

Grantee: Bakersfield, CA

Grant: B-08-MN-06-0503

April 1, 2021 thru June 30, 2021 Performance Report

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| Grant Number: B-08-MN-06-0503 | Obligation Date: 03/11/2009 | Award Date: 03/05/2009 |
| Grantee Name: Bakersfield, CA | Contract End Date: 03/05/2013 | Review by HUD: Reviewed and Approved |
| Grant Award Amount: \$8,982,836.00 | Grant Status: Active | QPR Contact: No QPR Contact Found |
| LOCCS Authorized Amount: \$8,982,836.00 | Estimated PI/RL Funds: \$0.00 | |
| Total Budget: \$8,982,836.00 | | |

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

As of 2008, the City of Bakersfield had a population of about 328,000 residents and 103,000 households within a 92 ± square mile boundary. According to the County Assessor, the number of Notice of Defaults filed in 2007 countywide was approximately 8,651, an increase of 164% from 2006. According to County records, more than 8,000 Kern County properties have foreclosed during the last twelve months through September 2008. The majority of these defaults in 2007 and 2008 have occurred within the City of Bakersfield. Due to the recent high default and foreclosure rates for Bakersfield, under the Housing and Economic Recovery Act (HERA) of 2008, the City of Bakersfield is expected to receive \$8,982,836 from the Neighborhood Stabilization Program (NSP) from the Federal Department of Housing and Urban Development. The federal NSP funding formula looked at the number of home foreclosures, number of homes financed by a subprime mortgage related loan, and number of homes in default or delinquent. The City NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted federally established NSP areas as set forth in the substantial amendment to the City's Consolidated Plan (2010).

NSP areas are defined as low-, moderate-, and middle income areas (LMMA), show which Census Block Groups qualify for area benefit, where more than 51% of persons are determined to be low-, moderate-, and middle-income (120% or less of area median family income). NSP areas also display foreclosure and abandonment risk scores for each block group. As of September 2008, approximately 110 out of 196 block groups within the City of Bakersfield qualified as NSP areas. From these block groups, 109 provide convincing data for targeting NSP funds. These 109 (≤ 120% AMI) block groups comprise about 60% of the City of Bakersfield geography (see NSP Census Tract Block Group list in attached pdf).

Estimated foreclosure abandonment risk score for these 109 NSP block groups are from 7 to 10 (out of a score of 3 to 10 city-wide). In addition, the average probable foreclosure rate score (predicted within 18 months) for these 109 NSP block groups was over 10% (city-wide range was 5.8% to 12.2%). Lastly, these 109 NSP areas also had a Home Mortgage Disclosure Act (HMDA) high cost loan rate range from 36% to 57% (city-wide range was 13.9% to 57%). Informal review of the data from the 109 NSP foreclosure abandonment risk and average probable foreclosure rate scores, and the HMDA high cost loan rates generally depict higher scores and rates within City low to moderate income areas (Census Block Groups per 2000 Census) and designated redevelopment areas.

Effective September 2008, County of Kern REO (real estate owned assets by lenders) data from the County Assessor indicated about 2,886 housing units had been foreclosed on within the City of Bakersfield. Within the 109 NSP targeted block groups, about 1,830 REO units had been foreclosed by lenders as of September 2008. Of these units, the average square footage was 1,175, which is an entry-level housing unit for Bakersfield (REO housing size range within the NSP areas was from 400 sq. ft. to 4,597 sq. ft.). In addition, the age of housing was from early 1900's to 2008 and the number of REO lenders was over two hundred. Citywide, the 2,

Areas of Greatest Need:

886 REO housing units square footage averaged 1,438 sq. ft. (REO housing size range was from about 400 sq. ft. to 4,751 sq. ft.). In addition, the age of REO housing city-wide was also from early 1900's to 2008 and the number of city-wide REO lenders was over three hundred (see NSP maps in attached pdf depicting REO's within the City and NSP qualified areas). (Please see additional information in the attached pdf on the City of Bakersfield's area of greatest needs description.)

Distribution and and Uses of Funds:

As noted in the response above the City areas of greatest need include the NSP (109 block groups), low to moderate income (Census Block Groups per 2000 Census) and City (NSP designated) redevelopment areas. The low to moderate income (Census Block Groups per 2000 Census) are about 90% completely within the NSP boundaries, and about 90% of the RDA neighborhoods lie within the designated NSP block groups.

The City intends to expend its NSP funds for projects and activities as follows: (Please see attached pdf for a comprehensive



table of the proposed projects and activities for funding. Please note the projects in the original AP have been modified pursuant to the attached amendments, which are in pdf form below)

For a portion of the \$8,982,836, the City proposes to enter into subrecipient agreements with 1) the Housing Authority of the County of Kern (HACK) for administering NSP activities that will benefit families \leq 50% of AMI and the purchase and rehab of a multi-family property at 2221 Real Road; and 2) the Bakersfield RDA for administering NSP activities that will benefit families \leq 120 % of AMI.

Based on the attached table, approximately \$8,774,828 will be allocated to purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties (includes homebuyer counseling).

