

Grantee: Rancho Cucamonga, CA

Grant: B-08-MN-06-0517

July 1, 2009 thru September 30, 2009 Performance Report

Grant Number:

B-08-MN-06-0517

Obligation Date:**Grantee Name:**

Rancho Cucamonga, CA

Award Date:**Grant Amount:**

\$2,133,397.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

Submitted By:

No Submitter Found

Disasters:**Declaration Number**

NSP

Plan Description:

A. AREAS OF GREATEST NEED Rancho Cucamonga is situated in western San Bernardino County within the Riverside-San Bernardino-Ontario MSA, which contains San Bernardino and Riverside counties. As of January 1, 2008, Rancho Cucamonga encompassed an area of approximately 40 square miles, contains 55,103 housing units, and has a population of 172,331 persons. Between July 1, 2007 and September 30, 2008 there were 49,973 properties foreclosed on within the MSA (20,366 in San Bernardino County and 29,607 in Riverside County). As estimated by California Department of Finance figures, this represents 3.42% of all housing units for the MSA (2.97% in San Bernardino County and 3.83% in Riverside County); roughly 1 in 29 homes becoming REO during this period. The HUD has compiled data sets that include the following information: Area unemployment rate, Area average housing sales price decline, High cost loan rate, The predicted 18 month underlying foreclosure rate; and Housing units that have been vacant for at least 90 days. This data is available at the Census Tract Block Group level for the entire country. The data for Rancho Cucamonga was evaluated and a 10-step priority ranking for those Census Tracts most at risk of becoming blighted due to large numbers of vacant, foreclosed units was developed. A visual representation of these impacts is shown on the NSP Substantial Amendment Map, which plots the number of houses that have become REO as of November 2008. HUD NSP data estimates that there are 37,709 loans with in the City, and that there are 2,373 units in foreclosure (a local foreclosure rate of 6.3%). HUD data identifies that between 2004 and 2006 there were a total of 33,927 loans made within the City, with 7,196 (21.2%) considered high cost loans. Foreclosures have occurred Citywide. The following table provides a citywide listing of each census tract, the number of households, the number of mortgages, the number of mortgages in foreclosure, and the percentage of mortgages in foreclosure. Areas of the City with the highest need are situated in the southern and west-central portions of the City, with high concentrations occurring in the Southwest Cucamonga area. Census Tract - # of Households - # of Mortgages - # in Foreclosure - % in Foreclosure / Foreclosure Risk Factor* 1. 22.03 - 481 - 131 - 12 - 9.2% / 7 2. 21.00 - 8,530 - 5,113 - 399 - 7.8% / 7 3. 20.04 - 2,683 - 2,273 - 149 - 6.6% / 7 4. 20.05 - 6,995 - 4,592 - 296 - 6.4% / 7 5. 13.04 - 1,804 - 2,192 - 179 - 8.2% / 6 6. 20.07 - 5,881 - 10,166 - 628 - 6.2% / 6 7. 08.12 - 1,237 - 957 - 59 - 6.2% / 6 8. 20.03 - 4,336 - 2,879 - 158 - 5.5% / 6 9. 20.06 - 3,982 - 3,639 - 222 - 6.1% / 4 10. 20.09 - 4,290 - 5,274 - 304 - 5.8% / 4 11. 20.02 - 3,099 - 2,563 - 147 - 5.7% / 4 * Foreclosure risk is rated from 1 to 10 (10 being highest) based on fallen home values, unemployment rates, percent of homes that are high cost loans, and the number of addresses vacant for at least 90 days.

Recovery Needs:**B. DISTRIBUTION AND USES OF FUNDS**

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Response: The City of Rancho Cucamonga will prioritize the use of NSP funds first, to those areas of the City with

the highest concentration of foreclosed and abandoned homes, and second, to those low moderate middle-income clientele (LMMC) who meet the income eligibility requirements for assistance. The use of NSP funds will be targeted to those Census Tracts with a high risk factor of foreclosure; this includes Census Tracts 22.03, 21.00, 20.04, 20.05, 13.04, 20.07, 8.12, and 20.03. Because the Down Payment Assistance program will parallel an existing Redevelopment Agency program those NSP funds will target foreclosed and abandoned homes located outside the Redevelopment project area.

