

Grantee: Rialto, CA

Grant: B-08-MN-06-0518

October 1, 2009 thru December 31, 2009 Performance Report

Grant Number:

B-08-MN-06-0518

Obligation Date:**Grantee Name:**

Rialto, CA

Award Date:**Grant Amount:**

\$5,461,574.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Rudy Munoz

Disasters:**Declaration Number**

NSP

Narratives**Areas of Greatest Need:**

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 Riverside (29,607) and San Bernardino (20,366) Counties. 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 in a city-by-city basis is from a low of 0.36% of all housing units in the City of Indian Wells to high of 13.05% of all housing units in the City of Perris. The City will establish its highest need area as the area bounded on the north by Highland Avenue and on the south by San Bernardino Avenue. The area will stretch from the easterly to the westerly city boundary.

Distribution and and Uses of Funds:

The City of Rialto will develop programs that will assist those areas hardest hit, creating economic and housing stability for the area residents. The City hoped for a much larger allocation to have a greater impact on foreclosed properties and to create new housing opportunities for low- and moderate-income residents in the City. However, additional funds may still become available through the State. The City will be applying for these funds and is including the amounts that will be requested from the State under this Substantial Amendment.

Definitions and Descriptions:**Blighted Structure**

A blighted structure is a building in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. The City of Rialto defines a "Blighted Structures" in accordance with Section 33031(a) of the California Health and Safety Code: 33031(a) This subdivision describes physical conditions that cause blight: (1) Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. (2) Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards. (3) Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area. (4) The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions.

Affordable Rents

For the purpose of a definition of affordable rents, the City of Rialto shall define such as 30% of the household's adjusted income, less utility allowance as adopted by the Housing Authority of the County of San Bernardino Section 8 program. HUD's Fair Market Rent schedule for the Riverside/San Bernardino/Ontario MSA will be used. Should any gap be present, funds from this gap will be required from other sources of funding.

Continued Affordability

The City of Rialto shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental, or redevelopment of abandoned and foreclosed-upon homes and residential properties remain affordable to individuals or families with incomes below 120 percent of area median income or, for units originally assisted with funds under the requirements of Section 2301(f)(3)(A)(ii), remain affordable to individuals and families with incomes below 50 percent of area median income. The resale price, as determined by the City of Rialto, must be

affordable to the new purchaser and may not exceed the affordable housing cost for a low-income household. The affordable housing cost is the product of 30 percent times 80 percent of the area median income adjusted for family size appropriate for the property. Resale of the property by the participants during the affordability period to a new purchaser that is not a low-income household, does not intend to occupy the property as a primary residence, or the resale price is not an affordable price, the City shall recapture the entire amount of the City loan, including principal, accrued interest and other applicable loan charges. During the affordability period, should participant transfer the property title, not occupy the property as a primary residence or not comply with any portion of the loan agreement, the City shall recapture the entire amount of the City loan, including principal, accrued interest and other applicable loan charges. 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.

Housing Rehabilitation Standards

The City of Rialto will use the housing rehabilitation standards per the requirements of the City’s Municipal Code Section 18.72.010, California Health and Safety Code, the Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, the Uniform Housing Code, and relevant sections of Title 24 that pertain to disability access. All housing rehabilitation will be required to have a permit issued and an inspection conducted by the City of Rialto Building Division.

The inspection of the homes will be conducted to determine all deficiencies as described above through an evaluation. The deficiencies will include any required termite repairs and general property improvements. The rehabilitation may include improvements for greater energy efficiency, modifications that aid the mobility of the elderly and physically disabled, and repairs that remedy existing nonconforming uses or illegal additions. The projected total amount of required rehabilitation will be made and a written scope of repairs of required rehabilitation will be prepared. City staff will have the authority to either accept or reject the written scope of repairs and costs.

General property improvements may not include any repairs that far exceed the basic standards of “decent, safe, and sanitary housing” and other items deemed ineligible by the City Administrator or his/her designee.

In addition to the property deficiencies, the following shall apply:

- The City will also require that the rehabilitation work also include controlling or abating any lead based paint hazards present in homes built before 1978. A lead-base paint test and a risk assessment will be conducted to identify any lead based paint hazards. The standards of “Lead-Based Paint Poisoning Prevention in Federally Owned and Federally Assisted Housing” found at 24 CFR Part 35 apply.
- The City will require removal of materials containing asbestos, if necessary, as part of the rehabilitation.

Low Income Targeting:

At least 25 percent or \$1,365,394 of the City’s NSP funding must benefit persons at or below 50 percent of the median area income. The City intends to purchase, rehabilitate and dispose of foreclosed upon or abandoned residential properties to house individuals or families that meet this NSP income requirement.

