

Grantee: Hesperia, CA

Grant: B-08-MN-06-0509

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-06-0509

Obligation Date:**Grantee Name:**

Hesperia, CA

Award Date:**Grant Amount:**

\$4,590,719.00

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 of Hesperia (City) is one of the areas most impacted by the current foreclosure crisis. This description of Disaster Damage corresponds to Section A-Areas of Greatest Need in the City's NSP Substantial Amendment paper submission. The City is located in San Bernardino County, California and is part of the Riverside/San Bernardino/Ontario Metropolitan Statistical Area (MSA), or Inland Empire." Data compiled by the Department of Housing and Urban Development (HUD) and local sources indicate that the City is among the Inland Empire jurisdictions with the highest rate of foreclosures and the highest percentage of homes at risk of foreclosure and abandonment. California is a non-judicial foreclosure state. The foreclosure process begins with a recorded Notice of Default (NOD). The NOD is followed by a Notice of Trustees Sale (NOTS) after a minimum of three months. If no one bids at a Trustee's Sale, and the foreclosure process was not stopped, title to the property reverts to the foreclosing lender, and it becomes a Real Estate Owned (REO) property. As of October 9, 2008, 6.1% of all homes in San Bernardino County were involved in the foreclosure process at one of the three major stages (NOD, NOTS, or REO), and 3.2% of homes were bank-owned (REOs). In comparison, 10.9% of homes in Hesperia were at some point in the foreclosure process, and 5.9% were bank-owned. Hesperia has the fourth-highest foreclosure rate in San Bernardino County and is experiencing foreclosures at a rate significantly higher than the county-wide average. Data released by HUD provides an initial assessment of foreclosure risk within the City boundaries. The HUD data includes the following information: Rate of housing price decline since the peak of the market, as of June 2008 Home prices over the entire MSA have declined by 23%; Unemployment rate, as of June 2008 Hesperias rate is 10.2%; Residential 90-day vacancy rate, as of June 2008 Hesperias rate ranges from 0% to 11%; Rate of high cost loans originated between 2004 and 2006 Hesperias rate ranges from 22% to 48%, with most of the City exhibiting a high cost loan rate greater than 36%; Estimated foreclosure/abandonment risk score (calculated by HUD, on a scale of 1 to 10 with 10 being the highest risk) Hesperias scores range from 3 to 10, with the vast majority of the City scoring 9 or 10; Predicted 18-month foreclosure rate Hesperias rate ranges from 7.6 to 12.6%, with the vast majority of the City having a rate of 10% or higher. Block groups covering nearly the entire City have an 18-month foreclosure rate of 10% or higher. Block groups north of Main Street have the highest predicted rates, ranging from 12 to 13%. Recent data on REOs and active NODs in Hesperia show that foreclosures and at-risk properties are scattered throughout the City. The locations of REO properties were obtained from Chicago Title Company and represent all foreclosures from May through October 2008, while the locations of active NODs come from ForeclosureRadar.com as of October 23, 2008. Identifiable foreclosure clusters exist to the south and east of the Main Street exit to the Interstate 15 freeway. These areas exhibit particularly high instances of NODs, indicating that the likelihood of foreclosure may be increasing in those areas. HUD-designated low-, moderate- and middle-income (LMMI) areas are block groups in which 51% or more of residents have incomes at or below 120% of Area Median Income (AMI), based on Census 2000 data. The majority of the City is included in these LMMI areas, and these areas typically have significant foreclosure-related needs. Portions of the City that were not developed in 2000 and had no residents in 2000 may not be HUD designated LMMI areas even though many of the current residents fit the income criteria, and the foreclosure data indicates the presence of significant need.

Recovery Needs:

This description of Recovery Needs corresponds to Section B-Distribution and Use of Funds in the City's NSP Substantial Amendment paper submission. The City of Hesperia will prioritize the use of NSP funds by targeting its activities in neighborhoods with the highest percentage of home foreclosures, highest percentage of homes financed by subprime mortgage loans, and at the highest risk of additional foreclosures. Current foreclosures and significant risk factors exist throughout the City, although geographic concentrations are evident. Specifically:

Highest percentage of home foreclosures Bank-owned homes are distributed throughout the developed portions of the City, according to data provided by Chicago Title. Foreclosed homes are most densely concentrated in developments to the south and east of the Main Street exit to the Interstate 15 freeway (the Gateway Area), because these lots are smaller than in other areas of the City. Foreclosed homes are also common in the Main Street Corridor, which includes areas located within 1.5 miles immediately to the north and south of Main Street along its entire length from the Interstate 15 to the City's eastern edge.