NSP fund will be used for two proposed activities, plus program administration. These programs include:

NSP Housing Acquisition The acquisition and rehabilitation of foreclosed or abandoned homes to be utilized by local non-profit organizations for housing opportunities for those persons at or below 50% of the area median income. The NSP funds will be used in the acquisition of 2 or more homes, provide rehabilitation (depending on availability of funds), and provide the homes in partnership with local non-profit housing assistance groups. Title will be held by the non-profit, with a silent-second for the recapture of NSP funds should the activity cease or the unit be sold. The acquisition of these units will be a minimum of 5% below fair market value.

NSP Down Payment Assistance The acquisition and rehabilitation of foreclosed and abandoned homes to be utilized for those persons at or below 120% of the area median income. The City will utilize NSP funds to provide down payment assistance to LMMC income eligible clientele with the purchase of approximately 15 homes. Down payment assistance will provide a maximum of \$80,000 per unit, and \$10,000 for rehabilitation costs. Down payment assistance will be recorded as a silent-second for recapture of NSP funds whenever the unit is resold. All acquisitions will be for a minimum of 5% below fair market value.

NSP Administration Administrative activities of the program will not exceed 10% of the NSP grant and 10% of any program income.

C. DEFINITIONS AND DESCRIPTIONS

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

Reponse: The City of Rancho Cucamonga utilizes the definition of blight contained in California Health & Safety Code Sections 33030 and 33031.

(2) Definition of "affordable rents."

Response: HUD's Fair Market Rent schedule for the Riverside-San Bernardino-Ontario MSA will be used to determine fair rents for the Housing Acquisition activity. Income limits for those persons at or below 50% of the area median income and at or below 120% of the area median income. The identified income limits are based on 2008 income limits. These limits will be updated yearly at the release of revised income limits.

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

Response: The continued affordability of those units acquired through the Housing Acquisition activity will be ensured through the entire period of affordability through monitoring, and following the specific HOME monitoring requirements as defined in 24 CFR Part 92.

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

Response: NSP funds will utilize those standards in place through the City's CDBG funded Home Improvement Program. Rehabilitation improvements will focus on the following improvements with priority to the order given:

- 1) Habitability Repair roofs, building code violations, broken windows, termite damage, lead based paint.
- 2) Energy Efficiency Repair or replace water heaters, HVAC, and windows.
- 3) Property Improvement Exterior painting, irrigation, and water conservation improvements.

This listing is not intended to be inclusive and the rehabilitation of foreclosed or abandoned homes may include improvements not listed under each heading.

D. 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% of area median income.

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

Response: The City of Rancho Cucamonga will make a minimum of \$533,350 available to individuals and families whose income does not exceed 50% of the area median income, as required by NSP guidelines. These funds are allocated to the Housing Acquisition activity funded through Activity 1712.

E. ACQUISITIONS & RELOCATION

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

If so, include:

The number of low- and moderate-income dwelling units (i.e., less than or equal to 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., less than or equal to 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% of area median income.

Response: The City does not propose utilizing any NSP funds for the demolition or conversion of any existing foreclosed or abandoned homes. Through the two proposed housing related programs, the City anticipates acquiring 2 homes under the Housing Acquisition program (available to persons whose income does not exceed 50% of the area median income) and 15 homes under the Down Payment Assistance program (available to persons whose income does not exceed 120% of the area median income).

F. PUBLIC COMMENT

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

Response: The City of Rancho Cucamonga Draft NSP Substantial Amendment was scheduled for City Council consideration on November 5, 2008, was made available for public comment on November 12, 2008 on the City's website, and was also announced in the Inland Valley Daily Bulletin newspaper.