About one fourth of the funding (\$2,195,784.37 out of \$8,774,828) is comprised of Direct Homeownership Assistance (DPA) for qualified homebuyers (families \leq 120 % of the AMI) within eligible NSP areas, City/RDA rehabilitation and preservation of REO units purchased within eligible NSP areas, and providing NSP-assisted homebuyers at least eight hours of counseling from a HUD-approved housing counseling service. The NSP distribution area for these funds coincides with the areas of greatest need since the beneficiary areas are the designated 109 block groups that are defined as low-, moderate-, and middle income (LMMA) areas, where more than 51% of persons are determined to be low-, moderate-, and middle-income (120% or less of area median family income). This NSP distribution area includes the low to moderate income (Census Block Groups per 2000 Census) that is generally within the NSP qualified boundaries (about 90%), and about 90% of the RDA neighborhoods which are within the designated NSP block groups. As discussed in Section A (Areas of Greatest Need), this NSP distribution/service area generally contains overall the greatest percentage of home foreclosures (above normal foreclosure abandonment risk score), highest percentage of homes financed by a subprime mortgage related loan (HMDA high cost loan rate), and areas likely to face a significant rise in the rate of home foreclosures (average probable foreclosure rate score).

The remaining funds (\$6,579,043.63 out of \$8,774,828) will be spent on acquisition and rehabilitation of REO units within low to moderate income (Census Block Groups per 2000 Census) areas to benefit qualified families \leq 50% of the AMI and on the acquisition and rehabilitation of Pinewood Glen Senior Housing. The NSP distribution/service area will mirror the low to moderate income (Census Block Groups per 2000 Census) areas (a subset of the 109 NSP block groups) which generally have higher percentages of home foreclosures (above normal foreclosure

Distribution and and Uses of Funds:

e abandonment risk score), highest percentage of homes financed by a subprime mortgage related loan (HMDA high cost loan rate), and areas likely to face a significant rise in the rate of home foreclosures (average probable foreclosure rate score).

(Please see the attached pdf for more information on the City of Bakersfield's Distribution and Uses of Funds and subsequent amendments for funding allocation changes)

Public Comment:

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

The fifteen (15) day public review period of the Draft NSP Template began November 3, 2008 and ended November 18, 2008. It was published in the Bakersfield Californian (in English) and El Mexicalo (in Spanish). The draft amendment was made available at the City Economic and Community Development Department (EDCD), City Hall offices, and on the City (EDCD) website. No written comments regarding the proposed NSP program funding was received. The substantial amendment went before the Council on November 19 for review and action. The amendment was forwarded to HUD-LA on November 24, 2008 for review and approval. Deadline for receipt of the amendment by HUD-LA is December 1, 2008. It is expected that HUD will take forty-five (45) days to review the amendment submission and or about February 1, 2009, a HUD NSP contract will be provided to the City of review and execution. NSP program start date for Bakersfield is tentatively scheduled for March 1, 2008.

Definitions and Descriptions:

(1) Definition of "blighted structure" in context of state or local law.

Response:

Blighted Structure - The definition the City will use is from the California Redevelopment Law (California Health and Safety Code - Section 33031(a)), that generally describes the following physical conditions that cause blight:

¿ Buildings in which it is unsafe or unhealthy for person to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.

¿ Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition can be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.

¿ Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the area.

¿ The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

(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.

Response:

Affordable Rents - Every NSP-assisted rental unit will be subject to rent limits designed to help make rents affordable to low income households. These maximum rents will be in accordance with HUD regulations at 24 CFR 92.252, which discusses rental housing and rent limitation (maximum HOME rents). HUD publishes the High and Low HOME rents and the FMRs for each area (PJ) annually. The City of Bakersfield will annually use the numbers provided to calculate High and Low HOME Rents for NSP assisted rental housing projects.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

The City will ensure NSP-assisted units meet affordability requirements in accordance with HOME program standards at 24 CFR 92.252(a), (c), (e) and (f) and 92.254. For LH25 units, rents will be restricted to the rent levels as enumerated in 24 FCFR 92.252(b). The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The following table summarizes the minimum period of affordability in years based on the amount of NSP funds provided per housing activity. (Please see attached pdf for period of affordability table)



(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response: Every unit being rehabilitated or constructed with NSP funds will be completed in accordance with the local housing codes and zoning ordinances at the time of project completion. The City of Bakersfield’s local building codes and zoning ordinances promote health and public safety in the construction and maintenance of buildings and structures, and the maintenanc

Definitions and Descriptions:

eof property through the enforcement of uniform building construction codes, conservation standards, regulations and ordinances (Ord. 4087 § 2 (part), 2002).

As of January 1, 2008, Bakersfield adopted new building construction codes (2007 CBC, CMC, CPC, CEC, California Existing Building Code, California Historical Building Code) that will apply to the NSP program and activities. These new building construction codes will establish the standards for the NSP assisted rehabilitation work that will bring substandard housing into compliance with the City property standard.

Low Income Targeting:

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$ 2,245,709 .

