

Action Plan

Grantee: Apple Valley, CA

Grant: B-08-MN-06-0502

LOCCS Authorized Amount:	\$ 3,064,836.00
Grant Award Amount:	\$ 3,064,836.00
Status:	Reviewed and Approved
Estimated PI/RL Funds:	\$ 65,623.00
Total Budget:	\$ 3,130,459.00

Funding Sources

No Funding Sources Found

Narratives

Areas of Greatest Need:

The Town of Apple Valley is located in the Riverside/San Bernardino Metropolitan Statistical Area (MSA), consisting of the two counties of Riverside and San Bernardino, also referred to as the Inland Empire. Since the foreclosure crisis became newsworthy in summer of 2007, this MSA, at one point, was the fourth most impacted area in the country. Located in San Bernardino County, Apple Valley is one of 24 incorporated cities in this county.

California is a non-judicial foreclosure state. The foreclosure process begins with a recorded Notice of Default (NOD) which is a public notification that the borrower has fallen behind in the monthly mortgage payments. If the default is not cured, or the loan renegotiated or replaced, the NOD is followed by a Notice of Trustee's Sale (NOTS) after a minimum of three months. The actual Trustee's Sale cannot occur less than 20 days after public notice. The Trustee's Sale is a public auction, at which time anyone may place a bid, including the lender and any junior lien holders. The foreclosure process may be stopped if the default is cured 5 days in advance of the sale date. If no one bids, and the foreclosure process was not stopped, title (ownership) of the property reverts to the lender as REO property (Real Estate Owned). The typical foreclosure process takes at least 117 days in California.

There were a total of 49,973 properties in both counties taken all the way through the foreclosure process in the MSA from July 1, 2007 through September 30, 2008 (29,607 in Riverside County and 20,366 in San Bernardino County). In relation to all housing units (as estimated by California Department of Finance, 2008), this represents a 3.42% foreclosure rate for the MSA (3.83% in Riverside County and 2.97% in San Bernardino County). This also corresponds to 1 in 29 homes becoming bank-owned during this period. The range of impacts on a city-by-city basis is from a low of 0.36% of all housing units in the City of Indian Wells to a high of 13.05% of all housing units in the City of Perris.

The HUD data also provides the following information:

-Estimated foreclosure/abandonment risk score (1 to 10 with 10 being the highest risk score (1 to 10 with 10 being the highest risk) - Apple Valley's data ranged from 8 to 10.

-Rate of high cost loans (2004-2006) - Apple Valley data ranged from 22.9% to 46.4% with an average of 36.8%.

-Predicted 18 month underlying problem foreclosure rate - Apple Valley's data ranged from 8.0% to 11.8%.

-Rate of housing price decline since the peak in the housing market (June 2008) - Apple Valley's rate was -22.9%

-Unemployment rate (June 2008) - Apple Valley's rate was 8.6%

-Residential vacancy rate (June 2008) - Apple Valley's (USPS) rate ranged range from 1.8% to 11.1% with an average of 3.4%.

Distribution and and Uses of Funds:

The Town of Apple Valley will prioritize the use of the NSP funds by targeting the acquisition of foreclosed units in neighborhoods with the highest concentration of subprime mortgage loans and at the highest risk of additional foreclosures.



These neighborhoods are evidenced through HUD-provided data and data from Fidelity Title Company on foreclosures that have occurred from July 2007 through September 2008. The data shows a broad distribution of foreclosed properties throughout the Town's 12 census tracts (Exhibit 1).

The Town will expend no less than 25% of the funds appropriated, or otherwise made available, for the purchase and redevelopment of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed 50% of the area median income. In addition, the average purchase discount for all properties purchased with NSP funds during the 18-month use period shall be at least 15% below market value for the home or property.

- HMDA High Cost Loan Rate – Federal Reserve Home Mortgage Disclosure Act (HMDA) data provides the percentage of all loans made between 2004 and 2006 that are high cost at the census tract level. The Town average HMDA High Cost Loan Rate is 37%. Of the 12 census tracts within the Town, six census tracts have a rate of 41% or above. By comparison, the San Bernardino County HMDA High Cost Loan Rate average is estimated at 33.3. The Town's High Cost Mortgages are shown in Table 1 and Exhibit 2.