Highest percentage of homes financed by subprime mortgage loans According to data provided by HUD, over one-third of mortgage loans in the City are high cost, and most high cost loans are considered subprime. Block groups in the Main Street Corridor exhibit the highest percentage of high cost loans.

Highest risk of additional foreclosures Data provided by HUD and supplemented by data from ForeclosureRadar.com points to areas likely to face a significant rise in the rate of home foreclosures. These areas are based on a) the HUD-calculated 18-month foreclosure rate and b) the concentration of Notices of Default. These risks are high throughout the City but are particularly evident in the Gateway Area and Main Street Corridor.

Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a gateway to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

The City will target all of the NSP activities to these high priority areas. These activities include:

1. Acquisition/Rehabilitation and Resale
2. Acquisition/Rehabilitation and Rental
3. Financing Mechanisms for Purchase of Foreclosed Homes
4. Redevelop Demolished or Vacant Properties

However, the entire City is an area of great need based on HUD and local data.

All activities will benefit persons earning less than 120 percent of AMI, and 25 percent of funds will serve residents earning at or below 50 percent of AMI. All three programmatic activities will have the same geographic targeting to the areas described in this section.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$4,590,719.00
Total CDBG Program Funds Budgeted	N/A	\$4,590,719.00
Program Funds Drawdown	\$58,140.94	\$58,140.94
Obligated CDBG DR Funds	\$59,000.00	\$59,000.00
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	\$688,607.85	\$0.00
Limit on Admin/Planning	\$459,071.90	\$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 completed administrative activities in support of the NSP program including, finalizing the substantial amendment, approving the NSP funding contract, the required public noticing, developing and approving the required management plan, developing a program implementation plan and schedule, and acquiring City Council approval for the foreclosure purchase plan and procedures. City staff also completed an amendment to the approved plan to allow for a new land bank activity.

The City staff has also been reviewing foreclosed properties, working with other agencies such as the County of San Bernardino, Fannie Mae and various lending institutions to identify potential properties, complete appraisals and develop offers. This has proved difficult as foreclosed properties become increasingly attractive to investors and the offers become more competitive. Most investors are providing cash offers with no required appraisal, at or above the present market value. This has made the process of acquiring appraisals and making offers at the required NSP discount non-competitive, which has resulted in limited interest by the lending institutions to work with the City.

In an effort to be more competitive, the City Council authorized City staff to make purchases based upon an approved administrative process. Additionally, HUD confirmed that the City's Redevelopment Agency funds can be used to purchase the property with reimbursement with NSP funds, similar to the existing CDBG program. City staff also made changes to the acquisition program to increase purchase opportunities with the development of a land bank program to encourage the development of new affordable housing, in compliance with NSP regulations. This amendment to the NSP activities was completed during this current quarter. After receiving HUD approval, the NSP action plan was amended to reflect the change in activities and budget allocations.

The main activity completed during this quarter has been entering into a land banking purchase agreement for property located in the NSP target areas that is designated for use as a site for future affordable housing. The City completed negotiations for the property and entered escrow during this quarter. The purchase will be completed by mid-October.

To date, the City has drawdown nearly \$59,000 in administrative funds for general grant oversight and has obligated \$1,500,973.90 in Land Banking funds for the purchase of property within the NSP target areas that will become an affordable housing site in the future.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00

Activities

Grantee Activity Number:	1
Activity Title:	1

Activity Category:

Acquisition - general

Project Number:

BCKT

Projected Start Date:

02/13/2009

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall
Jul 1 thru Sep 30, 2009
To Date

Total Projected Budget from All Sources	N/A	\$1,428,967.00
Total CDBG Program Funds Budgeted	N/A	\$1,428,967.00
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

Activity Description:

This activity will address neighborhood stabilization in areas of greatest need through the purchase, rehabilitation, and resale of foreclosed properties. This activity will provide affordable homeownership opportunities for households earning less than 120% of area median income, with a focus on households between 51% and 120% of area median income. Purchase of specific foreclosed properties will be dependent on highest degree of neighborhood need and availability of foreclosed, moderately priced properties at the required discount rate. The City will attempt to purchase vacant homes. The City of Hesperia, the Hesperia Community Redevelopment Agency (HCRA), or a third party partner will acquire, rehabilitate, and resell foreclosed upon homes. All homes assisted under this program will either be subject to deed restrictions which will require that the homes remain affordable to low, moderate and middle income households for a specified term or they will be subject to a shared appreciation agreement. To implement this activity, the City of Hesperia or HCRA will initially seek to purchase foreclosed homes in the high priority areas or other available homes at the required discount (described below) and, if required, rehabilitate the homes to required minimum rehabilitation standards. After rehabilitation is complete, the City or HCRA will sell the homes assisted with NSP funds to eligible buyers for an affordable price (which price shall be determined by the City and will not exceed the costs of acquisition, rehabilitation and redevelopment of the home). The City will also establish standards for and review the terms of homebuyer mortgages to ensure that such mortgages will not jeopardize the affordability of the assisted home. Homebuyers will receive at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before purchasing the home, per the NSP requirements. As program income is received from NSP activities for the first five years, neighborhood stabilization through resale activity may be expanded to additional areas as funds permit. The City may choose to utilize NSP funds allocated under NSP Activity #3, Financing Mechanisms, to assist an income eligible household to acquire a home after it has been rehabilitated.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a "gateway" to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street

Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

No purchase activity to date. City staff have been completing administrative activities in support of this activity only. Foreclosure purchases are becoming increasingly competitive. Properties that the City considered through Fannie Mae were purchased before the City could obtain the required appraisals and purchase authorizations could be completed. Other lending institutions are also accepting cash offers faster than the City can obtain the necessary appraisals. This has made the requirement to purchase properties at a discount that much more difficult. The City Council has recently provided staff authorization to purchase properties through an administrative approval process. City staff is reviewing different alternatives for acquiring properties that meet the purpose of the NSP program and will be moving forward with purchases in the near future.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Households benefitting	0	0	0	0/5	0/5	0/10

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: 2

Activity Title: 2

Activity Category:

Acquisition - general

Project Number:

BCKT

Projected Start Date:

02/13/2009

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,147,680.00
Total CDBG Program Funds Budgeted	N/A	\$1,147,680.00
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

Activity Description:

This activity will address neighborhood stabilization in areas of greatest need through the purchase, rehabilitation, and rental of foreclosed properties. Purchase of specific foreclosed properties will be dependent on highest degree of neighborhood need and availability of foreclosed, moderately priced properties at the required discount rate. The City will attempt to purchase vacant homes. The City of Hesperia, the Hesperia Community Redevelopment Agency (HCRA), or a third party partner will initially purchase and rehabilitate the properties. After completion of rehabilitation, ownership will normally be transferred to a third party nonprofit or public partner to manage them as rentals, unless the City is able to retain ownership of the units in compliance with state law. Funds used for this activity will be used to meet the low income housing requirement of spending 25 percent of NSP funds for households at 50 percent of area median income or below. The program will allow flexibility to transfer ownership of homes purchased and rehabilitated with NSP funds to a public or nonprofit sponsor who would operate a lease to purchase program. The City or HCRA may also operate the lease to purchase program. Initial rents would be required to conform to the requirements for affordable rents defined above. When the tenant is able to buy the home, continued affordability would be provided through a deed restriction, as described in Activity #1, Acquisition/Rehabilitation and Resale. As program income is received from NSP activities, neighborhood stabilization through purchase of homes for rental may be expanded to additional areas as funds permit.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a "gateway" to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

No purchase activity to date. City staff have been completing administrative activities in support of this activity only. Foreclosure purchases are becoming increasingly competitive. Properties that the City considered through Fannie Mae were purchased before the City could obtain the required appraisals and purchase authorizations could be completed. Other lending institutions are also accepting cash offers faster than the City can obtain the necessary appraisals. This has made the requirement to purchase properties at a discount that much more difficult. The City Council has recently provided staff authorization to purchase properties through an administrative approval process. City staff is reviewing different alternatives for acquiring properties that meet the purpose of the NSP program and will be moving forward with purchases in the near future.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Households benefitting	0	0	0	0/0	0/0	0/7

