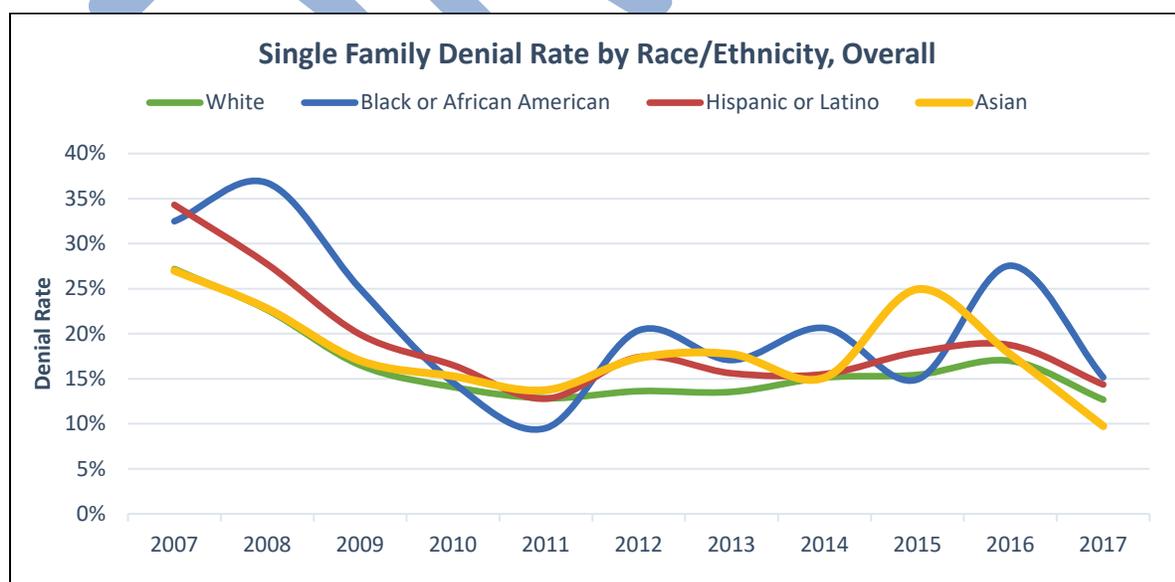
The share of refinance originations in Merced appears to move generally with the 30-year fixed rate mortgage average, shown below. In 2012, for example, when the average 30-year fixed rate mortgage was at its lowest level of all the years examined, refinance originations reached the highest level in both absolute number and percentage terms of all data years analyzed. Similarly, when interest rates rose between 2012 and 2014, the share of refinance originations fell from 71 percent to 49 percent. The increase in the annual average of the 30-year fixed mortgage rate between 2016 and 2017 is consistent with Merced’s 21 percent reduction in the number of refinance loan originations over the same time period.



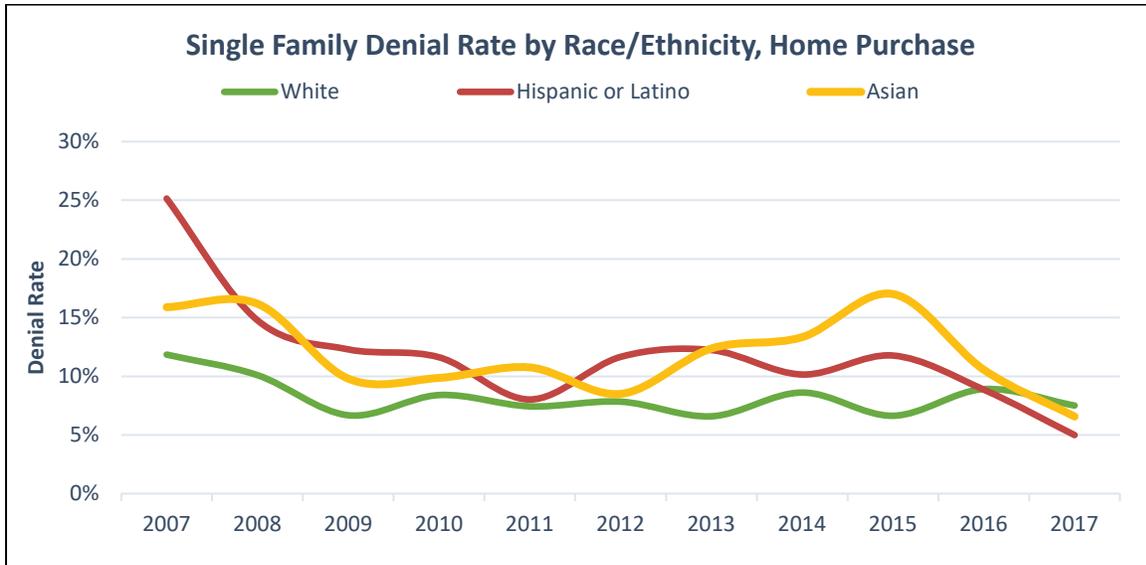
Source: HMDA, Federal Reserve Bank of St. Louis

Income, Race, and Single-family Loan Denials in Merced

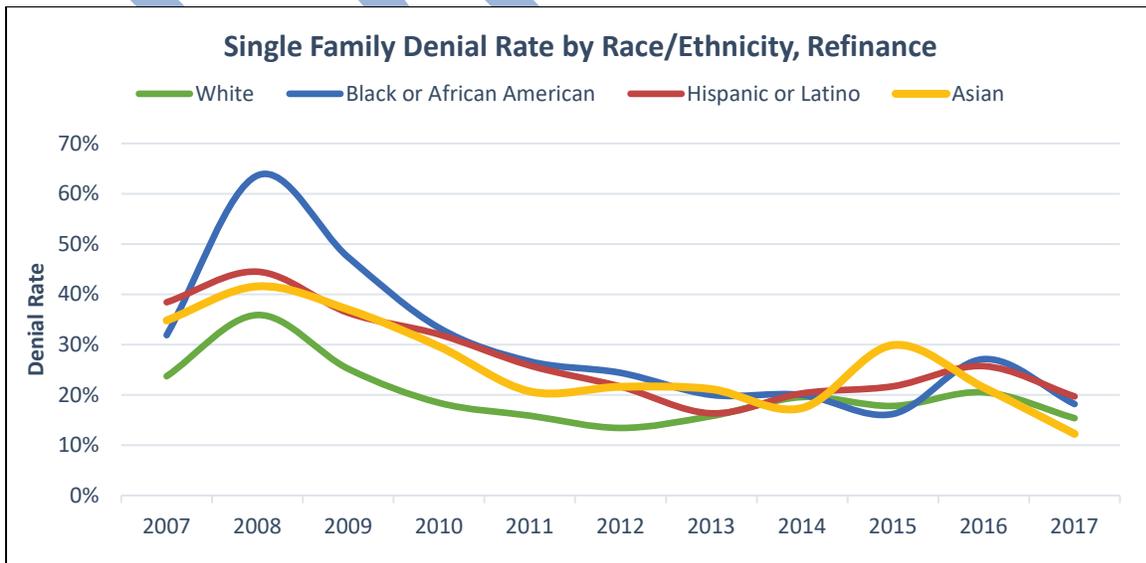
Denial rates for single-family loans in Merced over time vary by race and ethnicity. The chart below shows that between 2007 and 2017, White applicants are generally less likely to be denied relative to Hispanics. During the same time period, Black and Asian applicants, both with smaller sample sizes compared to Whites and Hispanics, exhibited more variability in denial rates, particularly in recent years. The overall denial rate for all groups fell during the analysis period.



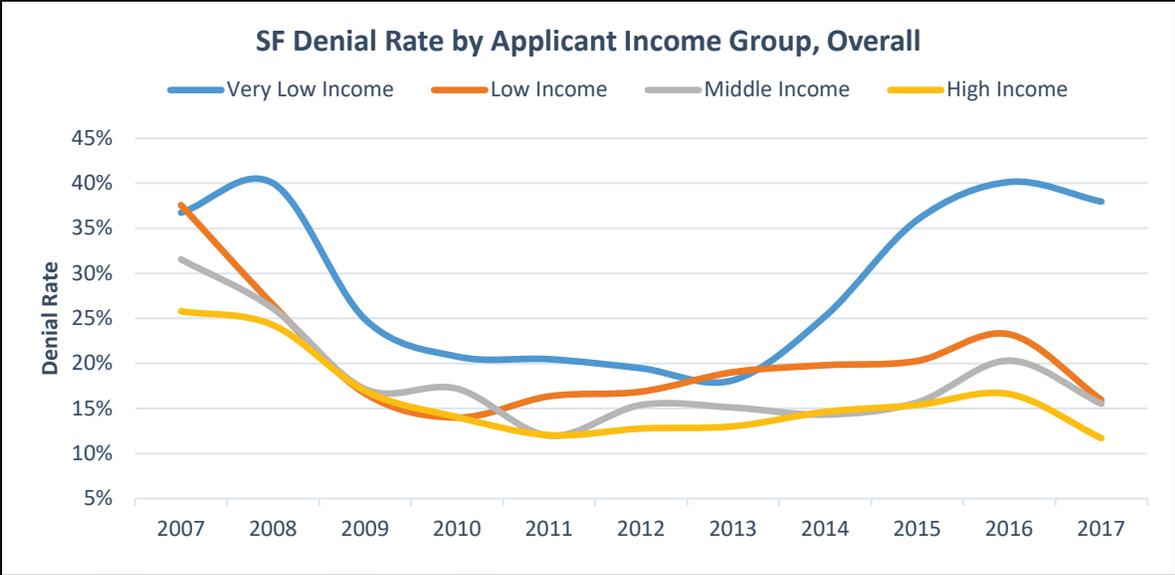
Home purchase applications show similar trends as the overall rate, as Whites were typically the least likely to be denied during the years analyzed (Black applicant data was excluded due to variability of sample size over the years analyzed). Hispanics were less likely to be denied for a home purchase relative to Whites as of 2017.



