

Grantee: Bakersfield, CA

Grant: B-11-MN-06-0503

October 1, 2018 thru December 31, 2018 Performance Report



Grant Number:

B-11-MN-06-0503

Obligation Date:**Award Date:****Grantee Name:**

Bakersfield, CA

Contract End Date:

03/02/2014

Review by HUD:

Reviewed and Approved

Grant Award Amount:

\$3,320,927.00

Grant Status:

Active

QPR Contact:

Jason Cater

LOCCS Authorized Amount:

\$3,320,927.00

Estimated PI/RL Funds:**Total Budget:**

\$3,320,927.00

Disasters:**Declaration Number**

NSP

Narratives**Summary of Distribution and Uses of NSP Funds:**

As of 2010, the City of Bakersfield had an estimated population of 339,000 residents and approximately 103,000 households within a 92 ± square mile boundary. According to third quarter 2010 data released by RealtyTrac, the Bakersfield area is ranked number eight nationally in Metropolitan Foreclosure Rates with 2.25% of households experiencing a foreclosure filing. According to the Kern County Assessor, 10,319 Notices of Default were filed in 2010, and 47,643 Notices of Default have been filed since the beginning of 2007. The majority of these defaults occurred in the City of Bakersfield. In comparison only 38,682 Notices of Default were filed in the ten years prior to 2007. Due to the recent high default and foreclosure rates for the City of Bakersfield, the City of Bakersfield will be receiving \$3,320,927 from the Neighborhood Stabilization Program (NSP3) from the United States Department of Housing and Urban Development (HUD) under the Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act). The NSP3 funding formula was determined based on the number of home foreclosures, homes financed by subprime mortgages, and number of homes in default or delinquent. The City NSP3 funds will be used to meet the Congressionally-identified needs of the abandoned and foreclosed homes in specific focused areas set forth in the Substantial Amendment to the City's Fiscal Year 2010-11 Action Plan and Consolidated Plan (ConPlan) 2015. NSP3 requires funds to be narrowly focused geographically in such a way that the selected focused area(s) of greatest need may be impacted by the funds available to each recipient. More specifically, HUD requires that, based on the funds available to the City, areas of greatest need should be selected where the City may reasonably anticipate to assist at least a number of units equal to 20% of foreclosed units in the past year as determined by the HUD Foreclosure Need website (<http://www.huduser.org/nsp/nsp3.html>). Likewise, the HUD Foreclosure Need website provides a foreclosure need index for selected areas on a scale from 1 to 20, with a score of 20 representing the greatest need. HUD requires that the foreclosure need score for NSP3 focused neighborhoods in the State of California to be at least 17. Focused neighborhoods must be predominately (at least 51%) comprised of low- moderate- or middle-income (LMMI) households, defined as households earning at or below 120% area median income (AMI) annually. Finally, NSP3 funding must be used to assist LMMI residential units, except for at least 25% of funding which must be used to assist residential units for persons earning at or below 50% AMI.

When selecting NSP3 focus areas, the City of Bakersfield gave preference based on two primary factors. First, preference was given to sites exhibiting the potential for sustainable and environmentally-friendly projects. Specifically, the City utilized geographic information systems (GIS) software and County Assessor data by parcel to analyze concentrations of bank-owned (REO) centrally-located multi-family properties that provide reasonable access to public transportation, multi-modal transit options, and public and private services. This analysis, coupled with the aforementioned HUD-required factors of AMI, foreclosure need score, and anticipated level of assistance available

Summary of Distribution and Uses of NSP Funds:

First, led to the creation of NSP3 Area A, generally located east of Kern Street, north of East California Avenue, west of Haley Street, and south of Bernard Street (excluding areas both east of Owens Street and north of Oregon Street), and generally located in the eastern portion of the Old Town Kern - Pioneer Redevelopment Area.

Second, the City utilized GIS and County Assessor data to determine the areas with the densest concentration of REO properties. An analysis of current REO units within the city yielded two areas with a noticeably high density of REO residential properties, and which met the aforementioned HUD-determined factors of AMI, foreclosure need score, and anticipated level of assistance available. NSP3 Area B is generally located south of Pacheco Road, east of Hughes Lane, north of Panama Lane, and west of South Union Avenue (excluding areas both east of Monitor Street and South of Fairview Road). NSP3 Area B is approximately 1 square mile and exhibited the highest density of REO units with approximately 100 bank-owned residential properties in January



2011. Likewise, NSP3 Area C is approximately 0.45 square miles, generally described as all of the residential properties located in the Bakersfield City limits east of South Oswell Street, north of Baja Drive, west of South Sterling Road, and south of Deacon Avenue (bisected by Highway 58). NSP3 Area C contains approximately 40 bank-owned residential properties as of January 2011.