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	

Grantee Activity Number: 3

Activity Title: 3

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

BCKT

Projected Start Date:

02/13/2009

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total CDBG Program Funds Budgeted	N/A	\$0.00
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

Activity Description:

This activity will address neighborhood stabilization in areas of greatest need through financial assistance for an income eligible household to acquire a foreclosed, abandoned home. It will provide homeownership opportunities for households earning between 50 percent and 120 percent of area median income. The City will provide financing that is at least sufficient to bridge the gap between the purchase price that income-eligible homebuyers can afford, according to the program's affordability standards, and the total amount of funds used to acquire and rehabilitate the home. The assistance will take the form of a "silent second" deferred payment loan with a proportionate equity share in lieu of interest. No monthly payments will be required; the loan and equity share become due at the change in title of the property. This program will operate in conjunction with the City's existing down-payment assistance program. The City will also establish standards for and review the terms of homebuyer mortgages to ensure that such mortgages will not jeopardize the affordability of the assisted home. Homebuyers will receive at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining mortgage assistance from NSP funds, per the NSP requirements. All shared appreciation funds recaptured at resale of assisted properties will be treated as program income and reinvested in other NSP activities including additional homebuyer financing for future eligible buyers of the same or similar homes.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a "gateway" to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

The City reprogrammed funds from this activity to fund a new land bank activity. No new funds have been budgeted and no activity has been completed to date.

Performance Measures

This Report Period			Cumulative Actual Total / Expected		
Low	Mod	Total	Low	Mod	Total

# of Households benefitting	0	0	0	0/0	0/0	0/0
-----------------------------	---	---	---	-----	-----	-----

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: 4

Activity Title: 4

Activity Category:

Rehabilitation/reconstruction of residential structures

Project Number:

BCKT

Projected Start Date:

02/13/2009

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$0.00
Total CDBG Program Funds Budgeted	N/A	\$0.00
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

Activity Description:

This activity will address neighborhood stabilization in areas of greatest need through the redevelopment of demolished or vacant properties. This activity would allow for the acquisition/demolition/redevelopment of foreclosed, abandoned residential properties that would require more funds to rehabilitate than to demolish and rebuild. This activity would also allow for the development of vacant property. The City of Hesperia or the Hesperia Community Redevelopment Agency (HCRA) will seek a public or nonprofit partner, through a request for proposals process, which will redevelop the property and manage the property if developed as rentals. If this activity is undertaken, it could be used to meet the low income housing requirement for those below 50% of area median income. Other possible uses under this activity might include redevelopment of vacant, foreclosed properties that allow for the expansion or improvement of a public facility. The City or Agency, at its sole discretion, may retain those properties purchased and redeveloped for the purpose of the expansion or improvement of a public facility. The City intends to undertake this activity only if the other programs included in this amendment prove infeasible. If this activity is implemented, the plan will be amended to show the budget amount for this activity and how the budgets of other activities will be modified.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a gateway to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

No funds have been budgeted and no activity has been completed to date.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/0

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: 5

Activity Title: 5

Activity Category:

Administration

Project Number:

BCKT

Projected Start Date:

02/13/2009

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$459,072.00
Total CDBG Program Funds Budgeted	N/A	\$459,072.00
Program Funds Drawdown	\$58,140.94	\$58,140.94
Obligated CDBG DR Funds	\$59,000.00	\$59,000.00
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

Activity Description:

This activity will provide the general administration and planning activities required to receive NSP funding and implement a successful NSP program, including preparation of the substantial amendment, required noticing, monitoring, financial reporting, and other required administrative tasks.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a gateway to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

The City completed administrative activities in support of the NSP program including, finalizing the substantial amendment, approving the NSP funding contract, the required public noticing, developing and approving the required management plan, developing a program implementation plan and schedule, and acquiring City Council approval for the foreclosure purchase plan and procedures. The City also completed the first quarterly report as well as an amendment to the Action Plan to include a new land banking activity.

