

# Grantee: Corona, CA

## Grant: B-08-MN-06-0506

### July 1, 2020 thru June 30, 2021 Performance Report

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<b>Grant Number:</b> B-08-MN-06-0506	<b>Obligation Date:</b> 03/16/2009	<b>Award Date:</b> 03/05/2009
<b>Grantee Name:</b> Corona, CA	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$3,602,842.00	<b>Grant Status:</b> Closed with Ongoing Reporting	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b> \$3,602,842.00	<b>Estimated PI/RL Funds:</b> \$1,828,343.07	
<b>Total Budget:</b> \$5,431,185.07		

## Disasters:

### Declaration Number

NSP

## Narratives

### Areas of Greatest Need:

The City of Corona is located in the Riverside/San Bernardino/Ontario metropolitan statistical area (MSA, also known as the "Inland Empire"). Since the foreclosure crisis became newsworthy in summer of 2007, this MSA at one point was the fourth most impacted foreclosure area in the country at one point. City staff has been tracking foreclosures for all jurisdictions in the Inland Empire since July 2007. The Inland Empire and the Riverside/San Bernardino/Ontario MSA are one and the same geographic area. There are two counties, Riverside and San Bernardino. Riverside County has 24 incorporated cities (from the 2000 Census - at least three cities have incorporated recently); San Bernardino County also has 24 incorporated cities (also from the 2000 Census).

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 their 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 can not occur less than 20 days after public notice. The Trustee's Sale is a public auction, at which 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 taken all the way through the foreclosure process in the MSA from July 1, 2007 through September 30, 2008 in both counties (29,607 in Riverside County and 20,366 in San Bernardino County). In relation to all housing units (as estimated by the California Department of Finance, 2008), this represents 3.42% 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 City of Corona began its needs assessment in response to the housing crisis (high number of foreclosed, vacant properties beginning to have adverse effects on neighborhoods) by identifying the census tract block groups in the City with income levels at or below 120 percent of the Area Median Income (AMI). For purposes of this Amendment, the low, moderate, and middle-income areas will be noted as LMMI. This data was provided by the U.S. Department of Housing and Urban Development (HUD) and this data can be found on the HUD web site at the following web address:  
[http://www.huduser.org/publications/commdevl/nsp\\_target.html](http://www.huduser.org/publications/commdevl/nsp_target.html).

There are a total of 71 census tract block groups (CTBG) in the City and 28 or 39.44 percent are qualified LMMI areas.

The HUD data, in addition to a break-down of income



## Areas of Greatest Need:

levels by census tract block groups, also provides the following information:

- Estimated foreclosure/abandonment risk score (1 to 10 with 10 being the highest risk) Corona's data ranged from 6 to 10;
- Rate of high cost loans (2004-2006) - Corona's data ranged from 18.3 percent to 47.9 percent;
- Predicted 18 month underlying problem foreclosure rate - Corona's data ranged from 6.2 percent to 11 percent;
- Rate of housing price decline since the peak in the housing market (June 2008) - Corona's rate is - 22 percent;
- Unemployment rate (June 2008) - Corona's rate is 6 percent; and
- Residential vacancy rate (June 2008) - Corona's rate ranged from 0.8 percent to 4.4 percent.

On a scale of 1 to 10, the City's foreclosure/abandonment risk score ranged from 6 to 10, with 10 being the highest risk. When mapped, the two census tracts (415.00 and 414.10) with risk factors of 9 and 10, respectively, are predominantly industrial areas and contain very little housing. The data shows that census tract 416 has a foreclosure risk factor of 10 and is mostly residential. Census tract 417.04 also has a high foreclosure risk factor of 9. Below is the City's Foreclosure Risk map for reference.

Further, the City collected data that identified the number of bank-owned properties (REOs), notices of default issued (NODs), and trustee sales (TS) for the period of June 1, 2008 through October 8, 2008 from Chicago Title. When overlaying this data with the HUD data discussed above, there was no one area that could be identified by a series of common factors that is the "highest" need area.