Acquisition and Relocation:

The primary NSP eligible activity that the City of Rialto will undertake involves the acquisition and disposition of homes and residential properties that have been abandoned or foreclosed upon. The City will then rehabilitate the home/unit to ensure that all health and safety and code violations are addressed prior to making any general property improvements. Rehabilitated homes/units will then be made available to first time homeownerships. The City will commence the acquisition and rehabilitation activity upon the release and authorization of NSP funds. All initial NSP funds for this activity will be committed within the statutory 18-month period, as set forth in Section 2301(c) (1) of HERA. The number of NSP affordable housing units that the City of Rialto will make available to low-, moderate- and middle-income households will be determined by the current market conditions at the time of acquisition and rehabilitation. The City does not anticipate carrying out any conversion activities. Moreover, the City will not undertake demolition activities of blighted structures.

Public Comment:

A public notice was published in the San Bernardino County Sun newspaper (a paper of general circulation) on November 7, 2008 announcing the public comment period on this amendment ending on November 25, 2008. Further, the NSP Substantial Amendment to the City’s 2008-2009 One Year Action Plan and 2005-2009 Consolidated Plan was posted on the City’s website at www.rialto.ca.gov. On November 25, 2008, a Public Hearing was conducted by the Rialto City Council and no public comments were received. The NSP substantial amendment to the 2008-2009 Annual Action Plan and the City’s 2005-2009 Consolidated Plan was approved.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,461,574.00
Total CDBG Program Funds Budgeted	N/A	\$5,461,574.00
Program Funds Drawdown	\$1,384,412.95	\$1,384,412.95
Program Funds Obligated	\$3,081,894.10	\$3,081,894.10
Program Funds Expended	\$1,592,393.42	\$1,996,674.05
Match Contributed	\$670,006.00	\$670,006.00
Program Income Received	\$0.00	\$0.00

Program Income Drawdown	\$0.00	\$0.00
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Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$670,006.00
Limit on Public Services	\$819,236.10	\$0.00
Limit on Admin/Planning	\$546,157.40	\$185,318.26
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,365,393.50	\$1,365,394.00

Overall Progress Narrative:

Quarterly Performance Report for (10-1-09 to 12-30-09):

As of December 30, 2009, the City of Rialto under the Acquisition, Rehabilitation, Resale Program has conducted 110 inspections on properties for possible offers, made purchase offers on 30 foreclosed single-family homes, entered into escrow on twelve (12) single-family properties, and closed escrow on eight (8) properties. As of December 30, 2009, the City of Rialto under the Acquisition, Rehabilitation, Rental Program has entered into escrow to purchase two (2) fourplexes closed escrow on the properties, and entered into an agreement with a developer conveying the properties to them in order for them to rehabilitate the units and make them affordable to households earning less than 50% AMI (as a rental property). As a result, the City has committed 100% of the funds allocated towards this program.

As of December 30, 2009, the City of Rialto under the Acquisition, Rehabilitation, Rental Program has entered into escrow to purchase two (2) fourplexes closed escrow on the properties, and entered into an agreement with a developer conveying the properties to them in order for them to rehabilitate the units and make them affordable to households earning less than 50% AMI (as a rental property). As a result, the City has committed 100% of the funds allocated towards this program.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
NSP-1, Acquisition, Rehab, Resale	\$825,915.27	\$2,550,023.00	\$825,915.27
NSP-2, Acquisition, Rehabilitation and Rental	\$373,179.42	\$1,365,394.00	\$373,179.42
NSP-3, Down Payment Assistance	\$0.00	\$1,000,000.00	\$0.00
NSP-4, NSP Administration	\$185,318.26	\$546,157.00	\$185,318.26

NSP1.2, Acquisition, Rehab, Resale <50%AMI

\$0.00

\$0.00

\$0.00

Activities

Grantee Activity Number:	NSP 1.1
Activity Title:	Aquisition, Rehab, Resale

Activity Category:

Acquisition - general

Project Number:

NSP-1

Projected Start Date:

04/01/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition, Rehab, Resale

Projected End Date:

07/31/2013

Completed Activity Actual End Date:

Responsible Organization:

City of Rialto

Overall	Oct 1 thru Dec 31, 2009	To Date
Total Projected Budget from All Sources	N/A	\$3,350,023.00
Total CDBG Program Funds Budgeted	N/A	\$3,350,023.00
Program Funds Drawdown	\$825,915.27	\$825,915.27
Program Funds Obligated	\$1,531,181.84	\$1,531,181.84
Program Funds Expended	\$1,020,264.00	\$1,252,112.00
City of Rialto	\$0.00	\$0.00
City of Rialto Redevelopment Agency	\$1,020,264.00	\$1,252,112.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The City of Rialto will use funds from the NSP to facilitate the acquisition, rehabilitation, & resale (ARR) of abandoned and foreclosed single-family homes (this includes condominiums and townhomes). Acquisitions will include individual units and an attempt to negotiate with lenders and financial institutions a discounted bulk purchase of foreclosed properties. The City will attempt to leverage the NSP funds with other private and/or public financing. The City will follow the required NSP purchase discount requirements at a minimum of 1%.