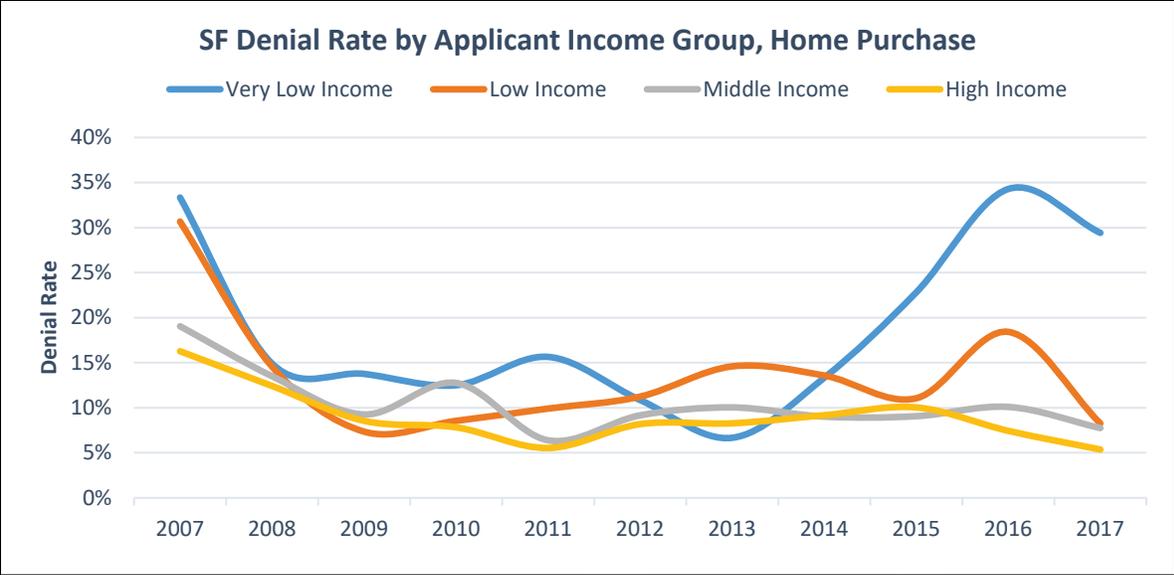
In contrast to the overall denial rate and home purchase denials, refinance denials demonstrate a more consistent trend among each group. The refinance denial rate among race/ethnicity groups have converged relative to the peak of the housing crisis.



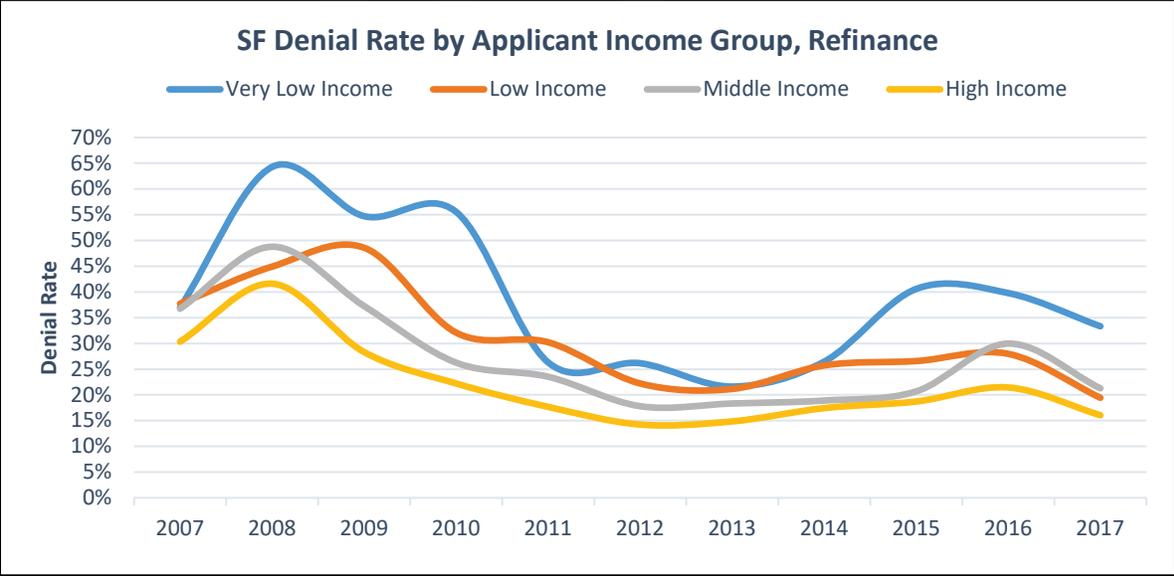
A view of single-family denial rates by applicant income group within Merced, highlighted below, generally shows the expected outcome of higher income groups experiencing lower denial rates than lower income groups. However, Very Low Income applicants (50 percent or less of Area Median Income) have often remained well above other income groups, with increasing divergence in recent years despite a decrease between 2016 and 2017. As of 2017, High Income (greater than 120 percent of Area Median Income) and Middle Income (80 to 120 percent of Area Median Income) applicants are the lowest and second-lowest denied groups respectively, with Low Income (between 50 percent and 80 percent of Area Median Income) the third lowest. The single-family denial rate declined for all income groups except Very Low Income between 2007 and 2017.



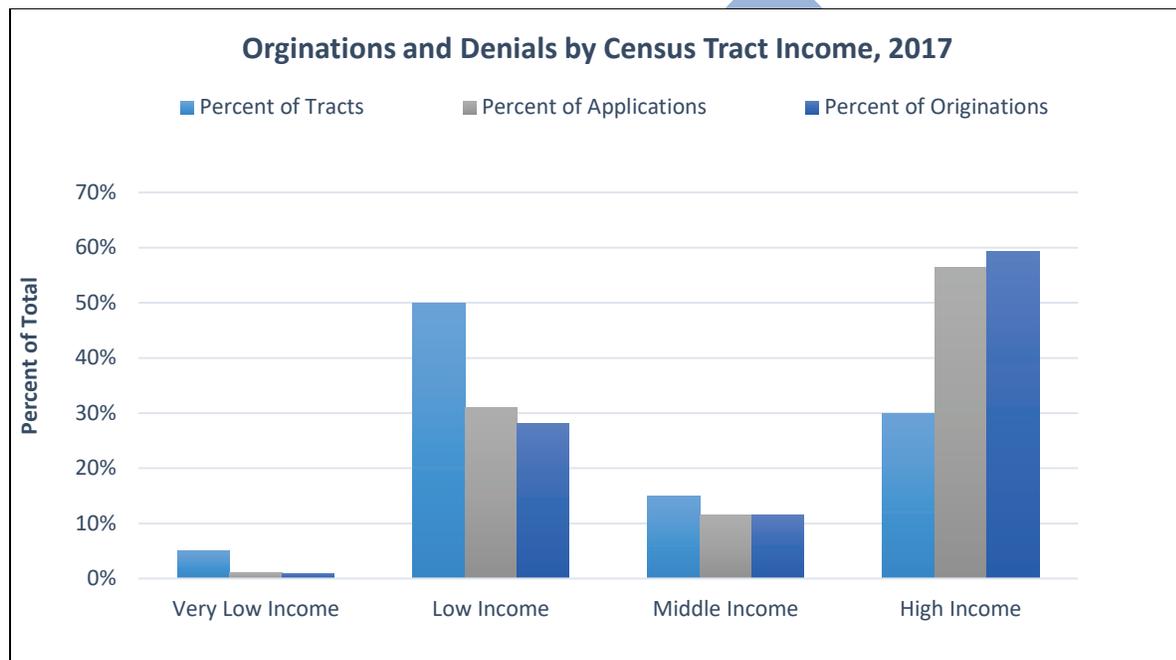
Home purchase application denials are more variable than overall denial rates. However, Very Low Income denials have increased significantly in recent years compared to other groups. As of the most recent data year, Very Low Applicants are more than five times as likely to be denied for a home purchase relative to High Income applicants.