- Predicted 18 Month Underlying Problem Foreclosure Rate – This rate provides a score at the census tract level on a scale from 0 to 10. A score of 0 indicates that HUD data suggests a very low risk of residential properties that potentially will be foreclosed upon, whereas a score of 10 suggests a very high risk. The data identifies that 100% of the census tracts in Apple Valley have a high risk (score of 7 or greater) to be abandoned or foreclosed upon. The Town Predicted 18 Month Foreclosure Risk Score is shown in Table 2.

- OFHEO CBSA Home Price Decline Since Peak – Office of Federal Housing Enterprise Oversight (OFHEO) provides data on the decline in home values as of June 2008 compared to peak home value since 2000 at the county level. According to this data, home prices have dropped an average of 22.9 %.

- Estimated Foreclosure Rate – Provides a score at the census tract level of the estimated foreclosure rate. The Average Estimated Foreclosure Rate for Apple Valley is 10.3% compared to the Statewide Foreclosure Rate of 5.4% and the San Bernardino County Foreclosure Rate of 9.4%. Six of the twelve census tracts (Table 2) have Foreclosure Rates between 11.0% to 11.8%.

Our identified target area will be those neighborhoods that meet high HUD risk factors in the Town's low income census tracts. The Town will focus the use of NSP funds within these six census tracts (Table 1 and Exhibit 3), which comprise 44% of the total residential addresses and 54% of the total estimated number of foreclosures. Although Table 2 indicates that there are four (4) non-low income block groups, these block groups are included in the target area due to the high foreclosure abandonment risk score (9), high cost loan rate (over 41%) and predicted 18 month underlying foreclosure rate (over 11%).

Definitions and Descriptions:

(1) Definition of "blighted structure" in context of state or local law. The Town of Apple Valley utilizes the State of California's definition of blight as found at California Health and Safety Code Sections 33030 - 33039 which are attached as Exhibit 4.

(2) Definition of "affordable rents." Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program -specific requirements such as continued affordability. "Affordable rents" shall be defined as 30% of the household's adjusted income, less utility allowances as adopted by the San Bernardino County's Housing Authority for the Section 8 program, as appropriate. Apple Valley will use HUD's Fair Market Rent schedule for the Riverside/San Bernardino MSA. Should additional rent subsidies be needed, these funds will be required from other sources of funding.

"Affordable mortgage payments"-- principal, interest, taxes and insurance shall not exceed 30% of household's adjusted income.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing. Continued affordability for NSP assisted housing will be ensured through the use of covenants/deed restrictions or complying with HOME monitoring requirements, as applicable.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities. The following standards will apply for all NSP rehabilitation assisted activities: California Building Code, 2007 Edition, volumes 1,2 with Appendix F,G,H,I,J 2006
International Property Maintenance code
California Electrical Code, 2007 Edition
California Electrical Code, 2007 Edition
California Mechanical Code, 2007 Edition
California Energy Code 2007 Edition
ADA and Section 504 compliance

Any NSP funds used for rehabilitation will comply with the existing standards of the Town's Residential Rehabilitation Loan Program (RRLP), which has been previously funded from CDBG, HOME and redevelopment housing set-asides. The first priority will be to eliminate and cure pre-existing code violations and health and safety hazards. General property improvements may be addressed only after all health and safety issues are addressed.

Low Income Targeting:

The Town of Apple Valley will target a minimum of 25% or \$766,209 for housing individuals or families whose incomes do not exceed 50 percent of area median income.



Acquisition and Relocation:

The Town of Apple Valley does not intend to demolish or convert any low- and moderate income dwellings.

Public Comment:

An agenda item presented to Town Council on November 18, 2008 outlined the scope of the Neighborhood Stabilization Program (NSP) and the activities the Housing Division will implement to expend the funding. Apple Valley Town Council meetings are available for viewing via webcast streaming at www.applevalley.org. A public notice summarizing and making available the proposed NSP Action Plan for public comment was published in both the Daily Press (November 3, 2008) and Apple Valley News. (November 7, 2008). On November 3, 2008, the Community Development Citizens Advisory Committee met to provide citizen input. As of November 3, 2008, the NSP Action Plan was circulated via the Town's website, with additional hard copies available at the Town Hall - Town Clerk's Office, Police Department and the Newton T. Bass Library. The proposed NSP Action Plan and corresponding amendment to the 2008-2009 Action Plan was reviewed and approved by Council on November 18, 2008.