Collectively, the NSP3 focused areas of greatest need contain high percentages of homes financed by subprime mortgage related loans, and show a risk of additional foreclosures. According to RealtyTrac and the HUD Foreclosure Need website, approximately 29% of mortgages issued in Kern County between 2004 and 2007 were classified as high cost (or subprime) mortgages. Over 38% of mortgages issued in the NSP3 focused areas of greatest need during that same timeframe were subprime mortgages, exceeding the average county rate.

Furthermore, according to the same sources, over 21% of mortgages within these areas remain delinquent and or in foreclosure. The NSP3 focused areas of greatest need also scored a NSP3 Foreclosure Need score of 20, the highest possible score.

According to the 2009 City of Bakersfield Housing Conditions Analysis and subsequent site visits, properties in the NSP3 focused areas of greatest need may require at least a moderate amount of rehabilitation. The City of Bakersfield plans to utilize NSP3 funds predominately to purchase and rehabilitate multi-family and single-family residential properties, budgeting \$2,888,834 for that purpose. Rehabilitation needs for each property purchased with NSP3 funding will be analyzed on a case-by-case basis, and any property determined to require gut rehabilitation will meet Energy Star standards upon project completion as described in the Definitions and Descriptions section of this document.

The City analyzed comparable components of its NSP1 program to determine a reasonable number of anticipated NSP3-assisted units based on the anticipated NSP3 funding. Using NSP1 funds, the City utilized \$6.5 million to purchase and rehabilitate a total of 118 single- and multi-family units, averaging approximately \$56,000 per unit. Thus, accounting for an approximate 5% reduction in median home sales price in the City of Bakersfield in the past1

Summary of Distribution and Uses of NSP Funds:

2 months (according to the Federal Housing Finance Agency), and a NSP3 focus on purchase and rehabilitation of multi-family properties, the City estimates that it may reasonably assist between 45 and 55 units with \$2,888,843 set aside for purchase and rehabilitation for foreclosed or abandoned properties in the NSP3-focused areas.

According to the 2009 Housing Conditions Analysis and subsequent field visits, it is possible that demolition of property may be necessary.

Therefore, the City is budgeting \$332,093 for demolition activities as permitted by NSP3. The City anticipates being able to assist an additional 7 to 10 properties through the demolition of blighted structures in order to facilitate redevelopment of these properties, potentially with other funding mechanisms available to the City, such as the HOME Investment Partnership Program or Redevelopment Funds for properties located in a Redevelopment Area.

Altogether, the purchase and rehabilitation program and demolition program may reasonably assist between 50 and 60 residential units within the NSP3 focused areas of greatest need. Based on the HUD Foreclosure Need website and attached reports for the City of Bakersfield's NSP3 focus area, approximately 56 assisted units would provide a sufficient neighborhood impact (approximately 20% of foreclosures in the NSP3 focused areas of greatest need in the past year).

Finally, according to the Bureau of Labor Statistics, the Bakersfield-Delano Metropolitan Statistical Area (MSA) has an unemployment rate of over 15%, exceeding the national rate of 9%. Likewise, the Kern County Assessor has reported the lowest annual number of deeds recorded since 1998, showing evidence of a continued decline in home sales. Due to such factors, the City is giving preference to assisting LMMI (and low-income) rental units with NSP3 funds.

How Fund Use Addresses Market Conditions:

Ensuring Continued Affordability:

The City will ensure NSP-assisted units meet affordability requirements in accordance with HOME program standards at 24 CFR 92.252(a), (c), (e) and (f), and 92.254. The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. The following summarizes the minimum period of affordability in years based on the amount of NSP funds provided per housing unit:

- Less than \$15,000: 5 years;
- \$15,000 to \$40,000: 10 years;
- More than \$40,000: 15 years.

Definition of Blighted Structure:

Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions can be caused by serious building code violations, dilapidation and deterioration, defective design or physical construction, faulty or inadequate utilities, or other similar factors.

Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots. This condition may be caused by a substandard design, inadequate size given present standards and market conditions, lack of parking, or other similar factors.

Adjacent or nearby uses that are incompatible with each other and which prevent the economic development of those parcels or other portions of the area.

The existence of subdivided lots of irregular form and shape and inadequate size for proper usefulness and development that are in multiple ownership.

Definition of Affordable Rents:

Each NSP-assisted rental unit will be subject to rent limits designed to help make rents affordable to low income households. These maximum rents will be in accordance with HUD regulations at 24 CFR 92.252 which discusses rental housing

and rent limitation (maximum HOME rents). HUD publishes the High and Low HOME rents and the FMRs for each area (PJ) annually. The City of Bakersfield will annually use the numbers provided to calculate High and Low HOME Rents for NSP assisted housing projects.