For all income groups, denial rates for refinance applications are typically higher than overall denial rates as well as those for home purchases. Refinance denials are also characterized by more consistent movement between groups. In every year between 2007 and 2017, High Income applicants were the least likely to be denied for a refinance. Additionally, the refinance denial rate for all income groups declined between 2016 and 2017.

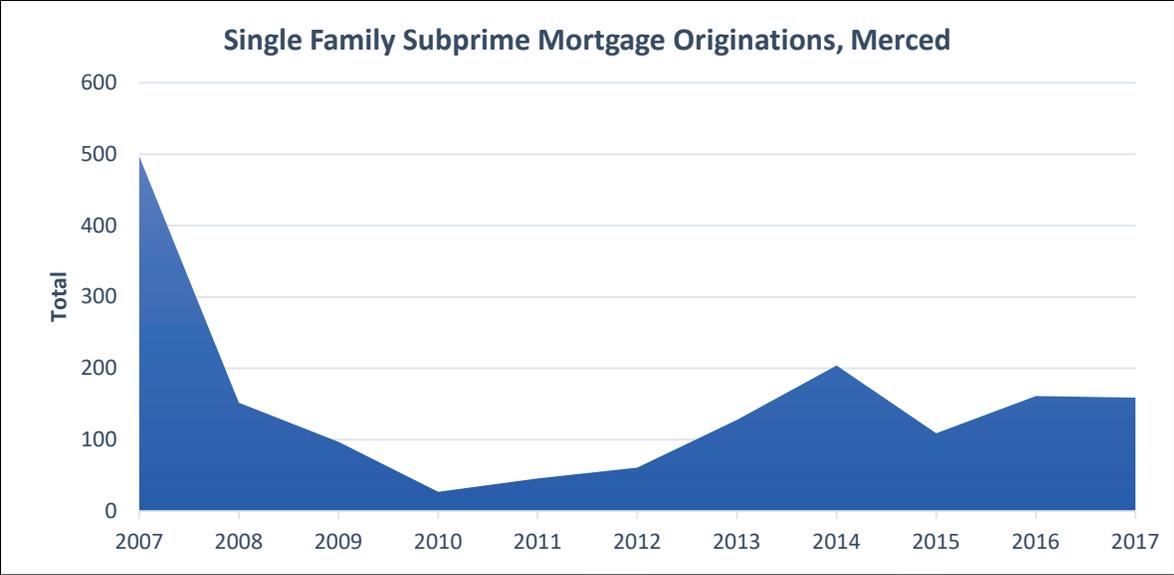


Within Merced, Low and Very Low Income neighborhoods represent 55 percent of the City’s total neighborhoods, although they are represented by approximately 29 percent of total originations and 32 percent of total applications as of 2017, shown below. This suggests that Low and Very Low Income neighborhoods within the City are less likely to participate in the single-family lending market relative to other neighborhoods. By contrast, loan applications and originations within Merced are disproportionately likely to occur for properties in High Income neighborhoods, which represent 30 percent of all neighborhoods and nearly 60 percent of total originations.

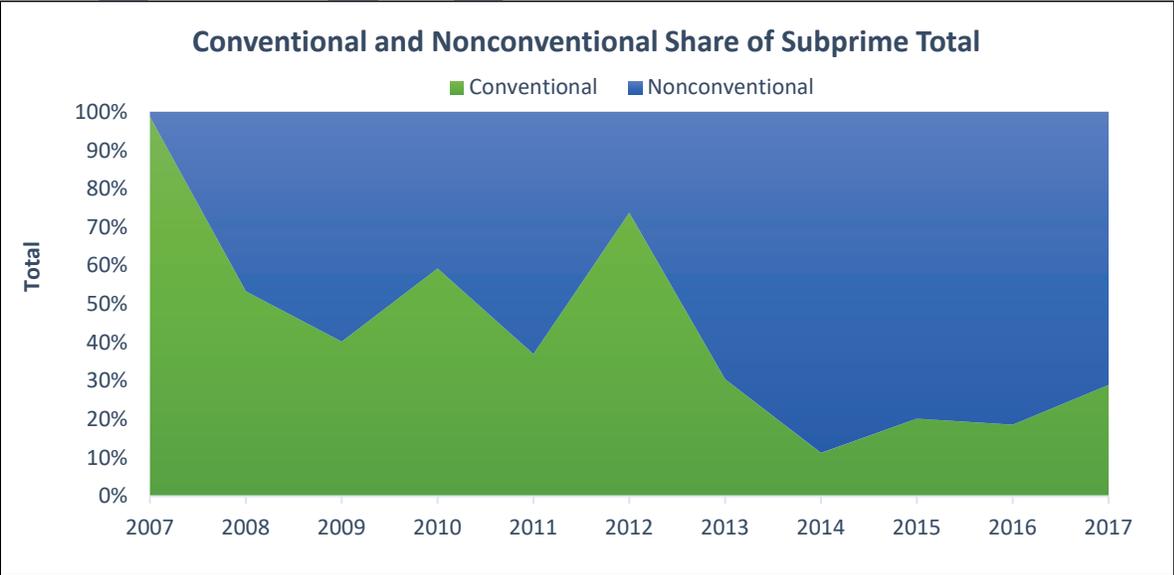


The Subprime Market

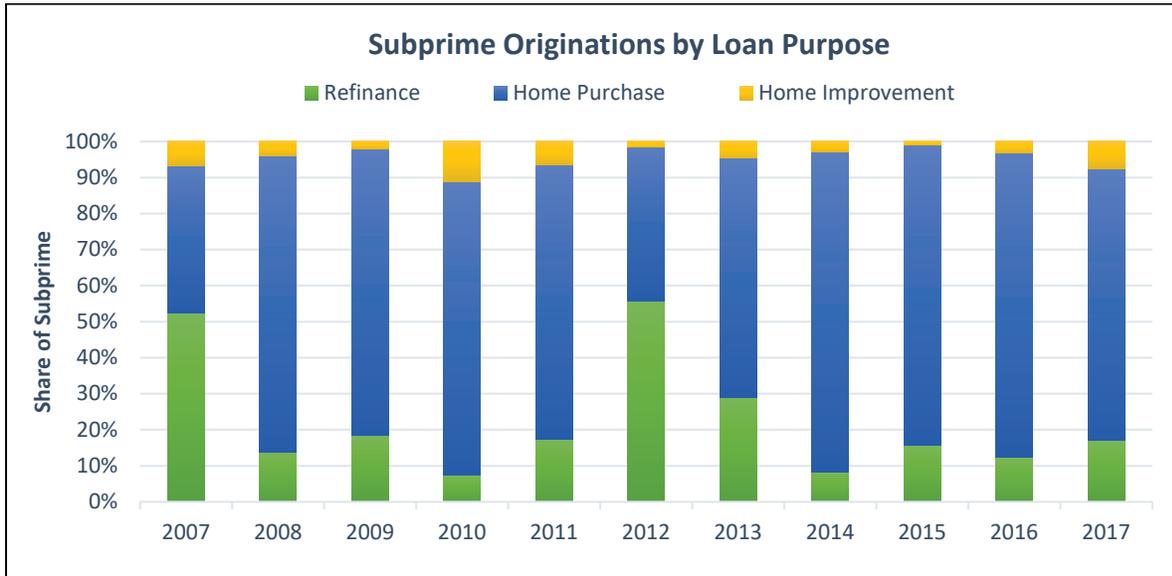
Illustrated below, the subprime mortgage market in Merced declined significantly since the onset of the housing crisis, falling by 95 percent between 2007 and 2010. Subprime loans are defined as those with an annual percentage rate that exceeds the average prime offer rate by at least 1.5 percent. Suprime loans have increased since 2010, though remain approximately 32 percent of the level prior to the housing bust. The total number of subprime loan originations decreased by approximately 68 percent on net between 2007 and 2017, while prime originations declined by 10 percent during the same time period. As a percent of Merced’s total, subprime originations declined from 22 percent to 9 percent between 2007 and 2017.