City staff has also been working with HUD representatives to clarify regulatory and procedural constraints and allowances to ensure compliance with the NSP regulations. City staff has been preparing the purchase plan including the appraisal process, the method for developing offers, the process for purchasing the process and the reimbursement method with NSP funds. The City will utilize the Redevelopment Agency and Redevelopment funds to purchase the properties until reimbursement is provided with NSP funds. HUD provided approval on the reimbursement process. City staff continues to monitor NSP activities to ensure compliance with NSP regulations.

The City has expended and drawn \$58,140.94 of NSP towards administrative activities. The City has also obligated \$1,500,973.90 of land banking funds and a drawdown is pending.

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: 6

Activity Title: 6

Activity Category:

Land Banking - Acquisition (NSP Only)

Project Number:

BCKT

Projected Start Date:

09/16/2009

National Objective:

NSP Only - LMMI

Activity Status:

Planned

Project Title:

Bucket Project

Projected End Date:

08/12/2010

Responsible Organization:

City of Hesperia/Hesperia Community Redevelopment

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,555,000.00
Total CDBG Program Funds Budgeted	N/A	\$1,555,000.00
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

Activity Description:

This activity will address neighborhood stabilization in areas of greatest need described above through purchasing, maintaining, assembling and disposing of foreclosed homes and vacant residential properties for stabilizing neighborhoods and encouraging re-use or redevelopment, thus minimizing blight and ultimately leading to additional benefits that may include affordable housing. This activity may provide either affordable homeownership opportunities for households earning less than 120% of area median income, with a focus on households earning between 81% and 120% of area median income, affordable rental opportunities for households earning less than 120% of area median income, with a focus on households earning less than 80% of area median income, or other activities eligible in accordance with HERA regulations. Purchase of specific foreclosed properties will be dependent on the degree of neighborhood need and the availability of foreclosed, moderately priced properties at the required discount rate. The City of Hesperia, the Hesperia Community Redevelopment Agency (HCRA), or a third party partner will purchase, maintain, assemble and dispose of foreclosed homes and vacant residential properties acquired under the land banking activity.

>

>All homes and properties assisted under this program will either be subject to deed restrictions, which will require that residential units remain affordable to low, moderate and middle income households, as defined by HUD, for a specified term, and/or they will be subject to a shared appreciation agreement. Both affordability mechanisms are described in greater detail in the original NSP Substantial Amendment Activity #1, Acquisition/Rehabilitation and Resale.

>To implement this activity, the City of Hesperia or HCRA will purchase foreclosed properties and/or homes at the required discount in the high priority areas or, if necessary, other available properties and/or homes. Properties and/or homes purchased under this activity will be held in a land bank by the City of Hesperia or HCRA until such time as market conditions improve sufficiently to effectively develop the properties or dispose of the homes under one of the other eligible activities described in the original NSP Substantial Amendment. All properties assisted under this activity will be obligated for a specific, eligible >redevelopment project in accordance with NSP requirements within 10 years.

Location Description:

The high priority target areas (Gateway Area and Main Street Corridor). Given the limited availability of NSP funds, the City will prioritize its activities in those neighborhoods with the highest concentration of foreclosed homes, subprime mortgages, and homes at risk of future foreclosure. These include: 1) the Gateway Area, immediately to the south and east of the Main Street exit to the Interstate 15 freeway, where public sector investment in these neighborhoods that represent a "gateway" to Hesperia will encourage private-sector investment in the City as a whole, and 2) the Main Street Corridor, defined as the neighborhoods within 1.5 miles of Main Street, from the Interstate 15 freeway the exit to the eastern City boundary. The target areas include 50 percent of the census tracts in the City of Hesperia.

Activity Progress Narrative:

The City has identified an eligible property within the NSP target areas and has negotiated a purchase price for the vacant property to be purchased as a land banking activity for use as a future affordable housing site. Escrow has been opened and the purchase is anticipated to be completed by mid-October. A drawdown in the amount of \$1,500,973.90 is pending.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of housing units	0	0	0	0/0	0/0	0/100

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
No Other Funding Sources Found	
Total Other Funding Sources	