Location Description:

The program activity is city-wide but staff has identified the area bounded by Highland Avenue on the north, San Bernardino Avenue to the south, the Rialto city boundaries to the west, and the Rialto city boundaries to the east as the high risk areas.

Activity Progress Narrative:

Quarterly Performance Report for 10-1-09 to 12-30-09
 As of December 30, 2009, the City of Rialto has continued to contact local banks and lenders to inquire about any current or future foreclosed properties. The City has been working with its local development partners and the National Community Stabilization Trust in acquiring properties. During this period, the City has conducted 110 inspections on properties for possible offers. During this time period, the City made purchase offers on 30 foreclosed single-family homes and entered into escrow on twelve (12) single-family properties. During this time period, the City closed escrow on eight (8) properties. The City has conveyed ownership to a development partners to commence rehabilitation on eleven (11) properties and is in escrow for the sale of two additional properties.

Accomplishments Performance Measures

This Report Period	Cumulative Actual Total / Expected
Total	Total

# of Properties	0	0/73
# of buildings (non-residential)	0	0/0
# of Parcels acquired by	0	0/0
# of Parcels acquired by admin	0	0/0
# of Parcels acquired voluntarily	0	0/73
Total acquisition compensation to	0	0/0

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/73
# of Singlefamily Units	0	0/73

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Permanent Jobs Created	0	0	0	0/0	0/0	0/0	0

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/5	0/68	0/73	0
# Owner Households	0	0	0	0/5	0/68	0/73	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: NSP 2.1

Activity Title: Acquisition, Rehab, Rental <50% AMI

Activity Category:

Acquisition - general

Project Number:

NSP-2

Projected Start Date:

04/01/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition, Rehabilitation and Rental

Projected End Date:

07/31/2009

Completed Activity Actual End Date:

Responsible Organization:

City of Rialto

Overall	Oct 1 thru Dec 31, 2009	To Date
Total Projected Budget from All Sources	N/A	\$1,365,394.00
Total CDBG Program Funds Budgeted	N/A	\$1,365,394.00
Program Funds Drawdown	\$373,179.42	\$373,179.42
Program Funds Obligated	\$1,365,394.00	\$1,365,394.00
Program Funds Expended	\$372,129.42	\$372,129.42
City of Rialto	\$0.00	\$0.00
City of Rialto Redevelopment Agency	\$372,129.42	\$372,129.42
Match Contributed	\$670,006.00	\$670,006.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The City of Rialto will use a minimum of 25% of allocated NSP funds to facilitate the acquisition, rehabilitation, and rental of multi-family or single-family properties for households earning 50% or less of the area median income as an affordable housing project. The City and/or their development partners will negotiate with lenders and financial institutions to purchase vacant or abandoned foreclosed properties at the required NSP discount. An affordability covenant will be recorded on the property ensuring that units will remain affordable for a minimum of 55 years. City staff will conduct an annual evaluation to ensure compliance with the affordability covenant.

Location Description:

The program activity is citywide but staff has identified it has the area bounded by Highland Avenue to the north, San Bernardino Avenue to the south, the Rialto city boundaries to the west, and the Rialto city boundaries to the east. More specifically it will consist of multi-family neighborhoods within two miles at the intersection of Baseline Avenue and Riverside Avenue, within two miles of the intersection of Foothill Blvd. and Spruce Avenue, within two miles of the intersection of Riverside Avenue and Merrill Avenue, and within two miles of the intersection of Merrill Avenue and Linden Avenue.

Activity Progress Narrative:

Quarterly Performance Report for 10-1-09 to 12-30-09

As of December 30, 2009, the City of Rialto entered into escrow to purchase two (2) fourplexes. Within this same reporting period, the properties closed escrow and the City Council approved the entering into an agreement with a developer conveying the properties to them in order for them to rehabilitate the units and make them affordable to households earning less than 50% AMI (as a rental property)

In addition, The Rialto Redevelopment Agency is providing additional funding to assure the affordability extends for a 55 years period of time. As a result of the acquisition and entering into an agreement with the developer, the City has committed 100% of the funds allocated towards this program. The City will continue to work with the developer during the rehabilitation and rent stages as well as to monitor the affordability of the units.