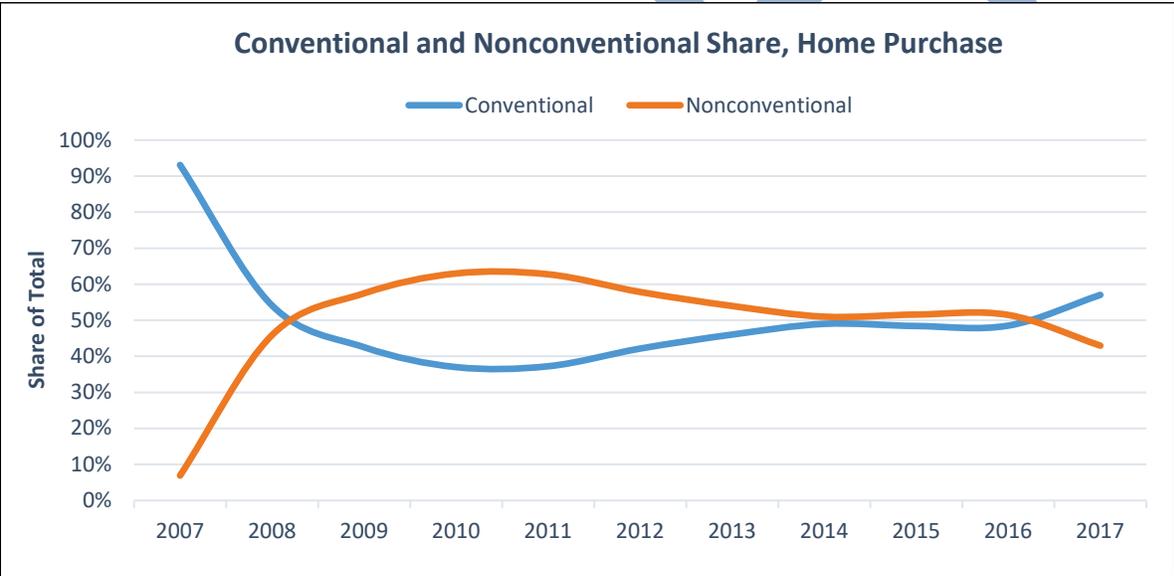
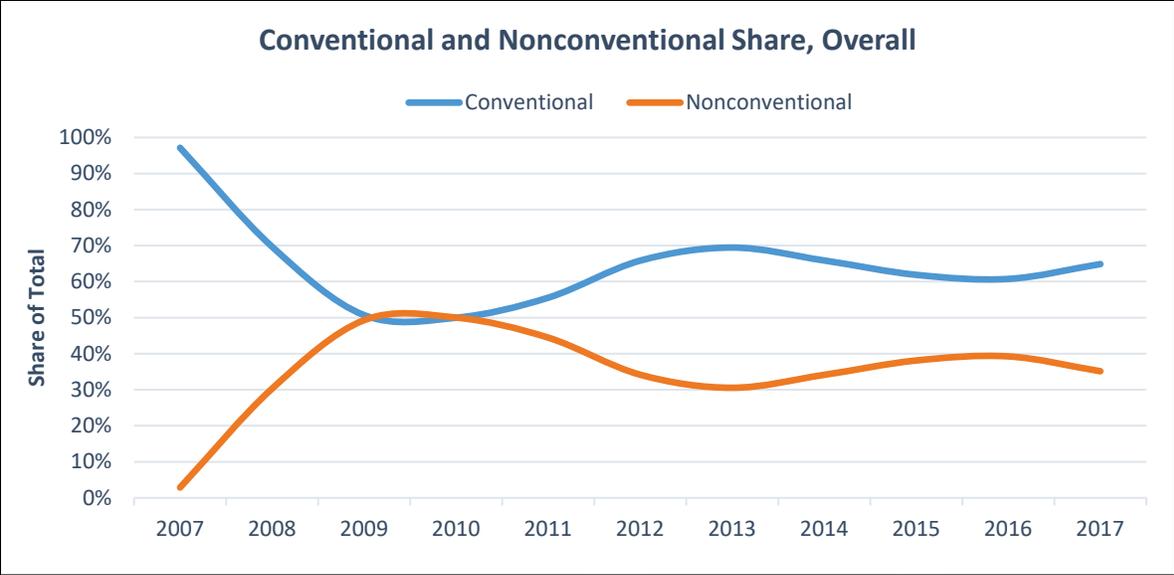
Consistent with broader national trends, the composition of subprime loans within Merced has shifted from conventional loans to government-insured nonconventional loans in recent years. In 2007, 99 percent of subprime loans within the City were originated by conventional lenders. As of 2017, that percentage is 29 percent, up from a low of 11 percent in 2014. Of the nonconventional subprime loans originated in Merced, 99 percent are insured by the Federal Housing Administration, while the remaining 1 percent is insured by the VA. By contrast, the FHA’s share of nonconventional prime loans is 61 percent, while 39 percent are insured by the Department of Veterans Affairs.

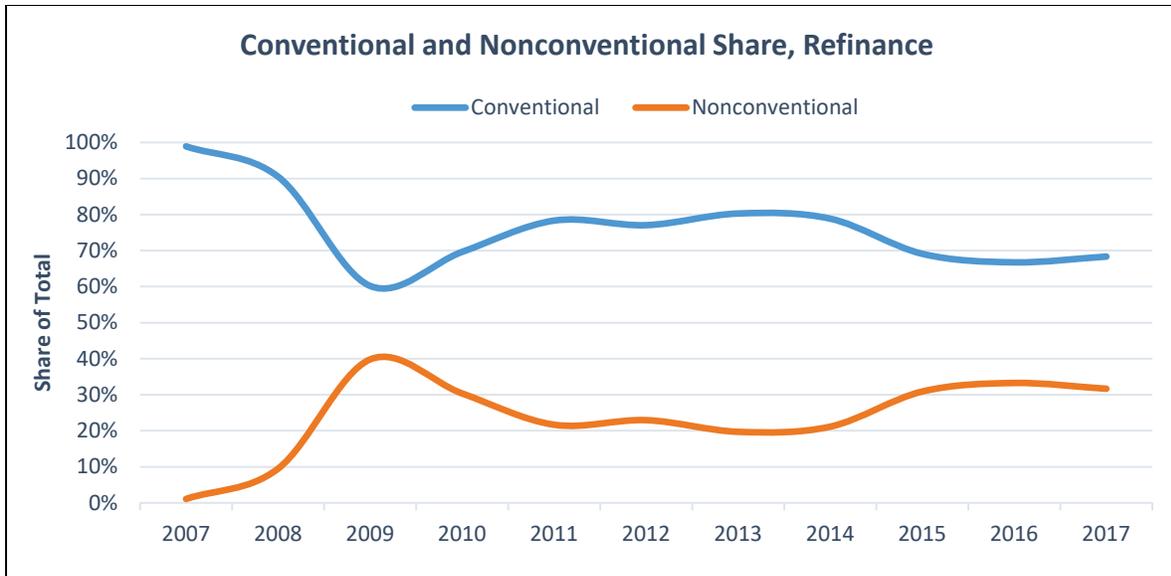


In most years analyzed, the majority of subprime loan originations within Merced were for home purchases. In 2017, home purchases represented 75 percent in of all subprime originations, up from its share of 42 percent in 2012.



Though 71 percent of all subprime loans within Merced in 2017 were nonconventional, 65 percent of all single-family originations in 2017 were from conventional lenders. The highest share of nonconventional originations for any loan purpose was for home purchase loans in 2010 at 63 percent. In 2017, the majority of home purchases were originated by conventional lenders for the first time since 2008. In recent years, the overall share of conventional lending in Merced has hovered around the low-to-mid 60 percent range, consistent with the national average.





Conclusion

Mortgage lending activity in Merced is consistent with many of the broader trends that have occurred in the wake of the housing crash, Great Recession, and subsequent economic recovery.

Home purchase originations have increased every year since 2011 and in 2017 were at the highest level of all years analyzed, suggesting signs of growing housing demand and a housing market recovery within the City. Additionally, the share of refinance applications denied for lack of collateral, suggesting an “under-water” home, has declined significantly since the peak of the housing crisis.

The City has also been subject to cyclical trends that reflect broader economic conditions in recent years, including changes in mortgage rates that influence the prevalence of refinance originations and a subprime lending market that remains far below its peak prior to the housing bust. Government-insured mortgages have increased, consistent with tighter credit conditions and a more active regulatory environment in the wake of the housing crash.

Some trends, however, have continued despite business cycle fluctuations, such as higher denial rates for Hispanic applicants relative to White applicants, in addition less market participation and higher denial rates for lower income applicants and neighborhoods.

Section 4. Public Policies and Practices

[THIS SECTION TO BE UPDATED]

The U.S. Department of Housing and Urban Development (HUD) recommends that the AI investigate a number of housing policies within the public sector.