In regards to just the high cost loan rate, a total of 32 or 45 percent CTBGs have a rate of 30 percent or greater. Of those 21 or 65 percent are LMMI areas. Those same CTBGs (32) also have an eight percent predicted 18 month underlying problem foreclosure rate with five of those CTBGs with a rate of 11 percent (see the following maps). Of that group of 5 CTBGs, four are in LMMI areas. Those same CTBGs also have the highest vacancy rate of 4.4 percent in the City.

## Distribution and and Uses of Funds:

The City of Corona will prioritize the use of the NSP funds by first prioritizing the acquisition of foreclosed units in neighborhoods with the highest concentration of subprime mortgage loans and at the highest risk of additional foreclosures, as evidenced through HUD-provided data and data on foreclosures from Chicago Title Company that have occurred from June 1, 2007 through October 8, 2008. In reviewing the requirements of HERA, the central area of the City was found to meet all of the prerequisite criteria of the greatest percentage of home foreclosures (distributed throughout the City), highest percentage of home financed by a sub-prime mortgage related loans, and the areas most likely to face a significant rise in the rate of home foreclosures (predicted 18 month underlying problem foreclosure rate). However, when overlaying the Chicago Title Company data on REOs, NODs, and TS it is clear the problem is widespread throughout the City.

In viewing this data mapped over the LMMI areas, the majority of the LMMI area appear to be the area in the City that had the greatest percentage of all of the factors combined and should be the area where NSP funds should be prioritized. Based on the two sources of data that were analyzed and believed to be representative of the problem in the Corona, it is the opinion of City staff that the area bounded by the 91 Freeway in the north, Ontario Avenue in the south, Paseo Grande in the west, and Magnolia Avenue in the east represents the area of greatest need and should be where NSP funds and activities should be prioritized. The following was used to determine the NSP priority area:

- Areas with the foreclosure risk at 7 or above;
- LMMI qualified areas (39 percent of the City);
- Assist individuals and households with less financial resources than in other areas of the City;
- Real Estate Owned (REOs), Notices of Default (NODs), and Trustee Sales (TS) are distributed throughout the City without any apparent clustering in areas with other risk factors indicating the foreclosure problem in Corona is city-wide;
- Areas with a high loan cost rate above 25 percent (range is 18.3 to 47.9 percent) in this area;
- Areas with the highest predicted problem foreclosure rate over the next 18 months above 8 percent (range is 6.2 to 11 percent);
- Home values between \$150,000 - \$350,000 and therefore, affordable under NSP.
- Older housing stock; and
- Neighborhoods already targeted for residential infrastructure improvements.

Following is a map that identifies the LMMI areas in green with REOs noted and the area of the greatest need for assistance, as identified by the City, based on the discussion above is outlined in a heavy red line.

Keep in mind that LMMI areas (green) north of the 91 Freeway are largely industrial and commercial zoned areas.

NSP priority area identified above meets the requirements of Section 2301(c)(2) of the Housing and Economic Recovery Act (HERA) in the following manner:

- An analysis of the locations of Real Estate Owned (REOs), notices of defaults, and trustee sales are evenly distributed throughout the City.
- The priority area has the highest percentage of high

## Public Comment:

A public notice was published in the Press Enterprise (a publication of general circulation) and on November 4, 2008 announcing the public comment period on this amendment ending on November 19, 2008. Further, the NSP Substantial Amendment to City's 2008 - 2009 Annual Action Plan and 2005-2010 Five-Year Consolidated Plan was posted on the City's web site at [www.discovercorona.com](http://www.discovercorona.com). On November 19, 2008, a Public Hearing was conducted by the Corona City Council and no public comments were received. The NSP substantial amendment to the 2008-09 Annual Action Plan and the City's 2005-2010 Five-Year Consolidated Plan was approved.