Housing Rehabilitation/New Construction Standards:

Every unit being rehabilitated or constructed with NSP funds will be completed in accordance with the local housing code and zoning ordinances at the time of project completion. The City of Bakersfield local building code and zoning ordinances promote health and public safety in the construction and maintenance of buildings and structures, and the maintenance of property through the enforcement of uniform building construction codes, conservation standards, regulations and ordinances (Ord. 4087 § 2 (part), 2002). As of January 1, 2008, Bakersfield adopted new building construction codes (2007 CBC, CMC, CPC, CEC, California Existing Building Code, California Historic Building Code) that will apply to the NSP program and activities. These building construction codes will establish the standards for the NSP assisted rehabilitation work that will bring substandard housing into compliance with the City property standard. All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the HUD standard for Energy Star Qualified New Homes. All gut rehabilitation or new construction of mid- or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy). Rehabilitation must, to the extent applicable as reviewed on a case-by-case basis, replace aging obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star products.

Vicinity Hiring:

Section 3 and "vicinity" hiring – the City of Bakersfield will require that any subrecipient or developer (or subsequent contractors) follow HUD Section 3 regulations as well as ensure that subrecipients or developers make efforts to market new jobs associated with the project to individuals or companies within the "vicinity" of the project as described in NSP3.

Procedures for Preferences for Affordable Rental Dev.:

Grantee Contact Information:

Rhonda W. Barnhard, Assistant Economic Development Director
City of Bakersfield
Economic and Community Development
1600 Truxtun Avenue, Suite 300
Bakersfield, California 93301
661 326-3765
RBarnhard@bakersfieldcity.us

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$3,320,927.00
Total Budget	\$0.00	\$3,320,927.00
Total Obligated	\$0.00	\$3,320,927.00
Total Funds Drawdown	\$0.00	\$3,320,927.00
Program Funds Drawdown	\$0.00	\$3,320,927.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$3,320,927.00
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	\$498,139.05	\$0.00
Limit on Admin/Planning	\$332,092.70	\$100,000.00
Limit on Admin	\$0.00	\$100,000.00
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$830,231.75	\$830,232.00

Overall Progress Narrative:

Staff is working to close out NSP by April of 2020. Entitlement funds exist in the City of Bakersfield's NSP1 grant. Staff is working to verify all beneficiary data is entered correctly, flags are addressed, and all funds are drawn down. No activity to report this quarter for NSP3.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
B., Acquisition and Rehabilitation	\$0.00	\$3,220,927.00	\$3,220,927.00
F., Administration	\$0.00	\$100,000.00	\$100,000.00

Activities

Project # / Title: B. / Acquisition and Rehabilitation

Grantee Activity Number: 1.

Activity Title: Acquisition and Rehabilitation

Activity Category:

Acquisition - general

Project Number:

B.

Projected Start Date:

03/01/2011

Benefit Type:

Area ()

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition and Rehabilitation

Projected End Date:

03/01/2013

Completed Activity Actual End Date:

Responsible Organization:

City of Bakersfield

Overall

Total Projected Budget from All Sources

Oct 1 thru Dec 31, 2018

N/A

To Date

\$2,390,695.00

Total Budget

\$0.00

\$2,390,695.00

Total Obligated

\$0.00

\$2,390,695.00

Total Funds Drawdown

\$0.00

\$2,390,695.00

Program Funds Drawdown

\$0.00

\$2,390,695.00

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$0.00

\$2,390,695.00

Most Impacted and Distressed Expended

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Activity Description:

The City of Bakersfield will seek to partner with subrecipients and/or developers to purchase and, if necessary, rehabilitate residential units within the attached NSP3 focused areas of greatest need. The City primarily desires to provide NSP3 assistance in the purchase and rehabilitation of bank-owned (REO) centrally-located multi-family properties that provide reasonable access to public transportation, multi-modal transit options, and public and private services. Additionally, the City anticipates assisting in the purchase and rehabilitation of single-family residences within the NSP3 focused areas of greatest need.