The following ordinances have been added or modified:

- Emergency Shelters are now a Permitted Use in the C-G (General Commercial) Zone. Shelters are allowed only in this land use zone. See also 20.44.150 for more on Emergency Shelters.
- Transitional/Supportive Housing allowed as Permitted Use in all R- (residential) Zones; and, in Commercial Zones, only in the C-C (Central Commercial) Zone.
- Farmworker housing is not specifically addressed in the 2016 updated Zoning Code, unlike the previous zoning code (1964). As the City has grown over the years since the original code, it has moved away from a rural small-town community.
- Accessory Dwelling Units (ADUs) are permitted in all residential zones, except R-MH (mobile home parks). The ADU ordinance has also been updated, see section 20.42.
- The definition of “family” has been completely removed from the Zoning Code. Instead, see entries under “Dwelling...” and “Household” in the glossary, Section 20.90 of the Zoning Code.
- Density Bonus (Section 20.56) has been unchanged.
- Parking requirements for many land uses have changed. Also, there is now a section on bicycle parking requirements for developments, including long-term bicycle parking for multi-family developments and employers (Section 20.38). This is important for those who do not have a car for transportation.
- Reasonable Accommodation ordinance section is at 20.84 in the Zoning Code.

Section 5. Fair Housing Practices

Fair Housing is the right of individuals to obtain the housing of their choice, free from discrimination based on race, color, religion, sex, disability, familial status, or national origin. This right is assured by the Federal Fair Housing Acts of 1968 and 1988, as amended, which make it unlawful to discriminate in the sale, rental, financing, or insuring of housing.

The Fair Housing Acts, as amended, also make it unlawful for municipalities to utilize their governmental authority, including zoning and land-use authority, to discriminate against racial minorities or persons with disabilities. Zoning ordinances segregate uses and make differentiations within each use classifications. While many zoning advocates assert that the primary purpose of zoning and land-use regulation is to promote and preserve the character of communities, inclusionary zoning can also promote equality and diversity of living patterns. Unfortunately, zoning and land-use planning measures may also have the effect of excluding lower-income and racial groups.

Zoning ordinances aimed at controlling the placement of group homes are one of the most litigated areas of fair housing regulations. Nationally, advocates for the disabled, homeless, and individuals with special needs have filed complaints against restrictive zoning codes that narrowly define "family" for the purpose of limiting the number of non-related individuals occupying a single-family dwelling unit. The group home arrangement/environment provides for many people who are disabled the only affordable housing option for residential stability and more independent living. By limiting the definition of "family" and creating burdensome occupancy standards, disabled persons may suffer discriminatory exclusion from prime residential neighborhoods.

The unfortunate reality is that segregation and the lack of access to affordable housing is in large part due to public policies. The federal government, in particular, enacted regulations and legislation that both explicitly and implicitly prevented racial and ethnic minorities from accessing living areas that had access to jobs and high-quality schools. Local jurisdictions are still working to remove these previous barriers and to correct historic wrongs.

This section highlights many of the different methods that are being used to increase affordable housing and to deal with segregation. Whether it is legislation, enforcement, grants, or encouraging private investment, local governments play a vital role in ensuring that growth and prosperity in the community reaches everyone and not just a privileged few.

Federal Laws

Numerous acts, laws, and presidential executive orders have been enacted in order to create fair housing opportunities throughout the US. The following information can be found on the website for the US Department of Housing and Urban Development (HUD). Some of the legislation in the

section below does not directly address fair housing, but is included because it promotes the prevention and termination of discrimination, which is related to fair housing law.

Presidential Executive Order 11063

John F. Kennedy, in 1963, created the first piece of fair housing legislation by issuing presidential executive order 11063. The terms of the order stated that “discrimination in the sale, leasing, rental, or other disposition of properties and facilities” is prohibited if the properties or facilities are owned, operated, or funded by the government.

Civil Rights Act of 1964

According to Title VI of the Civil Rights Act of 1964, “discrimination on the basis of race, color, or national origin” is prohibited in programs and activities receiving federal financial assistance.

Presidential Executive Order 11246

Lyndon B. Johnson, in 1965, issued executive order 11246. According to this amended presidential order, discrimination based on race, color, religion, sex, or national origin was forbidden in federal employment.

Fair Housing Act

The Fair Housing Act, which is Title VIII of the Civil Rights Act of 1968, prohibits discrimination or other unfair actions against persons, which “otherwise make unavailable or deny a dwelling to any person because of race, color, religion, sex, familial status, or national origin.” The act prohibits both intentional housing discrimination — disparate treatment — and action or policies that may not seem to discriminate but do have a negative effect on fair housing choice — disparate impact. The federal Fair Housing Act provides for a broad range of sanctions and remedies to cure existing and prevent future violations.

Architectural Barriers Act

In 1968 the Architectural Barriers Act was enacted to increase accessibility for handicapped individuals. The act “requires that buildings and facilities designed, constructed, altered, or leased with certain federal funds [...] must be accessible to and useable by handicapped persons.”

Education Amendments Act 103

Title IX of the Education Amendment Act of 1972 prohibits discrimination on the basis of sex. This applies to federally funded education programs or activities.

Rehabilitation Act

The Rehabilitation Act of 1973 is a provision of the federal Fair Housing Act administered by HUD. Section 504 of the act prohibits a “refusal to make accommodations in rules, policies, practices, or services, when such accommodations may be necessary to afford them [the handicapped person] equal opportunity to use and enjoy a dwelling [...] including public and common use areas.” This act includes nearly all public activities that can adversely affect housing for handicapped people and is not limited to federally funded projects.

Housing and Community Development Act

Section 109 of Title I of the Housing and Community Development Act of 1974 protects against discrimination when HUD funds are involved. That is, programs and activities receiving financial assistance from HUD's Community Development Block Grant Program cannot discriminate based on race, color, national origin, sex, or religion.

Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act (HMDA), passed by Congress in 1975, was created in order to make loan information publicly available. HMDA mandates that information to help determine how financial institutions are responding to the housing needs be made available to local communities. HMDA also assists public officials in attracting private investors. Additionally, the Act aids in identifying discriminatory lending practices. HMDA requires the disclosure of information from banks, savings associations, credit unions, and other mortgage lending institutions. The required information includes the distribution of home mortgage and home improvement lending on a geographic and demographic basis such as the distribution of mortgage loans to minorities. More specifically, reporting requirements include data on the number, type, and amount of loans as well as the type of action taken — applications approved but not accepted, applications denied, applications withdrawn, or files closed as incomplete (<http://www.ffiec.gov/hmda/history.htm>)

Age Discrimination Act

The Age Discrimination Act of 1975 prohibits discrimination on the basis of age. This applies to federally funded programs or activities.

Community Reinvestment Act

According to the U.S. Environmental Protection Agency, lenders, developers and property owners are concerned about the cost and liabilities of cleaning up and refinancing low-to-moderate income urban neighborhoods, leading them to develop in other areas that are perceived to be less risky. The Community Reinvestment Act (CRA) was enacted by Congress in 1977, to "require banks, thrifts, and other lenders to make capital available in low- and moderate-income urban neighborhoods, thereby boosting the nation's efforts to stabilize these declining areas" (<http://www2.epa.gov/brownfields>).

The CRA applies to federally insured depository institutions, national banks, thrifts, and state-chartered commercial and savings banks (<http://www.occ.gov/topics/compliance-bsa/cra/index-cra.html>). It works to prevent redlining – discrimination by refusing to grant loans, mortgages or insurance to people in a specific area, particularly those deemed poor or to be "financial risks."

In May 1995, the Office of the Comptroller of the Currency revised the CRA to allow lenders to claim community development loan credits for loans "made to help finance the environmental cleanup or redevelopment of an industrial site when it is part of an effort to revitalize the low- and moderate-income community in which the site is located." This revision was intended to

encourage economic activity in inner-city neighborhoods through financing and property redevelopment.

The CRA requires that each insured bank's record of helping meet the credit needs of its entire community be evaluated periodically (<http://www.ffiec.gov/cra/history.htm>). There are several organizations that work to promote and ensure the credibility and compliance of all lenders subject to the CRA: Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRS), and the Federal Deposit Insurance Corporation (FDIC). The Office of Thrift Supervision (OTS) as of 2011 is no longer an active regulatory agency. The following active institutions are required to report data under the CRA:

- All savings associations except small institutions (those with total assets equaling less than \$1 billion in the past 2 years) regulated by the OTS.
- All state member banks, state nonmember banks, and national banks except small institutions (those with total assets less than \$250 million in the past 2 years) regulated by the FRS, FDIC, and OCC.

Amendment of the Federal Fair Housing Act

In 1988 the federal Fair Housing Act was amended to include handicapped persons among those protected; those with one or more handicaps are discriminated against when there is a failure to make reasonable modifications to residential premises which may be necessary to enable a handicapped person "full enjoyment of the premises."

Americans with Disabilities Act

Title II of the Americans with Disabilities Act of 1990 prevents discrimination against disabled persons. More specifically, public programs, services, and activities cannot discriminate based on disabilities. Further, "HUD enforces Title II when it relates to state and local public housing, housing assistance, and housing referrals."