Project Summary

Project #	Project Title	Grantee Activity #	Activity Title	Grantee Program
01-	NSP Administration	6	NSP Administration	
02- Eligible Use	Financing Mechanisms	5	DAP LMMI	
		8	DAP LH25	
03- Eligible Use	Acquisition/Rehab/New	7	Purchase/Rehab/Resale LMMI	
		9	Purchase/Rehab/Resale LH25	
9999	Restricted Balance		<i>No activities in this project</i>	
DELETED-	DELETED-ACTIVITIES (Temporary)		<i>No activities in this project</i>	



Activities

Project # / 01- Administration xx / NSP Administration

Grantee Activity Number: 6

Activity Title: NSP Administration

Activity Type:

Administration

Project Number:

01- Administration xx

Projected Start Date:

09/01/2008

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Benefit Report Type:

NA

Activity Status:

Under Way

Project Title:

NSP Administration

Projected End Date:

09/30/2022

Project Draw Block Date by HUD:

Activity Draw Block Date by HUD:

Total Budget: \$ 306,483.00

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 306,483.00

Proposed budgets for organizations carrying out Activity:

Responsible Organization

Town of Apple Valley

Organization Type

Local Government

Proposed Budget

\$ 306,483.00

Location Description:

Administrative funds will be used in conformance with 24 CFR 570.206. Eligible pre-award costs may be incurred in order to develop the NSP Plan and undertake other administrative actions necessary to receive the grant

Activity Description:

Administrative funds will be used in conformance with 24 CFR 570.206. Eligible pre-award costs may be incurred in order to develop the NSP Plan and undertake other administrative actions necessary to receive the grant.



Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 02- Eligible Use A / Financing Mechanisms



Grantee Activity Number: 5

Activity Title: DAP LMMI

Activity Type:

Homeownership Assistance to low- and moderate-income

Project Number:

02- Eligible Use A

Projected Start Date:

09/01/2008

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Benefit Report Type:

Direct (Households)

Activity Status:

Under Way

Project Title:

Financing Mechanisms

Projected End Date:

09/30/2022

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 469,370.36

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 469,370.36

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
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14

8

57.14

of Households

14

8

57.14

Proposed Accomplishments

of Singlefamily Units

Total

14

of Housing Units

14

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

Town of Apple Valley

Organization Type

Local Government

Proposed Budget

\$ 469,370.36

Location Description:

The NSP Down Payment Assistance Program will be implemented within the focus target area comprised of foreclosure properties located in the six (6) low income census tracts (Census Tracts 97.09, 97.10, 97.12, 97.13, 97.14, 97.16). Although data indicates that the highest foreclosure rates (11.0%-11.8%) occurred in this target area, an estimated 46% of foreclosures also occurred outside the low income census tracts, and redevelopment project areas and are spread out in redevelopment project areas as well as throughout the community. The overall foreclosure rate in Apple Valley is 10.3%.



Activity Description:

The Down Payment Assistance Program will provide down payment assistance, including closing costs, to income eligible households earning no greater than 120% of adjusted median income. The principal, interest, taxes and insurance will not exceed 30% of the household's adjusted median income. A 1% down payment is required of the household. The buyer will first secure a first mortgage with a fixed-rate, fully amortized, 30 year loan. The Town's assistance is in the form of a second mortgage loan at 0% interest rate, deferred and forgiven at the end of the term of the loan (30 years). If the property is sold, or the buyer ceases to occupy the residence, or the property is refinanced and cash is taken out, the loan will become immediately due and payable. Affordability covenants meeting, at a minimum, requirements set by HOME regulations will be placed on all properties participating in this program. All home buyers will attend an 8 hour home buyer education workshop prior to loan funding. In addition, the average purchase discount for all properties purchased with NSP funds for this program during the 18-month use period shall be at least 1%.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None



Grantee Activity Number: 8

Activity Title: DAP LH25

Activity Type:

Homeownership Assistance to low- and moderate-income

Project Number:

02- Eligible Use A

Projected Start Date:

09/01/2008

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Activity Status:

Under Way

Project Title:

Financing Mechanisms

Projected End Date:

09/30/2022

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 780,629.64

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 780,629.64

Benefit Report Type:

Direct (Households)

Proposed Beneficiaries

	Total	Low	Mod	Low/Mod%
# Owner Households	13			0.00
# of Households	13			0.00

Proposed Accomplishments

	Total
# of Singlefamily Units	13
# of Housing Units	13

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

Town of Apple Valley

Organization Type

Local Government

Proposed Budget

\$ 780,629.64

Location Description:

The NSP Down Payment Assistance Program will be implemented within the focus target area comprised of foreclosure properties located in the six (6) low income census tracts (Census Tracts 97.09, 97.10, 97.12, 97.13, 97.14, 97.16). Although data indicates that the highest foreclosure rates (11.0%-11.8%) occurred in this target area, an estimated 46% of foreclosures also occurred outside the low income census tracts, and redevelopment project areas and are spread out in redevelopment project areas as well as throughout the community. The overall foreclosure rate in Apple Valley is 10.3%.



Activity Description:

The Down Payment Assistance Program will provide down payment assistance, including closing costs, to income eligible households earning no greater than 50% of adjusted median income. The principal, interest, taxes and insurance will not exceed 30% of the household's adjusted median income. A 1% down payment is required of the household. The buyer will first secure a first mortgage with a fixed-rate, fully amortized, 30 year loan. The Town's assistance is in the form of a second mortgage loan at 0% interest rate, deferred and forgiven at the end of the term of the loan (30 years). If the property is sold, or the buyer ceases to occupy the residence, or the property is refinanced and cash is taken out, the loan will become immediately due and payable. Affordability covenants meeting, at a minimum, requirements set by HOME regulations will be placed on all properties participating in this program. All home buyers will attend an 8 hour home buyer education workshop prior to loan funding. In addition, the average purchase discount for all properties purchased with NSP funds for this program during the 18-month use period shall be at least 1%

Environmental Assessment: EXEMPT

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Project # / 03- Eligible Use B / Acquisition/Rehab/New Construction



Grantee Activity Number: 7

Activity Title: Purchase/Rehab/Resale LMMI

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

03- Eligible Use B

Projected Start Date:

09/01/2008

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Benefit Report Type:

Direct (Households)

Activity Status:

Under Way

Project Title:

Acquisition/Rehab/New Construction

Projected End Date:

09/30/2022

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 1,511,016.96

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 1,511,016.96

Proposed Beneficiaries

Owner Households

Total	Low	Mod	Low/Mod%
24		24	100.00
24		24	100.00

of Households

Proposed Accomplishments

of Singlefamily Units

Total

24

of Housing Units

24

of Targeted Section 3 Labor Hours

of Section 3 Labor Hours

of Total Labor Hours

of Elevated Structures

of Substantially Rehabilitated Units

ELI Households (0-30% AMI)

Activity funds eligible for DREF (Ike Only)

#Units with other green

#Units deconstructed

#Sites re-used

#Units exceeding Energy Star

#Units with bus/rail access

#Low flow showerheads



- #Low flow toilets
- #Units with solar panels
- #Dishwashers replaced
- #Clothes washers replaced
- #Refrigerators replaced
- #Light fixtures (outdoors) replaced
- #Light Fixtures (indoors) replaced
- #Replaced hot water heaters
- #Replaced thermostats
- #Efficient AC added/replaced
- #High efficiency heating plants
- #Additional Attic/Roof Insulation
- #Energy Star Replacement Windows
- # of Properties

1

Proposed budgets for organizations carrying out Activity:

Responsible Organization	Organization Type	Proposed Budget
Town of Apple Valley	Local Government	\$ 1,511,016.96

Location Description:

The NSP Down Payment Assistance Program will be implemented within the focus target area comprised of foreclosure properties located in the six (6) low income census tracts (Census Tracts 97.09, 97.10, 97.12, 97.13, 97.14, 97.16). Although data indicates that the highest foreclosure rates (11.0%-11.8%) occurred in this target area, an estimated 46% of foreclosures also occurred outside the low income census tracts, and redevelopment project areas and are spread out in redevelopment project areas as well as throughout the community. The overall foreclosure rate in Apple Valley is 10.3%.