## Distribution and and Uses of Funds:

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- The priority area also has the highest risk for foreclosure (7 to 10);
- The priority area also is likely to face a significant rise in foreclosures over the next 18 months (predicted rate ranges from 8 to 11 percent in the priority area).

NSP funds will be used in four primary activities plus administration:

- 1) Acquisition/rehabilitation and resale to first-time homebuyers;
- 2) Acquisition/rehabilitation in partnership with a local non-profit, which will include one of the following sub-activities:
  - a) Operation of a special needs group home; or
  - b) Acquisition/rehabilitation of foreclosed, vacant multi-family unit(s) (if any in the City) as a long-term affordable housing rental project.
- 3) Acquisition/demolition/redevelopment of units that would cost more to rehabilitate than the purchase price; and
- 4) Administration of the program will not exceed 10 percent of the NSP grant and 10 percent of program income, if any.

### Acquisition/Rehabilitation and Resale

The City of Corona will acquire and rehabilitate foreclosed, abandoned single family units and sell them to income-eligible first-time homebuyers (individuals and families that have not owned real property in the previous three years). This will be done through a partnership with the City's certified Community Housing Development Organization (CHDO), other non-profit and private developers. The final sales price will be no greater than the initial acquisition, rehabilitation, and activity delivery costs. All acquisitions will be discounted at least five percent below an appraised value determined no more than 60 days prior to the date of the offer to purchase.

Income-eligible first time homebuyers shall not be earning greater than 120 percent of the Area Median Income, as defined by HUD. The table below shows these income limits adjusted for family size. The prospective buyers will be required to attend pre-acquisition HUD-certified homebuyer counseling. The principal, interest, taxes, insurance and (if applicable) homeowner association fees shall not exceed 35 percent of the household's adjusted gross income.

A three percent down payment will be required of the home-buying household. Should a gap exist between the mortgage based on the sales price and 35 percent of the household's income, the gap may be filled with Redevelopment or NSP funds (for households with incomes between 81 and 120 percent AMI) and with HOME funds (for households with incomes at or below 80 percent AMI) as silent seconds. The Redevelopment/City's loan would be a junior lien with loan terms as specified in the Homeowner Assistance Program guidelines (HOME program guidelines under development).

Acquisitions and rehabilitations will be both leveraged and 100 percent financed, depending on specific circumstances. Acquisitions will be grouped either geographically or by lender, depending on the negotiations for purchase.

This will be Corona's primary use of NSP funds.

Acquisition/Rehabilitation and Rental (for required 25 percent of NSP funds to be used to serve individuals and families at or below 50 percent AMI)

## Distribution and and Uses of Funds:

- 1) Some of the single family units may be owned by a non-profit agency and used as a special needs group home for households at all income levels up to 50 percent AMI.
- 2) The City of Corona will use the funds in acquisition/ rehabilitation/ rental activities primarily to serve special needs clients. These funds will be utilized for acquisition/rehabilitation of multi-family units and/or scattered site single family units in partnership with non-profit housing developers. Typically, title to the property would remain with the developer and a covenant would be entered on title for a 20-year affordability period. Where possible, these units will be used to augment the special needs housing categories.

### Acquisition/Demolition/Redevelopment

In certain instances, the condition of specific units may warrant demolition instead of rehabilitation. A primary basis would be the proposed cost of rehabilitation. In such cases where the rehabilitation costs exceed the acquisition costs, staff would consult with the City's Building Official regarding the structural soundness of the house. If deemed appropriate, demolition would occur. Plans to develop the parcel as an in-fill unit or units would commence as soon as practicable. Several redevelopment options would be considered. One option would be to sell the parcel to Habitat for Humanity for \$1 for their next new construction project; another option would be to make it available to a non-profit for special needs housing. Other possible uses under this activity type might include vacant, foreclosed properties that allow for the expansion or improvement of a public facility.

## Definitions and Descriptions:

**Blight:** The City of Corona uses the State of California's definition of blight as found at California Health and Safety Code Sections 33030 and 33031.