Presidential Executive Order 12892

In 1994 President William J. Clinton issued his first presidential executive order pertaining to fair housing. The amended executive order 12892 "requires federal agencies to affirmatively further fair housing in their programs and activities."

Presidential Executive Order 12898

In 1994, President Clinton issued his next presidential executive order pertaining to fair housing. According to executive order 12898, federal agencies must conduct programs, policies, and activities that have an impact on the environment and individuals' health in a way that does not exclude anyone based on race, color, or national origin.

The Quality Housing and Work Responsibility Act

The Quality Housing and Work Responsibility Act (QHWRA), signed by President Clinton in 1998, applies to public housing and public housing voucher programs. Its purposes range from

“reducing the concentration of poverty in public housing,” to creating opportunities and incentives for public housing residents to find work, to rehabilitating public housing units through the establishment of the HOPE VI program.

Presidential Executive Order 13166 107

In 2000, President Clinton issued his final presidential executive order pertaining to fair housing. Executive order 13166 strives to eliminate the barrier caused by poor English proficiency that would deny benefits from federally funded programs and activities.

Presidential Executive Order 13217

In 2001, President George W. Bush issued the most current fair housing-related executive order. His executive order 13217 requires federal agencies to examine their policies and programs in order to find way to improve the availability of “community-based living arrangements for persons with disabilities.”

June 2015 Supreme Court Ruling on Fair Housing

On June 25, 2015 the Supreme Court handed down a landmark fair housing ruling that upheld the ability to bring “disparate impact” claims under Fair Housing Act. The Fair Housing Act of 1968, an integral legislative victory of the Civil Rights Movement, protects people from discrimination when they are renting, buying, or securing financing for housing. The case, Texas Department of Housing and Community Affairs v. Inclusive Communities Project, centered on the question of whether a policy or action has to be intentionally discriminatory, or merely have a discriminatory effect, in order to qualify as a valid basis for a discrimination claim under the Act.

Inclusive Communities, a Dallas-based non-profit, claimed that the Texas Department of Housing and Community Affairs was guilty of housing discrimination because the way in which the state allocated Low Income Housing Tax Credits perpetuated racial segregation by limiting the development of affordable housing into areas that were historically impoverished with high concentrations of minorities. The state claimed that no discrimination occurred because its intention was not to promote racial segregation but to revitalize these underserved areas by injecting much needed capital for the development of new affordable housing. Inclusive Communities claimed that regardless of intention, the state’s decision to fund tax-credit projects only in minority and poverty-laden neighborhoods resulted in segregation, and thus had a discriminatory effect (disparate impact).

Fair housing advocates across the nation watched the case closely and worried if the Supreme Court ruled against disparate impact claims that it would essentially “defang” the Fair Housing Act by removing a key basis for liability. Intent is much harder to prove than effect. In the end the Court ruled 5-4 to uphold the lower court decisions in favor of Inclusive Communities, salvaging fair housing disparate impact claims.

Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records

The Fair Housing Act prohibits discrimination in the sale, rental, financing of dwellings and in other housing-related activities on the basis of race, color, religion, sex, disability, familial status or national origin. In April 2016, HUD's Office of General Counsel issued guidance on the discriminatory effect of using criminal history to make housing decisions. If a policy or practice that restricts access to housing on the basis of criminal history has a disparate impact on a protected class (whether or not that effect is intentional), it is in violation of the Fair Housing Act – unless there is a “substantial, legitimate, nondiscriminatory interest” served by the policy.

HUD's guidance is intended to eliminate barriers to securing housing for that population, and it is imperative that all jurisdictions make a clear effort to eliminate any discriminatory barriers these individuals may face. In order for former inmates to avoid recidivism and work in society they must have access to housing free of discrimination.

Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity

On September 21, 2016 HUD published a final rule entitled “Equal Access in Accordance with an Individual's Gender Identity in CPD programs.” Through this final rule, HUD ensures equal access to individuals in accordance with their gender identity all HUD funded programs. This rule builds upon the 2012 final rule, “Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity” (2012 Equal Access Rule). This final rule ensures that HUD's housing programs would be open to all eligible individuals and families regardless of sexual orientation, gender identity, or marital status.

Furthermore, as HIV/AIDS disproportionately affects the LGBT community, it is important to note that HIV/AIDS is protected under the Fair Housing Act as a disability. HUD specifically states that housing discrimination because of HIV/AIDS is illegal.

The HUD Office of Policy Development and Research conducted a study in 2013, *An Estimate of Housing Discrimination Against Same-Sex Couples*, as the first large-scale, paired-testing study to assess housing discrimination against same-sex couples in metropolitan rental markets via advertisements on the Internet. Two emails were sent out, with the only difference between the two emails was the sexual orientation of the prospective renting couples. The study finds:

“[... same-sex couples experience less favorable treatment than heterosexual couples in the online rental housing market. The primary form of adverse treatment is that same-sex couples receive significantly fewer responses to e-mail inquiries about advertised units than heterosexual couples. Study results in jurisdictions with state-level protections against housing discrimination on the basis of sexual orientation unexpectedly show slightly more adverse treatment of same-sex couples than results in jurisdictions without such protections. “

Complaints

The City collected fair housing complaint data from HUD's Office of Fair Housing and Equal Opportunity to assess the volume and type of fair housing complaints made since 2015. The information received is summarized below.

U.S. Department of Housing and Urban Development

Analysis of fair housing complaints submitted to HUD between 2015 and 2019 from residents of the City of Merced reveals that 13 complaints were filed between 2015 and 2019 with some complaints citing multiple bases for their claims. The table below shows the number of complaints filed in each year with the most active year in 2016 and 2017.

Table: HUD Fair Housing Complaints - Number of complaints filed per year

Year	Number of Complaints
2015	1
2016	4
2017	4
2018	2
2019	2
TOTAL	13

The analysis further revealed that disability is, by far, the most commonly cited basis for complaints with disability cited in about 50% of the bases across all complaints. Other notable bases cited include retaliation (20%) and race (15%). The table below shows how many times each basis was cited in each year between 2015 and 2019.

Table: HUD Fair Housing Complaints - Number of times basis for complaint was cited per year

Basis for Complaint	2015	2016	2017	2018	2019	TOTAL
Race	0	0	0	1	1	3
Disability	1	3	4	1	1	10
National Origin	0	0	0	1	0	1
Sex	0	1	0	0	0	1
Familial Status	1	0	0	0	0	1
Retaliation	1	0	1	1	1	4

All disability complaints cited failure to make or allow reasonable accommodations as a basis for their complaint and seven of the ten cited discriminatory refusal to rent.

Of the 13 complaints filed between 2015 and 2018, five (38.5%) were closed with conciliation or a successful settlement. The remainder were either dismissed for lack of jurisdiction or had a no cause determination.

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Section 6. Previously Identified Impediments to Fair Housing Choice

Status of Previously Identified Actions

The chart below outlines the actions stated in the 2015 AI and summarizes progress made toward each action:

PAST ACTION	TIMEFRAME	OUTCOME
Housing Partnerships		
<p>Action 1.1 The City will continue to explore the development and rehabilitation of affordable housing opportunities with its local non-profit and for profit developers, as well as employers. Local partners include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Housing Authority of the County of Merced • California Department of Housing and Community Development 	Ongoing	<p>The Housing Division has built a successful partnership with multiple local-area non-profit organizations to help accomplish these goals. Merced Rescue Mission and Sierra Saving Grace have received consecutive-year funding for the purchase of single-family, duplex, and triplex units for repair and conversion to affordable/supportive housing units for formerly homeless individuals and families. Additionally, as a direct result of our partnership with Central Valley Coalition for Affordable Housing as the City’s Community Housing Development Organization (CHDO), as well as with a \$13.9 million award from the State of California, we are nearing groundbreaking dates on two affordable housing developments totaling 169 units.</p>
Zoning Ordinances		
<p>Action 2.1 The City will amend the C-G (General Commercial) zoning district to allow emergency shelters as a permitted use.</p>	December 2015	<p>The General Commercial (C-G) Zoning District was amended to allow Emergency Shelters as a “Permitted Use” effective October 19, 2016. Additionally, Emergency Shelters are allowed in the C-T (Thoroughfare Commercial) and C-C (Central Commercial) Zones upon approval of a Conditional Use Permit.</p>
Housing Choice for Special Populations		