Activity Description:

Funds will be used for the acquisition of a foreclosed semi-completed 34-unit multi-family development on the northwest corner of Kiowa Road and Happy Trails Highway. The Town will contract with a multi-family housing developer to complete the 34-unit development with the purpose of providing homeownership opportunities to income eligible LMMI households. The Town will also provide direct homeownership assistance, secured by a Deed of Trust, under the NSP1 funded 7 activity, to eligible households on an as needed basis. As this acquisition will have multiple funding sources including HOME and NSP1 funds, approximately 25 units will be set aside under the NSP1 program. Affordability covenants meeting, at a minimum, requirements set under the HOME regulations set under 24 CFR Part 92, will be placed on all NSP properties. The minimum purchase discount for properties purchased with NSP funds during the 18-month use period shall be at least 1%.

Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None



Grantee Activity Number: 9

Activity Title: Purchase/Rehab/Resale LH25

Activity Type:

Rehabilitation/reconstruction of residential structures

Project Number:

03- Eligible Use B

Projected Start Date:

07/01/2010

Project Draw Block by HUD:

Not Blocked

Activity Draw Block by HUD:

Not Blocked

Block Drawdown By Grantee:

Not Blocked

National Objective:

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

Benefit Report Type:

NA

Activity Status:

Under Way

Project Title:

Acquisition/Rehab/New Construction

Projected End Date:

06/30/2022

Project Draw Block Date by HUD:**Activity Draw Block Date by HUD:**

Total Budget: \$ 62,959.04

Most Impacted and Distressed Budget: \$ 0.00

Other Funds: \$ 0.00

Total Funds: \$ 62,959.04

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

Town of Apple Valley

Organization Type

Local Government

Proposed Budget

\$ 62,959.04

Location Description:**Activity Description:**

Funds will be used for the acquisition of a foreclosed semi-completed 34-unit multi-family development on the northwest corner of Kiowa Road and Happy Trails Highway. The Town will contract with a multi-family housing developer to complete the 34-unit development with the purpose of providing homeownership opportunities to income eligible LH-25 households. The Town will also provide direct homeownership assistance, secured by a Deed of Trust, under the NSP1 funded 9 activity, to eligible households on an as needed basis. As this acquisition will have multiple funding sources including HOME and NSP1 funds, approximately 25 units will be set aside under the NSP1 program. Affordability covenants meeting, at a minimum, requirements set under the HOME regulations set under 24 CFR Part 92, will be placed on all NSP properties. The minimum purchase discount for properties purchased with NSP funds during the 18-month use period shall be at least 1%.



Environmental Assessment: COMPLETED

Environmental Reviews: None

Activity Attributes: None

Activity Supporting Documents: None

Action Plan Comments:

Cook, Earl Please break down activities.

Cook, Earl Ok .. looks good./ ec

Reviewer - Technical revisions to conform with recommended project/activity structure. Grantee is 97% complete, but needs to be able to create additional vouchers at this time. Approved 6/10/10 jwy

Reviewer - Opened in error by grantee. 6/10/10 jwy

Reviewer - Revisions completed per request to include beneficiary data. AP approved 11.8.10 jwy

Reviewer - Rejected to allow for zeroing out goals in cancelled activities. 2.2.11 jwy

Reviewer - Performance measurement changes completed per HQ direction. Approved 2.2.11 jwy

DiGruccio, Grantee is adjusting PI. Approved RMD. 5/14/14

DiGruccio, 2008 action plan- grantee added program income receipt, adjusted total budget, activity budget and obligation for Activity #7 from loan pay down \$65,623. Approved. RMD. 5/15/14.

DiGruccio, Consultants hired to update AP and assist with NSP program due to staff capacity issues. Approved. RMD. 5/1/19.

DiGruccio, Approved. RMD. 4/29/2020.

DiGruccio, Balancing budgets for close out. Approved. RMD. 8/31/2021.

DiGruccio, Budget updates for close out. Approved. RMD. 10/27/2021

Action Plan History

Version

Date

B-08-MN-06-0502 AP#8

10/27/2021

B-08-MN-06-0502 AP#7

08/31/2021

B-08-MN-06-0502 AP#6

04/29/2020



B-08-MN-06-0502 AP#5	05/01/2019
B-08-MN-06-0502 AP#4	05/15/2014
B-08-MN-06-0502 AP#3	05/14/2014
B-08-MN-06-0502 AP#2	02/02/2011
B-08-MN-06-0502 AP#1	06/09/2010