Accomplishments Performance Measures

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Properties	0		0/2	
# of buildings (non-residential)	0		0/0	
# of Parcels acquired by	0		0/0	
# of Parcels acquired by admin	0		0/0	
# of Parcels acquired voluntarily	0		0/2	
Total acquisition compensation to	0		0/0	

	This Report Period		Cumulative Actual Total / Expected	
	Total		Total	
# of Housing Units	0		0/8	
# of Multifamily Units	0		0/8	

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Permanent Jobs Created	0	0	0	0/0	0/0	0/0	0

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	0/8	0/0	0/8	0
# Renter Households	0	0	0	0/8	0/0	0/8	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: NSP 3.1

Activity Title: Downpayment Assistance

Activity Category:

Homeownership Assistance to low- and moderate-income

Project Number:

NSP-3

Projected Start Date:

04/01/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Down Payment Assistance

Projected End Date:

07/31/2013

Completed Activity Actual End Date:

Responsible Organization:

City of Rialto

Overall

Oct 1 thru Dec 31, 2009

To Date

Total Projected Budget from All Sources	N/A	\$200,000.00
Total CDBG Program Funds Budgeted	N/A	\$200,000.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
City of Rialto	\$0.00	\$0.00
City of Rialto Redevelopment Agency	\$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:

The City of Rialto will use NSP funds to provide down payment assistance loans to households earning 120% of Area Median Income or below (including those households at 50% AMI or below). The loans will provide up to 10% of the purchase price in the form of a silent second deferred loan. Terms and conditions of these loans will be subject to CALHFA financing in an effort to leverage additional funding and provide below market, 1st mortgage loan financing to the homebuyer. Homebuyers will be required to obtain a low-risk mortgage loan for their 1st trust deed financing, preferably at a fixed interest rate. The loan will be a deferred zero percent (0%) interest loan. An affordability covenant will be recorded on the property ensuring that the homes remain affordable for a minimum of 15 years.

Location Description:

The program activity is city-wide but staff has identified the area bounded by Highland Avenue on the north, San Bernardino Avenue to the south, the Rialto city boundaries to the west, and the Rialto city boundaries to the east as the high risk areas.

Activity Progress Narrative:

Quarterly Performance Report for 10-1-09 to 12-30-09

As of December 30, 2009, the City of Rialto has a homebuyer who has entered into escrow on a foreclosed property. The applicant is undergoing the loan qualification process and the required 8 hour Homebuyer training as required by HUD. The property is expected to close escrow in late January.

There is no other activity at this time.

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/50
# of Singlefamily Units	0	0/50

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total Low/Mod%	
# of Households	0	0	0	0/5	0/45	0/50	0
# Owner Households	0	0	0	0/5	0/45	0/50	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: NSP 4.1

Activity Title: NSP Administration

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NSP-4

Project Title:

NSP Administration

Projected Start Date:

11/25/2008

Projected End Date:

07/31/2013

Benefit Type:

N/A

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

City of Rialto

Overall

Oct 1 thru Dec 31, 2009

To Date

Total Projected Budget from All Sources	N/A	\$546,157.00
Total CDBG Program Funds Budgeted	N/A	\$546,157.00
Program Funds Drawdown	\$185,318.26	\$185,318.26
Program Funds Obligated	\$185,318.26	\$185,318.26
Program Funds Expended	\$200,000.00	\$372,432.63
City of Rialto Redevelopment Agency	\$200,000.00	\$372,432.63
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Activity Description:

The City of Rialto will use up to 10% of the NSP funds for administration of the various programs and projects stated in the Rialto NSP Action Plan. Furthermore, if any program income is received, the City may elect to utilize 10% of that amount for future administration if needed. Administration of NSP funds includes, but is not limited to, the following activities: 1. Compliance monitoring 2. Environmental review for compliance with NEPA 3. Contracting with consultant services for the implementation of program activities 4. Procurement (including letting of appropriate Requests for Proposals, Notice of Funding Opportunities, etc.) 5. Financial data collection and reporting 6. Quarterly reporting 7. Data entry and reporting through DRGR 8. Providing technical assistance to activity sponsors 9. Ensuring public participation

Location Description:

Citywide.

Activity Progress Narrative:

Quarterly Performance Report for 10-1-09 to 12-30-09:

As of December 30, 2009, the City of Rialto conducted general NSP Grant management activities. These activities included the quarterly reporting of the program; reviewing program files to assure that all activities were meeting the NSP requirements; preparing all environmental reviews for the projects being acquired, rehabbed, and resold; completed drawdowns; and updated the City's website to include new performance reports.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries 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