<p>Action 3.1 The City will continue to work with local non-profits to provide federal, state and local funding to assist in the development of new housing opportunities in non-minority concentrated areas of Merced. The City will continue to administer successful programs that provide funding and support for affordable housing.</p>	<p>Ongoing</p>	<p>There have not been any new affordable housing units built or acquired in non-qualified census tracts, or in general terms, in the North and Northeast areas of the city. City staff encourages incoming apartment developers to consider using Density Bonus and similar zoning options in order to build more units; however, it is not a requirement and developers have chosen not to use this option.</p>
<p>Action 3.2 (Low Income Seniors) The City shall continue to facilitate the construction of affordable rental housing for very-low and low- income seniors.</p>	<p>Ongoing</p>	<p>The City has not facilitated construction on exclusively-senior rental housing, to date. However, groundbreaking is imminent on a 50-unit complex in which 10 units will be set aside for homeless veterans, many of which will likely be seniors. Additionally, the City continues to support rental assistance programs that assist homeless and other low-income seniors find suitable housing.</p>
<p>Action 3.3 (Low Income Large Families) The City shall promote the construction of affordable for-sale and/or rental housing units with three or more bedroom units affordable to very low- and low-income families. The City shall publicize financial and regulatory incentive opportunities to developers for these unit types including promote the need for three or more bedroom units during pre-application meetings, contacting affordable housing developers, and creating informational fliers at the Housing Department and in all general application packets.</p>	<p>Ongoing</p>	<p>The City is currently working on two affordable housing projects that will contain three-bedroom units:</p> <ul style="list-style-type: none"> • Gateway Terrace II – there will be 18 three-bedroom units, amounting to 36% of the project’s 50 total units. • Childs & B Affordable Housing Project/Childs Court Apartments – there will be 36 three-bedroom apartment units, amounting to 30.25% of the project’s 119 units. <p>Additionally, the City Housing Program has provided funding to two community non-profit organizations, Merced Rescue Mission and Sierra Saving Grace, for purchase of market-rate housing for conversion to supportive rental housing. These groups have consistently purchased single-family homes with three or more bedrooms each year since the last AI. We will</p>

		continue to encourage the purchase of a minimum of one three-or-more-bedroom home each year to work towards providing large families with adequate housing.
Action 3.4 (Homeless} The City shall support the Continuum of Care (CoC) 10 year plan to End Chronic Homelessness and finding in their 2015 Point on Time survey.	Ongoing	The City has provided financial assistance to the Continuum of Care each year that are used towards some of the administrative costs of running the program and meetings, including the annual county-wide Point In Time homeless count. City staff also continues to participate in the count itself. Additionally, the City continues to meet the 10 Year Plan's recommendation to provide a winter warming center for the homeless, but funding the operating costs for the center through CDBG grants.
Outreach to Mortgage Originators		
Action 4.1 The City will work with local lenders, escrow and title companies, and real estate agents to promote tools that reduce the costs of homeownership.	Ongoing	There has not been any progress made in this area by working with lenders, agents, or title companies. However, in October of 2019, Housing staff applied with the State of California for a \$1 million grant for first-time homebuyer downpayment program funding. The application is still pending with the State as of this update. If awarded, the City would be able to assist approximately 20 low-income families purchase their first house.
Education and Resources		
Action 5.1 As funding permits, the City or other funded programs will work with other fair housing advocates to conduct additional fair housing workshops in Merced to educate about fair housing rights.	Ongoing	Project Sentinel has continued to provide fair housing workshops and fair housing information each year in Merced, most recently including UC Merced and Merced Community College students, Merced Unified High School District, Merced City Code Enforcement Department, Merced County Library, Merced County Behavioral Health staff, Merced Valley Crisis Center, and Central California Legal Services.

<p>Action 5.2 The City will work with Project Sentinel to develop an affirmative marketing plan to reach groups that are least likely to apply and have disproportionate housing needs and, after conducting the outreach, monitor how effective the affirmative marketing plans were in reaching those groups.</p>	<p>Annually</p>	<p>The City follows HUD regulations for its programs with respect to affirmatively furthering fair housing and engages with Project Sentinel on a variety of housing-related advocacy.</p>
<p>Unfair Lending and Insurance Practices</p>		
<p>Action 6.1 The City will monitor complaints regarding unfair/predatory lending and will assess lending patterns using the data collected under the Home Mortgage Disclosure Act (HMDA), the Community Reinvestment Act (CRA) and other data sources.</p>	<p>Monitor the HMDA with each update to the Analysis of Impediments to Fair Housing Choice to identify potential issues with unfair lending practices</p>	<p>As part of the development of the AI every five years, the City collects complaint data at the federal and local levels. The City also thoroughly analyzes HMDA data to assess issues and disparate impact related to lending for City residents.</p>
<p>Apartment Owners/Managers</p>		
<p>Action 7.1 The City will work in conjunction with apartment owner/manager associations to outreach to owners of small rental properties regarding fair housing laws.</p>	<p>Ongoing</p>	<p>The City, in partnership with Project Sentinel conducted a session specifically for apartment owners and managers to inform them about fair housing laws. While the session was not well attended, the City and Project Sentinel continue to make resources available and Project Sentinel continues to educate property owners through its courses and individually as the engage on specific issues.</p>
<p>Action 7.2 The City will work with agencies and the property managers of affordable housing to ensure that fair housing laws are abided by in the selection of residents and that information of housing availability is appropriately advertised. The City will continue to provide outreach related to</p>	<p>Ongoing</p>	<p>Project Sentinel works closely with landlords to mitigate issues between landlords and tenants. Through these efforts they provide needed advocacy and education in a meaningful way.</p>

affordable housing opportunities through advertisements and literature available in English and Spanish.		
Action 7.3 In addition to addressing the fair housing calls through the City's Fair Housing Program, the City will continue to track the type of complaints received.	Ongoing	Complaints made to the City are referred to the City's partner, Project Sentinel, for counseling and tracking.
Reasonable Accommodations for Persons with Disabilities		
Action 8.1 The City will provide information on reasonable accommodation to housing units.	Ongoing	The City and Project Sentinel provide information on the requirements of reasonable accommodation. Further the City has enacted a reasonable accommodation ordinance.

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Section 7. Identification of Impediments to Fair Housing Choice and Actions

Findings

The following is a summary of the key findings of his report:

POPULATION

The City's population is expanding. Since 2000, the City's population has increased 28.4%. The City's growth rate was noticeably higher than the state where the growth rate was 15.1%. Most population is concentrated in the northern portion of the City.

While the average age in the City has increased, higher percentages of the population are being represented in the 25-34 year old group. In 2017, the median age of the population was 34.9 years old. That is an increase of 1.3 years since 2000 when the median age was 29.2 years old. However, the largest age group in the City is the 25 to 34 years old group with 12,555 people, or 15.3% of the population.

RACE AND ETHNICITY

Merced is more ethnically diverse than the state as a whole. It is a majority Hispanic City, with 52.2% of the population identifying as Hispanic compared to 38.8% at the state level.

Census tracts with disproportionately large number of black residents are found in the northern part of the City. These tracts have over 10% of the population that identifies as Black.

Asian and Hispanic residents are more prevalent in the southern part of the City. In southern census tracts, Asians make up 20% or more of the population and Areas with a heavy Hispanic concentration are located primarily in the southern part of Merced and more than 70% of Hispanic residents live in the southern portion of the City.

Merced has a significant foreign-born population. According to the most recent data, there are 17,667 foreign-born residents and nearly 45% of them are naturalized citizens. Nearly 65% of them entered prior to 2000 and 67% came from Latin America. The median household income for foreign-born residents in the City is over \$12,000 less than the MHI for foreign-born residents in the state.

Merced as a whole has a diversity index score of 57, meaning that it is classified diverse. While no areas in the City had a score below 25, there are areas that are noticeably less diverse than others. Tracts in the north part of the City are overall more diverse, particularly when compared to central tracts in the southern part of the City.

DISABILITY

Merced's disability rate is higher than the state average. In Merced there are 14,113 residents who report a disability, or 17.4%. This is higher than the statewide rate of 10.6%. Older residents are more likely to have a disability.

Fair housing complaints are predominantly based on perceived violations of disability rights. All disability complaints reported to HUD since 2015 cited reasonable accommodations among the bases for their complaints.

INCOME AND POVERTY

Incomes in Merced are lower than the state average but growing on par with state increases. In 2017, the median household income (MHI) in Merced was \$40,704. This was considerably less than the statewide MHI of \$67,169. Those living in the northern part of the City are more likely to earn higher incomes than the City average.

Merced has income disparities among races. Whites earn the highest median income and are the only group to earn over the citywide median household income. Black and mixed race households earn the least.

The poverty rate in Merced is twice the statewide average and is growing more quickly. Poverty increased over 15% between 2010 and 2017. Census tracts in central Merced have poverty rates of over 50%.

Poverty levels differ across races. American Indian and Alaska Native households have the highest poverty rate at over 50%, followed by mixed race households at over 41%, and Hispanic households at over 35%.

While unemployment had been decreasing in recent years, Merced's unemployment rate continues to be higher than the state unemployment rate. The state unemployment rate in 2018 was 4.2% compared to Merced's at 6.7%

Homelessness is an increasingly prevalent concern in the community. As homelessness rates rise, more support for those experiencing homelessness and at risk of homelessness is needed. Over 36% of survey respondents reported that they have experienced homelessness.