In accordance with NSP requirements, the draft NSP Substantial Amendment was posted on the City's website on November 12, 2008 for a minimum of 15 days of public review prior to submittal of the final NSP Substantial Amendment. No comments regarding the Draft NSP Substantial Amendment were received through November 26, 2008.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$2,133,397.00
Total CDBG Program Funds Budgeted	N/A	\$2,133,397.00
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	\$320,009.55	\$0.00
Limit on Admin/Planning	\$213,339.70	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

City staff administers the City's Neighborhood Stabilization Program and oversees the implementation of NSP1 funded activities. NSP1 accomplishments to date include addressing a variety of administrative responsibilities; however, our two NSP funded activities have not acquired any foreclosed homes.

Project Summary

Project #, Project Title	This Report Period		To Date	
	Project Funds Budgeted	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1710, NSP Administration	\$0.00	\$0.00	\$0.00	\$0.00
1711, Acquisition/Rehab and Resale - FTHB Program	\$0.00	\$0.00	\$0.00	\$0.00
1712, Acquisition/Rehab and Reuse - Affordable Housing	\$0.00	\$0.00	\$0.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00	\$0.00
BCKT, Bucket Project	\$0.00	\$0.00	\$2,133,397.00	\$0.00

Activities

Grantee Activity Number:	1710
Activity Title:	NSP Administration

Activity Category:

Administration

Activity Status:

Planned

Project Number:

1710

Project Title:

NSP Administration

Projected Start Date:

12/01/2008

Projected End Date:

06/30/2013

National Objective:

N/A

Responsible Organization:

City of Rancho Cucamonga

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$213,330.00
Total CDBG Program Funds Budgeted	N/A	\$213,330.00
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:

Activity Name: NSP Administration (Activity 1710)

Activity Type: CDBG Eligible Activity &ndash 24 CFR 570.206 Program administrative costs.

National Objective: Beneficiaries of the units acquired through this activity will be restricted to LMMC as defined in the NSP notice. All participants will be restricted to the income level below 120 percent of the area median income.

Activity Description: Administration of the NSP grant.

Total Budget: \$213,330.00 (initial funding equals 10 percent of Rancho Cucamonga's NSP allocation, additional funding may include 10 percent of any program income received).

Performance Measures: Administration of the NSP grant and assistance in the purchase and rehabilitation of a minimum of 17 foreclosed or abandoned homes. The timely submittal of the NSP Substantial Amendment application, and the timely reporting of program accomplishments in the Disaster Recovery Grant Reporting System (DRGR).

Location Description:

Rancho Cucamonga City Hall, 10500 Civic Center Drive, Rancho Cucamonga, CA 91730.

Activity Progress Narrative:

Staff attended NSP training sessions to further assist staff's ability to meet NSP administrative requirements; however, no NSP funds have been drawn on this administrative activity. Additionally, we have worked closely with the City Attorneys' office to assist in the preparation of documents that will be used to implement NSP funded activities.

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
HCDA NSP	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	1711
Activity Title:	Acquisition/Rehabilitation and Resale

Activity Category:

Acquisition - general

Activity Status:

Planned

Project Number:

1711

Project Title:

Acquisition/Rehab and Resale - FTHB Program

Projected Start Date:

12/01/2008

Projected End Date:

06/30/2013

National Objective:

NSP Only - LMMI

Responsible Organization:

City of Rancho Cucamonga

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,386,717.00
Total CDBG Program Funds Budgeted	N/A	\$1,386,717.00
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:

Activity Name: NSP Acquisition/Rehabilitation and Resale & First Time Homebuyer Program (Activity 1711)

Activity Type: NSP Eligible Use & (A) Establish financing mechanism for purchase and redevelopment of foreclosed upon homes and residential properties and (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon; CDBG Eligible Activity & 24 CFR 570.201(a) Acquisition, (b) Disposition, and 570.202 Rehabilitation.

National Objective: Beneficiaries of the units acquired through this activity will be restricted to LMMC as defined in the NSP notice. All participants will be restricted to the income level at or below 120 percent of the AMI.