**Affordable rents:** For any NSP-funded rental activity, "affordable rents" shall be defined as 30 percent of the household's adjusted income, less utility allowances as adopted by the County of Riverside's Housing Authority for the Section 8 program, as appropriate. HUD's Fair Market Rent schedule for the Riverside/San Bernardino/Ontario MSA will be used. Should any gap be present, funds for this gap will be required from other sources of funding.

**Continued Affordability:** Continued affordability will be ensured for the entire period of affordability through monitoring, following the specific HOME monitoring requirements as defined in 24 CFR Part 92.

**Rehab Standards:** The NSP funds will use the City of Corona's standards from the ongoing Home Improvement Program (funded from Redevelopment Housing funds.)



#### Code Correction Repairs

At a minimum at the completion of each project, all health and safety issues and all code violations shall be corrected. Applicable codes include the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, and Chapters 5-10 of the Uniform Housing Code, ADA, Section 504, and relevant sections of Titles 24 that pertain to disability access.

In addition to requiring that the building be brought into compliance with applicable codes, the Program requires specific additional upgrades in all projects. These include: upgrade of electrical equipment grounding and bonding system; GFCI replacement in kitchen, bathroom and exterior areas; fire extinguishers; smoke detector upgrade to current Uniform Building Code; and installation of carbon monoxide detectors; and exterior painting, if needed. All work performed must comply with the Program's Rehabilitation Standards.

#### Lead Based Paint Repairs

Control or abatement of defective lead based paint surfaces will be included in the property rehabilitation where applicable. A lead based paint inspection report may be required of any home built before 1978.

#### Asbestos Removal

Removal of materials containing asbestos, if necessary, will be included as part of the property rehabilitation.

#### Other Eligible Improvements

In addition to the above-noted improvements, the following lists other rehabilitation that may be undertaken using NSP funds:

- A) Improvements that create greater energy efficiency.
- B) Repairs that remedy existing nonconforming uses such as garage conversions, additions, etc.
- C) Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re-leveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures.
- D) Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., re-pipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built-in appliances, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are water damaged).

#### Definitions and Descriptions:

- E) Weatherization and energy conservation items such as insulation, caulking, weather-stripping.
- F) Fumigation and treatment of termites and pest control.
- G) Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms.
- H) Testing for the presence of lead-based paint and associated control/abatement, as required.

#### Ineligible Improvements

- A) Recreational items such as barbecues, bathhouses, greenhouses, swimming pools, saunas, television antennas, tennis courts.
- B) Luxury items such as burglar alarms, burglar protection bars, dumbwaiters, kennels, murals, flower boxes, awnings, patios, decks and storage sheds/workshops. Any freestanding appliances such as microwave ovens, refrigerators, dishwashers, and fans.
- C) Other items deemed ineligible by the Director or his/her designee.

#### Low Income Targeting:

The City of Corona will make at least \$900,711 (25 percent of the City of Corona's NSP allocation, as required) available for acquisition/rehabilitation/rental as described above.

#### Acquisition and Relocation:

All activities below are anticipated to be initiated upon the release of NSP funds - that is before June 30, 2009. All funds will be initially obligated within 18 months; several of these activities anticipate returning funds (e.g. program income) which will continue to be used within the NSP guidelines as long as possible (currently until July 2013).

