

Grantee: Aurora, CO

Grant: B-11-MN-08-0001

April 1, 2020 thru June 30, 2020 Performance Report

Grant Number: B-11-MN-08-0001	Obligation Date:	Award Date:
Grantee Name: Aurora, CO	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$2,445,282.00	Grant Status: Active	QPR Contact: Jeff Hancock
LOCCS Authorized Amount: \$2,445,282.00	Estimated PI/RL Funds: \$2,867,069.45	
Total Budget: \$5,312,351.45		

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The City of Aurora designed its NSP3 program with HUD's goal in mind of making targeted investments in a smaller number of neighborhoods to produce the greatest impact possible. HUD's NSP3 mapping tool was utilized to identify those potential target areas with NSP3 Need Scores (risk scores) of 17-20. Because the foreclosure crisis hit Aurora so hard, a large number of neighborhoods had Need Scores of 17 or above. Additional research was performed on those neighborhoods to narrow the list of target areas down to a manageable number. A review of new foreclosure filings, discussion with local realtors, examination of HUD impact numbers, and physical inspection by Aurora's Community Development staff eventually led to three final NSP3 target areas in Aurora. All three target areas have Need Scores of 20, and consist of two single family areas and one area that is predominantly made up of multi-family properties. All three target areas were located in north Aurora and helped to continue the stabilizing effects begun with the city's NSP1 program in those same neighborhoods.

Program budgets were revised as the program evolved and as program income has been received. The City of Aurora budgeted \$2,297,608.12 for the acquisition, rehabilitation and resale of foreclosed and abandoned single family homes to families above 50% AMI within two target areas. An additional \$1,557,193.46 was budgeted for the acquisition, rehabilitation and resale of foreclosed and abandoned single family homes to families below 50% AMI within the same two target areas. This activity helped Aurora meet the 25% set aside requirement of NSP3. \$94,350.72 was budgeted for the maintenance of homes within both activities.

\$548,455.70 of Aurora's NSP3 grant was budgeted for the acquisition, rehabilitation, and rental of multi-family units that have been foreclosed and abandoned. Aurora partnered with a local non-profit organization to construct new low- to moderate-income housing on a vacant lot in north Aurora. The project received tax credit financing approval from CHFA in the fall of 2016 and had an official ground breaking ceremony in January 2018. Construction was completed on this project and an open house was hosted at the property in July 2019. All units built via this activity now house renters at or below 50% AMI, thus helping to satisfy the 25% set aside requirement.

The City of Aurora provided homebuyer assistance financing in the amount of \$344,564.87 to income eligible homebuyers. The remaining portion of the grant, or \$470,178.58, was used to administer Aurora's NSP3 program.

Funds received from program income were distributed among the different activities depending on the various needs of Aurora's NSP3 program.

All of Aurora's NSP3 grant funds and program income funds have been expended as of December 31, 2019. Aurora intends to closeout its NSP3 program in DRGR during 2020 and transfer any existing program income to its CDBG program as allowed per a HUD rule change in 2019.

How Fund Use Addresses Market Conditions:

The Aurora real estate market is at or near an all-time high. The foreclosure crisis of 2008-2011 is a distant memory at this time. The number of estimated foreclosures in Aurora have remained at low levels. Vacant and abandoned properties are virtually non-existent within the city. Aurora used the majority of its NSP1 funding to combat blight and property decay in the northern portion of the city by acquiring and rehabilitating homes in poor condition and turning them into high quality properties that became a source of pride for those particular neighborhoods. In many cases, owners of neighboring properties began to improve their own homes after seeing the work done by the City of Aurora on its NSP1 properties.

We believe the City of Aurora has played some role in helping to stop the decay of neighborhoods in those areas where we have invested NSP funds, both in terms of physical appearance and property values, when compared to three years ago. Home values in north Aurora are increasing across all neighborhoods. The inventory of bank-owned properties has declined significantly, and properties are selling very quickly once they are listed for sale.

The City of Aurora has run its NSP3 program similarly to its NSP1 program, and has achieved continued success in combating negative market conditions by building upon the work already done with NSP1.