Activity Description: This revised activity is two pronged. Under the first prong, the City will acquire and rehabilitate foreclosed and abandoned single-family and multi-family (e.g., condo and townhome) homes with 1 to 4 units and resell them to income eligible homebuyers. The final sales price will be no greater than the initial acquisition and rehabilitation costs; and rehabilitation costs may not exceed 75 percent of the acquisition cost. Under the second prong, the City will continue assist eligible participants in the originally approved NSP First Time Homebuyer program. Under this activity the City will provide up to \$80,000 per unit as a silent second, and up to \$10,000 for rehabilitation costs towards the purchase of a home.

Under the second prong of this activity, the City will continue to assist those persons who have prequalified under the original First Time Homebuyer Program, but have been unable to acquire a home to date. The City will close the application list as of February 26, 2010, and will continue to offer the soft second option to those homeowners who enter escrow prior to March 31, 2010. Those persons unable to enter escrow prior to March 31, 2010 will be allowed to purchase properties under the first prong; however, the soft second option will no longer be available.

Any rehabilitation activities associated with these acquired homes will be coordinated through the City's CDBG funded Home Improvement Program. Once the home is acquired, the City will determine the priority of rehabilitation activity, and coordinate rehabilitation improvements with local contractors. Rehabilitation funds are not distributed to the program recipient, but are

instead coordinated through the City program.

All acquisitions will be for at least 1 percent below the fair market value determined no more than 60 days prior to the offer to purchase.

Income eligible participants may not earn greater than 120 percent of the AMI as defined by HUD, as adjusted for family size. Additionally, all prospective buyers will be required to attend 8 hours of pre-acquisition HUD certified homebuyer counseling.

Total Budget: The initial budget for this program is \$1,386,717.00 providing funds for the Acquisition, Rehabilitation and Resale of foreclosed and abandoned homes and First Time Homebuyer assistance (up to \$80,000) and rehabilitation funds (up to \$10,000) for 15 units. Note that this is the City's primary NSP funded activity and the budget may decrease should additional funds be needed to meet the funding obligations of the Acquisition, Rehabilitation, and Reuse & Affordable Housing Program.

Performance Measures: The performance measurement outcomes will be measured by the total number of affordable housing units made available. This activity will assist in the purchase of a minimum of 15 homes to be occupied by persons at or below 120 percent of the AMI.

Location Description:

The use of NSP funds will be targeted to those Census Tracts with a high risk factor of foreclosure; this includes Census Tracts 22.03, 21.00, 20.04, 20.05, 13.04, 20.07, 8.12, 20.03, and 20.06. The acquisition of homes in the southwest Cucamonga area (Census Tract 21.00) is encouraged due to the concentration of lower income households.

Activity Progress Narrative:

No NSP funds have been drawn for this activity and no foreclosed properties have been obtained. The NSP Down Payment Assistance Program parallels a City RDA Down Payment Assistance Program, which operates on a community wide basis. In implementing this activity, staff has performed the following administrative functions:

- Working with Neighborhood Housing Services (NHS) who will assist the City in implementing the NSP and RDA funded Down Payment Assistance Programs.
- The development of an interest list for participation in this activity (to date 30 persons have indicated interest) and we are developing an application process for the use of NSP funds (approximately 14 of the 30 persons on the interest list have applied).
- NHS hosts monthly interest meetings in surrounding communities.
- Additionally, the RDA has developed a brochure advertising the RDA and NSP Down Payment Assistance Programs, and has also begun an outreach program to local realtors informing them of the program.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/15
# of housing units	0	0	0	0/0	0/0	0/15
# of Permanent Jobs Created	0	0	0	0/0	0/0	0/0
# of Parcels acquired by admin	0	0	0	0/0	0/0	0/0
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	0/15

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
HCDA NSP	\$0.00
Total Other Funding Sources	\$0.00

Grantee Activity Number:	1712
Activity Title:	Acquisition/Rehabilitation and Reuse

Activity Category:

Acquisition - general

Activity Status:

Planned

Project Number:

1712

Project Title:

Acquisition/Rehab and Reuse - Affordable Housing

Projected Start Date:

12/01/2008

Projected End Date:

06/30/2013

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

City of Rancho Cucamonga

Overall	Jul 1 thru Sep 30, 2009	To Date
Total Projected Budget from All Sources	N/A	\$533,350.00
Total CDBG Program Funds Budgeted	N/A	\$533,350.00
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:

Activity Name: NSP Acquisition/Rehabilitation and Reuse – Affordable Housing Program (Activity 1712)

Activity Type: NSP Eligible Use – (A) Establish financing mechanism for purchase and redevelopment of foreclosed upon homes and residential properties and (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon; CDBG Eligible Activity – 24 CFR 570.201(a) Acquisition, (b) Disposition, and 570.202 Rehabilitation.

National Objective: Beneficiaries of the units acquired through this activity will be restricted to LMMC as defined in the NSP notice. All participants will be restricted to the income level below 50 percent of the AMI.

Activity Description: The City will acquire and rehabilitate foreclosed and abandoned single-family and multi-family (e.g., condo and townhome) homes with 1 to 4 units and use them in cooperation with local non-profit housing developers (e.g., Northtown Housing Development Corporation, National CORE, House of Ruth, Foothill Family Shelter, etc.). Available funds will be used for the acquisition of a minimum of 2 homes, and provide any necessary rehabilitation (based on the availability of funds). The homes acquired through this activity will provide affordable rental opportunities for individuals and families earning at or below 50 percent of the AMI. Rents charged will not exceed Fair Market Rents, as published by HUD. Household rent cannot exceed 30 percent of the household monthly income. Title will be held by the non-profit and any assistance provided by the activity will be recorded as a silent-second, which will be repaid, along with any associated NSP funded rehabilitation costs, and will last for the duration of ownership by the non-profit group. Any funds received as program income (acquisition and rehabilitation funds) may be reutilized for the acquisition of additional housing units.

Any rehabilitation activities associated with these acquired homes will be coordinated through the City's CDBG funded Home Improvement Program. Once the home is acquired, the City will determine the priority of rehabilitation activity, and coordinate rehabilitation improvements with local contractors. Rehabilitation funds are not distributed to the program recipient, but are instead coordinated through the City program.

All of the foreclosed or abandoned homes acquired this activity will be minimum of 1 percent below fair market value.

Total Budget: The initial budget for this program is \$533,350.00 (25 percent of Rancho Cucamonga's NSP allocation) assuming 100 percent financing by the City for the acquisition, rehabilitation and reuse of any acquired properties. Note that additional funds may be transferred from the Acquisition/Rehabilitation and Reuse – First Time Homebuyer program should additional funds be needed to meet this minimum program funding requirement.

Performance Measures: The performance measurement outcomes will be measured by the total number of affordable housing units made available. This activity will assist in the purchase of a minimum of 2 homes to be occupied by persons at or below 50 percent of the area median income.

Location Description:

The use of NSP funds will be targeted to those Census Tracts with a high risk factor of foreclosure; this includes Census Tracts 22.03, 21.00, 20.04, 20.05, 13.04, 20.07, 8.12, 20.03, and 20.06. The acquisition of homes in the southwest Cucamonga area (Census Tract 21.00) is encouraged due to the concentration of lower income households.

Activity Progress Narrative:

No NSP funds have been drawn for this activity and no foreclosed properties have been obtained. In implementing this activity staff has been working with two local non-profit low-income housing assistance providers (i.e., Foothill Family Shelter and House of Ruth) to acquire two foreclosed properties. We have developed subrecipient agreements detailing each non-profit's responsibility for this activity, and have assisted the non-profits in narrowing their property search, but so far have been unsuccessful in acquiring any foreclosed properties.

Performance Measures

	This Report Period			Cumulative Actual Total / Expected		
	Low	Mod	Total	Low	Mod	Total
# of Properties	0	0	0	0/0	0/0	0/2
# of housing units	0	0	0	0/0	0/0	0/2
# of Parcels acquired voluntarily	0	0	0	0/0	0/0	0/2

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources	Amount
HCDA NSP	\$0.00
Total Other Funding Sources	\$0.00