- No conversions are anticipated. As indicated above, a small number of units may be acquired and demolished. Of these, none are anticipated to have had an affordability covenant; however some of these may have been occupied and/or owned by low- and moderate-income households. A reasonable number anticipated that would fall into this category would be less than 5 units.
- The number of NSP affordable housing units made available to low-, moderate-, and middle-income households reasonably expected to be produced by the various activities are as follows:
  - Acquisition/rehabilitation/sale to first-time homebuyers: if all available funds are used in this category (total NSP grant less 25 percent to serve households below 50 percent AMI, less 10 percent for administration), and the average purchase price is \$200,000, the average rehabilitation costs are \$50,000, so the average sales price is \$250,000, and an average of \$25,000 of these proceeds remain in the unit as a silent second, then 10 units could be produced using the initial NSP funds. More units may be produced as funds are returned upon the sale of each home and then re-invested into the program until at least July 2013. Changes in average acquisition costs and changes in average rehabilitation costs could dramatically change this number.
  - Acquisition/demolition/redevelopment: most likely very few in number, total anticipated would be less than 2, which would reduce the numbers above.
  - The number of dwelling units anticipated to be made available to households at or below 50 percent AMI: fully dependent upon the amount of leveraging that the non-profit affordable housing partners can produce, a minimum of 2 units (that could house up to 6 individuals as a group home) using NSP funds.

#### Overall

#### This Report Period

#### To Date

**Total Projected Budget from All Sources**

\$0.00

\$5,431,185.07



<b>Total Budget</b>	\$0.00	\$5,431,185.07
<b>Total Obligated</b>	\$0.00	\$5,431,185.07
<b>Total Funds Drawdown</b>	\$0.00	\$5,431,185.07
<b>Program Funds Drawdown</b>	\$0.00	\$3,602,842.00
<b>Program Income Drawdown</b>	\$0.00	\$1,828,343.07
<b>Program Income Received</b>	\$0.00	\$1,828,343.07
<b>Total Funds Expended</b>	\$0.00	\$5,431,185.07
<b>HUD Identified Most Impacted and Distressed</b>	\$0.00	\$0.00
<b>Other Funds</b>	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

## Funds Expended

<b>Overall</b>	<b>This Period</b>	<b>To Date</b>
City of Corona	\$ 0.00	\$ 3,046,940.81
Mary Erickson Community Housing	\$ 0.00	\$ 0.00
Redevelopment Agency, City of Corona	\$ 0.00	\$ 2,384,244.26

## Progress Toward Required Numeric Targets

<b>Requirement</b>	<b>Target</b>	<b>Projected</b>	<b>Actual</b>
<b>Overall Benefit Percentage</b>	99.99%	.00%	.00%
<b>Minimum Non Federal Match</b>	\$ .00	\$ .00	\$ .00
<b>Overall Benefit Amount</b>	\$5,057,062.89	\$ .00	\$ .00
<b>Limit on Public Services</b>	\$540,426.30	\$ .00	\$ .00
<b>Limit on Admin/Planning</b>	\$360,284.20	\$373,616.42	\$373,616.42
<b>Limit on Admin</b>	\$ .00	\$373,616.42	\$373,616.42
<b>Most Impacted and Distressed</b>	\$ .00	\$ .00	\$ .00
<b>Progress towards LH25 Requirement</b>	\$1,357,796.27		\$2,370,256.88

## Overall Progress Narrative:

NSP Annual Report â July 1, 2020 â June 30, 2021

The City of Corona closed out its NSP1 and NSP3 grants during the 2018-2019 Program Year. On June 5, 2019, \$13,869.00 of NSP1 Program Income was transferred from DRGR to the CDBG Program in IDIS (Receipt No. 5287755) to complete the closeout process.

No additional activity took place during the 2020-2021 Program Year.

No Program Income was generated between July 1, 2020 and June 30, 2021.

All NSP-assisted properties were monitored during the Program Year for income eligibility, affordability, and habitability (rental projects) and for continued owner-occupancy as primary residence (ownership projects). No deficiencies were identified during annual monitoring.

There was no new NSP activity or expenditures subsequent to closeout.

There were no amendments.

## Project Summary

<b>Project #, Project Title</b>	<b>This Report</b>	<b>To Date</b>	
	<b>Program Funds Drawdown</b>	<b>Project Funds Budgeted</b>	<b>Program Funds Drawdown</b>
1, Purchase & Rehabilitation (B)	\$0.00	\$5,057,568.65	\$3,396,048.13
3, NSP Administration	\$0.00	\$373,616.42	\$206,793.87

