

Grantee: Denver, CO

Grant: B-08-MN-08-0003

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-08-0003

Obligation Date:

03/20/2009

Grantee Name:

Denver, CO

Award Date:**Grant Amount:**

\$6,060,170.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:

Declaration Number

NSP

Plan Description:

The City and County of Denver defines foreclosure rate as the total number of foreclosure filings divided by the total number of owner-occupied homes in a given census tract, expressed as a percentage. Figure 1.1 shows the map of foreclosure rates by census tracts from 2000 to 2007. From the map it is evident that the foreclosure rate (or more accurately, rate of foreclosure filings), has increased from 0.8 percent in 2000 to 5.9 percent in 2007. At the same time, the highest foreclosure rate found in a census tract increased from 3 percent in 2000 to 13 percent in 2007. The average and standard deviation have steadily increased at about the same rate, indicating that as the average foreclosure rate has increased, the variability in foreclosure rates between tracts has increased as well. The map also shows that the southwest, north-central and northeast sections of Denver have experienced higher foreclosure rates compared to the rest of the city in the past seven years. Most of the census tracts in these areas have experienced higher than average foreclosure rates during this time. The clustering pattern of foreclosure rates by census tract can be easily observed by the more familiar neighborhood boundaries as shown in Figure 1.2. While information on concentrations of foreclosures in Denver can be used to target outreach and intervention programs, it does not reveal the reasons that foreclosures are clustered in these areas. In the next sections, we examine the spatial distribution of high-priced subprime loans to understand the potential factors that could influence the concentration of foreclosures.

2. High-Priced (Subprime) Loans Based on the interest rates of loans entering foreclosure in Denver, the proportion of loans in foreclosure filings that are classified as subprime or high-priced increased dramatically between 2004 and 2006. In fact, for loans originated in 2006 that have entered the foreclosure process, almost 50 percent have interest rates that are classified as high-priced or subprime. This classification includes both FRM and ARM subprime loans. Figure 2.2 shows the distribution by census tract of high-priced loans as a percent of all loans originated in Denver from 2004 to 2006. As the map shows, high-priced loans appear to be clustered in census tracts located in northeast, north-central and southwest Denver. Not surprisingly, these areas also have higher foreclosure rates and densities. A statistical analysis of the relationship between high-priced loans and foreclosure rates for 2004 and 2007 indicate a positive correlation of between 64 and 69 percent.

3. Likelihood of Significant Rise in Foreclosure Rate According to HUDs analysis of foreclosure and abandonment risk factors, nearly one-third of census tracts in Denver have a risk factor of 9 to 10, which is considered very high; and nearly half have a risk factor of 5 to 8, which is moderate to high, as shown on the pie chart to the right. A map of the foreclosure and abandonment risk factors (Figure 3.1) shows a clustering pattern that is similar to the concentration of foreclosure filings. Again, neighborhoods in the northeast, southwest and north-central parts of the city are more likely to see a significant rise in foreclosures in the coming months

Recovery Needs:

Denvers overall neighborhood revitalization strategy is premised on the goal of creating mixed income neighborhoods of choiceneighborhoods that attract households of diverse income, racial/ethnic, and tenure backgrounds. As such, Denvers NSP implementation is designed to complement the citys existing neighborhood revitalization framework. In March of 2008, Denvers Office of Economic Development released a comprehensive study on mortgage foreclosures in Denver. The study broadened our understanding and deepened our appreciation of the magnitude of the foreclosure crisis. Based on the studys recommendations and our analysis of data provided

by HUD to facilitate NSP implementation, we have proposed to meet the requirements of Section 2301(c)(2) of HERA by initially focusing on three programs that address foreclosures in our target areas of priority.

Although Denver will initially target areas in five neighborhoods, we remain flexible to respond to additional changes and market opportunities as the program is implemented. The city will invest in the following five primary areas: Green Valley Ranch, Montbello Westwood, Villa Park and West Colfax. In addition to the primary areas, the city will consider opportunities to invest in Barnum, Mar Lee, and Athmar Park in southwest Denver and Northeast Park Hill and Elyria Swansea in North Denver, as secondary investment areas.

| Overall | This Report Period | To Date |
|--|---------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$6,060,170.00 |
| Total CDBG Program Funds Budgeted | N/A | \$6,060,170.00 |
| Program Funds Drawdown | \$0.00 | \$0.00 |
| Obligated CDBG DR Funds | \$0.00 | \$0.00 |
| Expended CDBG DR Funds | \$0.00 | \$0.00 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$0.00 | \$0.00 |

Progress Toward Required Numeric Targets

| Requirement | Required | To Date |
|---|-----------------|----------------|
| Minimum Overall Benefit Percentage | \$99.99 | \$0.00 |
| Minimum Non-Federal Match | \$0.00 | \$0.00 |
| Limit on Public Services | \$909,025.50 | \$0.00 |
| Limit on Admin/Planning | \$606,017.00 | \$0.00 |
| Limit on State Admin | \$0.00 | \$0.00 |

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

The City and County of Denver has finalized all NSP contracts with two non-profit consortiums. Policies and procedures to implement the program have been developed for property selection, due diligence, purchase contracts, cost estimating, rehab standards and procedures, pos-sale and post-completion compliance, monitoring forms. Denver continues working to finalize the final form of an enforcement mechanism for affordability requirements. A purchase contract has been submitted for a 36 unit complex. Due diligence is being completed now on this development. Initial fund draw downs are expected to occur by month-end..

Project Summary

Project #, Project Title

| Project #, Project Title | This Report Period | | To Date | |
|--|------------------------|------------------------|------------------------|------------------------|
| | Project Funds Budgeted | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 1-AD, Administartion | \$606,017.00 | \$0.00 | \$606,017.00 | \$0.00 |
| 2-Acq/Rehab-, Acquisition and Rehab | \$3,030,085.00 | \$0.00 | \$3,030,085.00 | \$0.00 |
| 3-ACQ-LB, Acqusion and Land Banking | \$909,026.00 | \$0.00 | \$909,026.00 | \$0.00 |
| 4, Low Income Rental and Homeownership | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 5-DPA, Downpayment Assistnace | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 | \$0.00 |