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

At least \$2,245,709 will be appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income. The City plans to use \$1,486,966.63 for acquisition of abandoned or foreclosed homes, and \$264,000 for redevelopment or preservation of these units to benefit individuals or families at ≤ 50% of the AMI. Additionally, \$585,000 will be used towards the acquisitin and rehabilitation of Pinewood Glen Senior Housing, which accounts for the number of units in the facility which will be required ot be set-aside for residents making 50% of the area median income. The area of greatest need for these funds will be targeted to occur within the low to moderate-income (Census Block Groups per 2000 Census) NSP eligible neighborhoods. These NSP greatest need areas typically include RDA neighborhoods that lie within the NSP designated block groups (see map on page 4). The City plans to enter into a subrecipient agreement with the local Public Housing Authority to administer these funds to benefit individuals or families at ≤ 50% of the AMI. Further, the acquisition and rehabilitation of Pinewood Glen Senior Housing will be undertaken by the Housing Authority of the County of Kern.

Acquisition and Relocation:

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

If so, include:

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.
- The number of NSP affordable housing units made available to low- , moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.

Response:

The City of Bakersfield through the Bakersfield Redevelopment Agency may demolish or convert existing low- and moderate-income dwelling units (i.e., ≤ 80% of area median income).

- The number of low- and moderate-income dwelling units—i.e., ≤ 80% of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities within the NSP designated areas of the City is 10 housing units.
- The number of NSP affordable housing units made available to low- , moderate-, and middle-income households—i.e., ≤ 120% of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion) is as follows:
 - Downpayment Assistance using NSP funds - 30 housing units (beneficiaries - >80% to ≤ 120% of the AMI) - target commencement is March 2009 and completion is September 2010.
 - Rehab and preservation of REO units acquired with NSP funds - 30 housing units (beneficiaries - >80% to ≤ 120% of the AMI) - target commencement is March 2009 and completion is March 2014.
 - Establish land bank for homes that have been foreclosed within the RDA’s for acquisition, disposition and redevelopment - 20 housing units (beneficiaries - >80% to ≤ 120% of the AMI) - target commencement is March 2009 and completion is March 2014.
- The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income is 30 housing units ± (>30% to ≤ 50% of the AMI).

| Overall | This Report Period | To Date |
|--|---------------------------|----------------|
| Total Projected Budget from All Sources | \$0.00 | \$8,982,836.00 |
| Total Budget | \$0.00 | \$8,982,836.00 |
| Total Obligated | \$0.00 | \$8,883,786.48 |
| Total Funds Drawdown | \$0.00 | \$8,883,786.48 |
| Program Funds Drawdown | \$0.00 | \$8,883,786.48 |
| Program Income Drawdown | \$0.00 | \$0.00 |



| | | |
|--|---------|----------------|
| Program Income Received | \$0.00 | \$0.00 |
| Total Funds Expended | \$0.00 | \$8,883,786.48 |
| HUD Identified Most Impacted and Distressed | \$0.00 | \$0.00 |
| Other Funds | \$ 0.00 | \$ 0.00 |
| Match Funds | \$ 0.00 | \$ 0.00 |
| Non-Match Funds | \$ 0.00 | \$ 0.00 |

Funds Expended

| Overall | This Period | To Date |
|---|--------------------|-----------------|
| City of Bakersfield | \$ 0.00 | \$ 6,555,395.38 |
| Housing Authority of the County of Kern | \$ 0.00 | \$ 2,328,391.10 |

Progress Toward Required Numeric Targets

| Requirement | Target | Projected | Actual |
|--|----------------|------------------|----------------|
| Overall Benefit Percentage | 99.99% | .00% | .00% |
| Minimum Non Federal Match | \$.00 | \$.00 | \$.00 |
| Overall Benefit Amount | \$8,844,616.07 | \$.00 | \$.00 |
| Limit on Public Services | \$1,347,425.40 | \$.00 | \$.00 |
| Limit on Admin/Planning | \$898,283.60 | \$137,335.38 | \$137,335.38 |
| Limit on Admin | \$.00 | \$137,335.38 | \$137,335.38 |
| Most Impacted and Distressed | \$.00 | \$.00 | \$.00 |
| Progress towards LH25 Requirement | \$2,245,709.00 | | \$2,328,391.10 |

Overall Progress Narrative:

The City of Bakersfield's final project, 22nd Street Lofts, began construction. This project will utilize the final \$99,049.52 remaining in NSP1 funds for the project. Staff intends to complete the project by early 2022. A draw for the remaining balance will be completed in the upcoming quarter.

Project Summary

| Project #, Project Title | This Report | To Date | |
|--|-------------------------------|-------------------------------|-------------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 |
| A, Purchase & Rehabilitate Homes | \$0.00 | \$8,739,430.10 | \$8,739,430.10 |
| B, Establish Land Bank(s) | \$0.00 | \$7,021.00 | \$7,021.00 |
| C, Demolish Blighted Structures | \$0.00 | \$0.00 | \$0.00 |
| D, Redevelop Demolished or Vacant Properties | \$0.00 | \$99,049.52 | \$0.00 |
| E, Administration | \$0.00 | \$137,335.38 | \$137,335.38 |

