

# Grantee: Rancho Cucamonga, CA

## Grant: B-08-MN-06-0517

### July 1, 2020 thru September 30, 2020 Performance Report

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|   |   |  |
|---|---|--|
| <b>Grant Number:</b><br>B-08-MN-06-0517           | <b>Obligation Date:</b><br>04/07/2009   | <b>Award Date:</b><br>03/05/2009               |
| <b>Grantee Name:</b><br>Rancho Cucamonga, CA      | <b>Contract End Date:</b>               | <b>Review by HUD:</b><br>Reviewed and Approved |
| <b>Grant Award Amount:</b><br>\$2,133,397.00      | <b>Grant Status:</b><br>Active          | <b>QPR Contact:</b><br>No QPR Contact Found    |
| <b>LOCCS Authorized Amount:</b><br>\$2,133,397.00 | <b>Estimated PI/RL Funds:</b><br>\$0.00 |  |
| <b>Total Budget:</b><br>\$2,133,397.00            |   |  |

### Disasters:

#### Declaration Number

NSP

### Narratives

#### Areas of Greatest Need:

##### A. Areas of Greatest Need

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Response: The City of Rancho Cucamonga is situated in western San Bernardino County and is located within the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (MSA). Within the geographic boundaries of this MSA there are two counties, San Bernardino and Riverside. Based on information contained in the 2000 Census there are 24 incorporated cities in San Bernardino County and 24 incorporated cities in Riverside County. As of January 1, 2009, the City of Rancho Cucamonga encompasses an area of approximately 40 square miles, contains 55,716 housing units, and has a population of 177,736 persons.

California is a non-judicial foreclosure state, meaning that foreclosures do not occur under the supervision of the court, but with the mortgagee (the lienholder) filing a recorded Notice of Default (NOD). The NOD is a public notification that the mortgagor (the borrower) has fallen behind on their monthly mortgage payments. If the mortgagor does not cure the default, or the loan is not renegotiated or replaced, then after a ninety day period the NOD is followed by a Notice of Trustee's Sale (NOTS). The Trustee's Sale is a public auction, cannot occur until 20 days after public notice, and 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 to the property reverts to the lender as REO (Real Estate Owned) property. In California, the typical foreclosure process takes at least 117 days. Between July 1, 2007 and September 30, 2008 there were a total of 49,973 properties taken all the way through the foreclosure process in the MSA (this includes 20,366 properties in San Bernardino County and 29,607 properties in Riverside County). As estimated by California Department of Finance figures, this represents 3.42 percent of all housing units for the MSA (2.97 percent in San Bernardino County and 3.83 percent in Riverside County). By way of comparison, this figure corresponds to 1 in 29 homes becoming REO during this period. Foreclosures have occurred throughout the City of Rancho Cucamonga, but are concentrated in certain areas. The US Department of Housing and Urban Development (HUD) has compiled data sets that include the following information:

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- Area unemployment rate,
- Area average housing sales price decline (since the peak of the market),
- High cost loan rate (mortgages with interest-only payment options, stated income mortgages, mortgages with high loan to value ratios, etc.)
- 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 Neighborhood Stabilizati



**Areas of Greatest Need:**

on Program (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 percent). 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 percent) considered high cost loans. Within Rancho Cucamonga the distribution of homes in foreclosure occurs citywide. 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.

**Distribution and and Uses of Funds:**

**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, 20.03, and 20.06.

The funds will be used in two primary activities, plus program administration:

- 1. Acquisition/rehabilitation and resale to first time homebuyers;
- 2. Acquisition/rehabilitation and rental, in which 25 percent of the funds will be used to serve residents earning at or below 50 percent of the area median income in partnership with local non-profit housing developers; and
- 3. Administration of the program will not exceed 10 percent of the NSP grant and 10 percent of program income.

**NSP Acquisition/Rehabilitation and Resale – First Time Homebuyer Program**

This revised activity is two pronged. Under the first prong, the City will acquire and rehabilitate foreclosed and abandoned single family and multi-family (i.e., condo and townhome) units and resell them to income eligible homebuyers. 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. 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.

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

**NSP Acquisition/Rehabilitation and Rentl – Affordable Housing Program**

The City will acquire and rehabilitate foreclosed and abandoned single family and multi-family(condo and townhome) units in partnership

**Distribution and and Uses of Funds:**

with local non-profit housing developers for housing opportunities for those persons at or below 50 percent of the AMI. 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. 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.

**NSP Administration**

Administrative of the program will not exceed 10 percent of the NSP grant and 10 percent of program income.

**C. Definitions and Descriptions**

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

Response:

The City of Rancho Cucamonga utilizes the definition of blight contained in California Heath & 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 percent of the area median income and at or below 120 percent 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.Both of the proposed NSP funded programs will use the rehabilitation standards associated with the City's Home Improvement Program:

Response:

- Building Code/Health & Safety Repairs – All rehabilitation projects must correct any pre-existing code deficiencies and/or health & safety related repairs needed including: preexisting construction done without City building permits (room additions, garage conversions, patio additions, etc). All pre-existing construction must be either brought up to code requirements and obtain approved building permits, or must be demolished as part of the rehabilitation project.