Ensuring Continued Affordability:

Aurora's NSP3 program affordability will be structured as mandated under the HOME program rule, and will depend on the type of activity (rental or homeowner) and level of NSP funding. Continued affordability will be governed through adherence to the specific HOME monitoring requirements as defined in 24 CFR Part 92. Depending on the type of project and level of assistance provided under NSP an appropriate covenant will be recorded on the property title for a period of time as required under HOME. The minimum affordability period is listed below:
Assistance up to \$15,000 = 5 years
\$15,001 to \$40,000 = 10 years
Above \$40,000 = 15 years
For those projects with a direct NSP homebuyer subsidy, we will follow Recapture policy.

Definition of Blighted Structure:

The City of Aurora utilizes local ordinances as guidance for determining whether a property is deemed appropriate for demolition. Local code stipulates the following criteria for dilapidated, unsafe or uninhabitable structures:
City of Aurora staff from the Community Development Division and the Code Enforcement Division within the Neighborhood Services Department collectively deem a property blighted and/or a nuisance to a neighborhood when there exists any partially or uncompleted structure or abandoned or un-maintained property, which may include parking garages or residential buildings, that substantially annoys and/or endangers the comfort, health, repose, or safety of the public by reason of vandalism, inadequate maintenance, or abandonment. This may include boarded up buildings with no signs of construction or remodeling activity, and/or unsecured openings. In addition, any property can be deemed blighted if it is determined to have created an attractive nuisance that may be detrimental to children, to include basements or excavations, lumber, and/or trash and debris, which may be hazardous to minors.
In cases where the city may proceed with demolition, the following general steps will be followed:

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1. Determination of blight made for a property and submitted to file.
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2. Request bids from qualified contractors for demolition.
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3. Demolition completed.
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4. City of Aurora or eligible partner redevelops site as housing within the NSP3 grant period, or in the case of land banking, holds the property for future development for no longer than 10 years.
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Definition of Affordable Rents:

For the purposes of Aurora's NSP3 program, affordable rents shall be defined as low HOME rents applicable to households at or below 50% of AMI and high HOME rents applicable to households between 50% and 80% of AMI. For households between 80% and 120% of AMI, HUD's Fair Market Rents shall apply.

Housing Rehabilitation/New Construction Standards:

The City of Aurora's Community Development Division has existing rehabilitation standards that are utilized in the daily administration of the Single Family and Multi-Family Rehabilitation programs. These standards have been structured to satisfy the requirements of the HOME program. The rehabilitation standards also meet NSP3 requirements. In most circumstances, staff will analyze properties and complete rehabilitation work write-ups with specific attention paid to energy efficiencies. Staff intends to build in significant energy efficiency measures for each property, as appropriate, in order to ensure long-term cost savings for homeowners that purchase NSP rehabilitated homes.

Vicinity Hiring:

The City of Aurora will to the greatest extent feasible ensure vicinity hiring by adding language to the contracts of general contractors selected to rehabilitate our NSP3 properties that requires they attempt to hire workers and sub-contract small businesses from the immediate area where projects are located.

Procedures for Preferences for Affordable Rental Dev.:

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- When determining local priorities for the development of affordable rental housing under the NSP3 program, the City of Aurora will follow the goals, objectives and strategies outlined in Aurora's HUD-approved Consolidated Plan and Neighborhood Revitalization Strategy for the years 2015-2019.
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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,312,351.45
Total Budget	\$0.00	\$5,312,351.45
Total Obligated	\$0.00	\$5,312,351.45
Total Funds Drawdown	\$0.00	\$5,312,351.45

Program Funds Drawdown	\$0.00	\$2,445,282.00
Program Income Drawdown	\$0.00	\$2,867,069.45
Program Income Received	\$0.00	\$2,867,069.45
Total Funds Expended	\$0.00	\$5,312,351.45
Most Impacted and Distressed Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Target	Actual
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$366,792.30	\$0.00
Limit on Admin/Planning	\$244,528.20	\$470,178.58
Limit on Admin	\$0.00	\$470,178.58
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$1,328,087.86	\$2,105,649.16

Overall Progress Narrative:

There was no activity in Aurora's NSP3 program during the second quarter of 2020.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP3001, Single Family Acquisition/Rehabilitation/Resale	\$0.00	\$3,949,152.30	\$1,955,614.71
NSP3002, Multi-Family Acquisition/Rehabilitation	\$0.00	\$548,455.70	\$281,688.37
NSP3003, Homebuyer Assistance Financing	\$0.00	\$344,564.87	\$61,246.01
NSP3004, Administration	\$0.00	\$470,178.58	\$146,732.91