HOUSING

The most prevalent housing type in the City is 1-unit detached structures. These structures comprise 65.8% of all units, which is a slight increase from 2010 when this housing type represented 61.4%.

Housing units with three bedrooms make up the largest portion of City's housing stock at 39.3% of all units.

Much of the housing stock in the City is relatively new. Fifty-three percent of Merced's housing was built after 1980 with the largest cohort built between 2000-2009. However, that leave 47% of all housing built before 1980. These units are at greater risk for lead-based paint hazards.

The majority of households are renter households. Renter households make up 60% percent of the households in Merced compared to 40% owner households.

Vacancy rates have declined significantly for both renter and owner households since 2000. Vacancy rates for renters fell from 8.6% to 5.3%. Vacancy rates for owners fell from 6.4% to 2.3%.

While median home values have decreased since 2010, rents have increased. The Median Home Value in Merced fell from \$223,500 in 2010 to \$185,000 in 2017, a 17.2% drop. However, during the same period median rents have increased. The median contract rent in 2010 was \$680 and jumped to \$781 in 2017. Rents are highest in north Merced.

Renters are more likely to be cost burdened than owners with a mortgage. Approximately 32.9% of homeowners with a mortgage are cost-burdened in Merced. In contrast, over 58% of owners are cost burdened. Respondents to the community survey, which represented a mix of owners and renters, reported that over 57% were cost burdened.

Housing costs and lack of available housing were among the top barriers to housing in the community survey. Over 77% of respondents stated that housing costs were a concern. Over 46% stated that finding affordable housing was an issue and over 38% reported that finding available housing generally was a challenge.

LENDING

Whites and Hispanics are most likely to apply for home purchase loans, but denial rates across races are consistent. In 2017 Whites and Hispanics 39% and 37% of all home purchase applications, respectively. In contrast, Asian applicants represented 17% and Black applicants represented only 4%. Among all groups, however, denial rates are consistent at around 7%.

The single-family denial rate declined for all income groups except Very Low Income between 2007 and 2017. Very Low Income denials have increased significantly in recent years compared to other groups. As of the most recent data year, Very Low Applicants are more than five times as likely to be denied for a home purchase relative to High Income applicants.

FAIR HOUSING EDUCATION

Respondents to the community survey indicated that a large percentage were not very familiar with fair housing laws. Over 28% said they were not familiar with fair housing laws and nearly 38% said they were only somewhat familiar.

Impediments

The purpose of fair housing planning and analysis is to foster a careful examination of factors which restrict fair housing choices. A review of the data, research, public outreach and other information collected from a wide range of sources assists in identifying impediments and developing a greater understanding of the conditions that affect fair housing choice for the residents of Merced, and in particular for the City's protected classes and special needs populations. Such data included census data, fair housing complaints, lending and foreclosure, legal statutes, barriers to affordable housing and public input through surveys and forums.

HUD provides a definition of impediments to fair housing choice as:

- Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices, or the availability of housing choices (and)
- Any actions, omissions, or decisions which have this effect.

The impediments to fair housing choice identified as a result of this Analysis of Impediments are summarized below.

Impediment #1 *Lack of knowledge of fair housing laws and fair housing resources among the general public and property owners*

- The general public often does not understand fair housing rights or the fair housing complaint processes;
- Fair housing opportunities are not readily available on the City's website.

Impediment #2 *Disproportionate Housing Problems for Special Needs Populations*

- Accessible and affordable housing choices for persons with disabilities and the elderly are limited;
- Fair housing complaints are most likely to be based on failures by property owners to provide reasonable accommodations to tenants;
- Homelessness is an increasing problem in Merced and people experiencing homelessness are in need of both housing and supportive services.

Impediment #3 *Economic barriers due to limited supply of adequate and accessible affordable housing*

- High costs, especially for extremely low- and very low- income renters who face significant affordability “gaps;”
- Low vacancy rates leave limited housing options and few that are affordable.

Impediment #4 *Lending access for Black and Very Low Income Households*

- Black households represent over 5% of the population in Merced but just 4% of all home purchase applicants in 2017 indicating a need for greater outreach and information to Black communities with respect to lending opportunities. In contrast, White household represent about 27% of the population but 39% of home purchase applications. Asian household represent 11% of the population but 17% of home purchase applications;
- Very Low Income applicants are five times more likely to be denied for home purchase loans than other applicants.

Fair Housing Action Plan

This update to the AI builds upon the previous studies, surveys and public input. It analyzes data and identifies the private and public sector conditions that foster housing discrimination and provides recommended actions to overcome the effects of the fair housing issues identified. Several of these actions address multiple impediments and linkages among them are noted.

It is the goal of the City to undertake actions that can help reduce and eliminate existing housing discrimination and prevent its reemergence in the future, as well as to address other impediments to equal housing opportunity. While the City cannot control systemic issues related to fair housing and fair housing choice challenges, the City can work to coordinate actions that improve fair housing, encourage coordination among disparate public entities, encourage stakeholders to act and report on fair housing issues, analyze existing data sources, report progress on fair housing issues, highlight findings from data analyses, and encourage meaningful action and cooperation at community levels.

Given these constraints, the City will undertake actions each year aimed at addressing fair access to housing and fairness of housing choices for City residents. These may include some of the actions outlined below, or other actions that may be subsequently identified as relevant and potentially effective in combating and eliminating impediments to fair housing choice. Specific activities that may support those actions are itemized as well.

ACTION #	ACTION	TIMEFRAME
Impediment #1 <i>Lack of knowledge of fair housing laws and fair housing resources among the general public and property owners</i>		
1.1	As funding permits, the City or other funded programs will work with other fair housing advocates, including Project Sentinel, to conduct additional fair housing workshops and provide outreach literature in Merced to educate the public about fair housing rights. Efforts will be made to make session available in languages other than English.	Ongoing
1.2	The City will work in conjunction with Project Sentinel to educate apartment owners/manager associations and conduct specific outreach to owners of small rental properties regarding fair housing laws, especially rights to reasonable accommodation.	Ongoing
1.3	The City will continue to direct fair housing complaints to Project Sentinel for Counseling and resolution.	Ongoing
1.4	The City will update its website to include a fair housing page that provides information on fair housing laws, where to file complaints, and how to access resources.	Short Term
1.5	The City will explore ways to conduct outreach to property owners that register for business licenses to ensure they have notice of and access to information on fair housing laws.	Medium Term
Impediment #2 <i>Disproportionate Housing Problems for Special Needs Populations</i>		
2.1	{Low Income Seniors and People with Disabilities} The City shall continue to facilitate the construction of affordable rental housing for very-low and low-income seniors.	Ongoing
2.2	{Low Income Large Families} The City shall promote the construction of affordable for-sale and/or rental housing units with three or more bedroom units affordable to very low- and low-income families.	Ongoing
2.3	{Homeless} The City shall support the Continuum of Care (CoC) 10 year plan to End Chronic Homelessness and seek opportunities to add supportive housing units to the developments it funds.	Ongoing
2.4	{People with Disabilities} The City shall continue to facilitate the construction of accessible affordable rental housing. The City will work with Project Sentinel to conduct greater outreach to people with	Ongoing

	disabilities and to landlords to educate on the rights to reasonable accommodation.	
Impediment #3 <i>Economic barriers due to limited supply of adequate and accessible affordable housing</i>		
3.1	The City will continue to explore the development and rehabilitation of affordable housing opportunities with its local non-profit and for profit developers, as well as employers. Local partners include, but are not limited to the following: <ul style="list-style-type: none"> • Housing Authority of the County of Merced • California Department of Housing and Community Development 	Ongoing
3.2	The City will continue to work with local non-profits to provide federal, state and local funding to assist in the development of new housing opportunities in non-minority concentrated areas of Merced. The City will continue to administer successful programs that provide funding and support for affordable housing.	Ongoing
Impediment #4 <i>Lending access for Black and Very Low Income Households</i>		
4.1	The City will work with local lenders, escrow and title companies, and real estate agents to promote tools that reduce the costs of homeownership for very low income households.	Ongoing
4.2	The City will continue to fund homebuyer counseling for low income beneficiaries receiving financing through its programs.	Ongoing
4.3	The City will explore ways to partner with agencies that conduct general financial literacy training and educational workshops on homeownership opportunities to expand these resources to Black communities and Very Low Income Households.	Medium Term
4.4	The City will assess lending patterns using the data collected under the Home Mortgage Disclosure Act (HMDA), the Community Reinvestment Act (CRA) and other data sources.	Monitor the HMDA with each update to the Analysis of Impediments to Fair Housing Choice to identify potential issues with unfair lending practices