- Lead Based Paint Hazards – A Lead-Based Paint test and a Risk Assessment are required on all rehabilitation projects to identify the existence and scope of any lead based paint hazards in the homeThe standards of "Lead-Based Paint Poisoning



Prevention in Federally Owned and Federally Assisted Housing" found at 24 CFR Part 35 apply.

- Termite Repairs – A Termite Inspection Report shall be prepared for every home by a licensed inspector. The report should identify any termite activity in the home as well as whether or not there are any active termite infestations. Any termite

**Low Income Targeting:**

**Distribution and and Uses of Funds:**

or dry rot damage shall be repaired due to the health and safety risk they pose to the structural integrity of the home. Fumigation or other treatments recommended to eliminate any active termite infestations are required.,

- General Property Improvements – Once the cost of repairing all code deficiencies, health and safety items, lead based paint hazards, and termite repairs are completed, any additional program funding may be used to address general property improvements. General property improvements may include a wide variety of items such as painting, replacement of fixtures, replacement of cabinets and vanities, replacement of flooring, energy efficiency improvements, etc. General property improvements may NOT include any materials or items that are of a type and quality which exceeds the standards for similar properties in the area, or that far exceed the basic standards of "decent, safe, and sanitary housing". The minimally acceptable standards may be found at 24 CFR 983.101

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

Note: At least 25 percent of funds must be used for housing individuals and families whose incomes do not exceed 50 percent 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 percent 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., 80 percent of area median income).

If so, include:

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

Response:

The City 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 Acquisition/Rehabilitation and Rental – Affordable Housing Program (available to persons whose income does not exceed 50 percent of the area median income) and 15 homes under the Acquisition/Rehabilitation and Resale – First Time Homebuyer Program (available to persons whose income does not exceed 120 percent of the area median income).

**F. Public Comments**

**Distribution and and Uses of Funds:**

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.

The Substantial Amendment to the City's Neighborhood Stabilization Plan was scheduled for City Council consideration on February 17, 2010, was made available for public comment on February 1, 2010, and was also announced in the Inland Valley Daily Bulletin newspaper on February 1, 2010.

In accordance with NSP requirements, the draft Substantial Amendment to the City's Neighborhood Stabilization Program was posted on the City's website on February 2, 2009 for a minimum of 15 days of public review prior to submittal of the revised NSP Substantial Amendment. No comments regarding the Draft Substantial Amendment to the City's Neighborhood Stabilization Program were received through February 17, 2010.

**Definitions and Descriptions:**

**Acquisition and Relocation:**



**Public Comment:**

| <b>Overall</b>                                 | <b>This Report Period</b> | <b>To Date</b> |
|--|---------------------------|----------------|
| <b>Total Projected Budget from All Sources</b> | N/A                       | \$2,133,397.00 |
| <b>Total Budget</b>                            | \$0.00                    | \$2,133,397.00 |
| <b>Total Obligated</b>                         | \$0.00                    | \$2,133,397.00 |
| <b>Total Funds Drawdown</b>                    | \$0.00                    | \$2,133,397.00 |
| <b>Program Funds Drawdown</b>                  | \$0.00                    | \$2,133,397.00 |
| <b>Program Income Drawdown</b>                 | \$0.00                    | \$0.00         |
| <b>Program Income Received</b>                 | \$0.00                    | \$508,602.00   |
| <b>Total Funds Expended</b>                    | \$0.00                    | \$2,133,397.00 |
| <b>Most Impacted and Distressed Expended</b>   | \$0.00                    | \$0.00         |
| <b>Match Contributed</b>                       | \$0.00                    | \$0.00         |

## Progress Toward Required Numeric Targets

| <b>Requirement</b>  | <b>Target</b> | <b>Actual</b> |
|---|---------------|---------------|
| <b>Overall Benefit Percentage (Projected)</b>             |               | 0.00%         |
| <b>Overall Benefit Percentage (Actual)</b>                |               | 0.00%         |
| <b>Minimum Non-Federal Match</b>                          | \$0.00        | \$0.00        |
| <b>Limit on Public Services</b>                           | \$320,009.55  | \$0.00        |
| <b>Limit on Admin/Planning</b>                            | \$213,339.70  | \$213,330.00  |
| <b>Limit on Admin</b>                                     | \$0.00        | \$213,330.00  |
| <b>Most Impacted and Distressed Threshold (Projected)</b> | \$0.00        | \$0.00        |
| <b>Progress towards LH25 Requirement</b>                  | \$533,349.25  | \$659,438.56  |

## Overall Progress Narrative:

No new activity for this reporting period.

## 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> |
| 1710, NSP Administration                               | \$0.00                        | \$213,330.00                  | \$213,330.00                  |
| 1711, Acquisition/Rehab and Resale - FTHB Program      | \$0.00                        | \$1,260,628.44                | \$1,260,628.44                |
| 1712, Acquisition/Rehab and Reuse - Affordable Housing | \$0.00                        | \$659,438.56                  | \$659,438.56                  |