The NSP3 focused areas of greatest need, and which are eligible for this activity, exhibit a very high HUD Foreclosure Need score (20), high percentage of subprime mortgages issued between 2004 and 2007 (38%), and a high percentage of properties which are delinquent or in foreclosure (21%). The goal of this activity is to assist these neighborhoods by assisting in the purchase and rehabilitation of foreclosed or abandoned properties in order to turn the subject properties into viable LMMI units for the period of affordability (15 years ± as described in the "definitions" section of this document). Preference will be given for rental units. The City will ensure NSP3-assisted units meet affordability requirements in accordance with 24 CFR 92.252(a), (c), (e), and (f) and 92.254. The



affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. They will be imposed by deed restrictions, covenants running with the land, or other mechanisms approved by HUD, except that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure. Any agreement with subrecipients and/or developers will also include such affordability restrictions.

Likewise, the City of Bakersfield through agreements with suprecipients and/or developers will contain the following provisions to ensure compliance with NSP3 regulations:

- Section 3 and “vicinity” hiring – the City of Bakersfield will require that any subrecipient or developer (or subsequent contractors) follow HUD Section 3 regulations as well as ensure that subrecipients or developers make efforts to market new jobs associated with the project to individuals or companies within the “vicinity” of the project as described in NSP3.
- Discount rate for property acquisition – the minimum average discount will be 1%.
- Range of interest rates – for rental: 0%, deferred with declining pro-rata forgivable balance for 120% of AMI.

Location Description:

NSP3 Focus Area A: generally located east of Kern Street, north of East California Avenue, west of Haley Street, and south of Bernard Street (excluding areas both east of Owens Street and north of Oregon Street); NSP3 Area B: generally located south of Pacheco Road, east of Hughes Lane, north of Panama Lane, and west of South Union Avenue (excluding areas east of Monitor Street and south of Fairview Road; NSP3 Focus Area C: generally described as all residential properties within the Bakersfield City limits east of South Oswell Street, north of Baja Drive, west of South Sterling Road, and south of Deacon Avenue.

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/35

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/35
# of Multifamily Units	0	0/35
# of Singlefamily Units	0	0/0

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	



Grantee Activity Number:	2.
Activity Title:	Acquisition and Rehabilitation

Activity Category:

Acquisition - general

Project Number:

B.

Projected Start Date:

03/01/2011

Benefit Type:

Area ()

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition and Rehabilitation

Projected End Date:

03/01/2013

Completed Activity Actual End Date:**Responsible Organization:**

City of Bakersfield

Overall**Total Projected Budget from All Sources****Oct 1 thru Dec 31, 2018**

N/A

To Date

\$830,232.00

Total Budget

\$0.00

\$830,232.00

Total Obligated

\$0.00

\$830,232.00

Total Funds Drawdown

\$0.00

\$830,232.00

Program Funds Drawdown

\$0.00

\$830,232.00

Program Income Drawdown

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Total Funds Expended

\$0.00

\$830,232.00

Most Impacted and Distressed Expended

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Activity Description:

The City of Bakersfield will seek to partner with subrecipients and/or developers to purchase and, if necessary, rehabilitate residential units within the attached NSP3 focused area of greatest need. The City is primarily anticipates providing NSP3 assistance in the purchase and rehabilitation of bank-owned (REO) centrally-located multi-family properties that provide reasonable access to public transportation, multi-modal transit options, and public and private services. Additionally, the City anticipates assisting in the purchase and rehabilitation of single-family residences within the NSP3 focused areas of greatest need.

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Likewise, the City of Bakersfield through agreements with subrecipients and/or developers will contain the following provisions to ensure compliance with NSP3 regulations:

- Units to benefit families 50% of AMI – the City of Bakersfield will require that no less than 25% (or a total

of \$830,232) will be utilized to benefit families earning less than or equal to 50% of AMI annually,

- Section 3 and “vicinity” hiring – the City of Bakersfield will require that any subrecipient or developer (or subsequent contractors) follow HUD Section 3 regulations as well as ensure that subrecipients or developers make efforts to market new jobs associated with the project to individuals or companies within the “vicinity” of the project as described in NSP3.

- Discount rate for property acquisition – the minimum average discount will be 1%.

Range of interest rates – for rental: 0%, deferred with declining pro-rata forgivable balance for 50% of AMI

Location Description:

NSP3 Focus Area A: generally located east of Kern Street, north of East California Avenue, west of Haley Street, and south of Bernard Street (excluding areas both east of Owens Street and north of Oregon Street); NSP3 Area B: generally located south of Pacheco Road, east of Hughes Lane, north of Panama Lane, and west of South Union Avenue (excluding areas east of Monitor Street and south of Fairview Road; NSP3 Focus Area C: generally described as all residential properties within the Bakersfield City limits east of South Oswell Street, north of Baja Drive, west of South Sterling Road, and south of Deacon Avenue.

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Properties	0	0/15

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	0/15
# of Multifamily Units	0	0/15
# of Singlefamily Units	0	0/0

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	

