

# Grantee: Corona, CA

## Grant: B-11-MN-06-0506

### July 1, 2019 thru June 30, 2020 Performance Report

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<b>Grant Number:</b> B-11-MN-06-0506	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Corona, CA	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$1,317,310.00	<b>Grant Status:</b> Closed with Ongoing Reporting	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b> \$1,317,310.00	<b>Estimated PI/RL Funds:</b> \$0.00	
<b>Total Budget:</b> \$1,317,310.00		

### Disasters:

#### Declaration Number

NSP

### Narratives

#### Summary of Distribution and Uses of NSP Funds:

##### Determination of Areas of Greatest Need

Describe how the areas of greatest need were established.

##### Response:

The City has conducted a single-family acquisition, rehabilitation and resale program since April of 2009. Beginning in the fall of 2010 the pipeline of eligible homebuyers decreased along with the general level of market activity.

Although home prices have stabilized, the pool of buyers suited to the types of homes being offered through the City's program has substantially decreased. This can be primarily attributed to tighter credit standards in the mortgage lending market, increased inventory of homes on the market, stagnating incomes, persistent unemployment, and the generally higher pricing of homes in Corona relative to income. Home prices remain substantially below those of 2007 however prices in Corona remain higher than neighboring communities in Riverside County. Residential rents have not shown a similar fall. Rental costs are a greater challenge to affordable housing now than they were just three years ago especially with the high unemployment rate in Riverside/San Bernardino counties, which has hovered around 14% over the past year.

Given the amount of funding allocated to the City through NSP3 and the recent changes in the housing market, the City determined that using NSP3 funds to subsidize one to three multi-family rental projects would have the most impact on the selected neighborhoods and be the most efficient and productive use of funds.

The City is proposing to target assistance to two areas.

##### Harrington Street Neighborhood

The first area is surrounding a vacant residential parcel at 1096 Harrington Street in the Northwest area of the City. The area includes Census Tracts 408.07, 408.8 in their entirety and portions of Census Tracts 415, 408.09 and 408.04. Tracts 408.07 and 408.8 contain the majority of residential properties in the area. The area is bounded by Corydon Street along the Northwest, Fairview Drive and Parkridge Ave on the Northeast, North Main Street on the East, Highway 91 on the South, and North Smith Avenue and West Rincon Street on the West. Please see the map attached as Exhibit B.

The area has an NSP3 Score of 18.02. The state threshold is 17. The area is majority LMMI (53.1 percent) and has a significant number of low-income households (33.5 percent). There are 3,674 housing units in the area. There is not a significant vacancy problem in the area but three quarters of the units in the area received a mortgage between 2004 and 2007, indicating a risk for high cost or adjustable rate mortgages that may have balances in excess of current market values. The number of homes delinquent or in foreclosure, number of foreclosure starts, and number of REO properties are all significant. The 30 units of affordable housing to be eventually developed are close to the 40 units identified as needed to create an impact. Please see the NSP3 Planning Data attached as Exhibit A.

The City has had a long-term interest in seeing the site develop as multi-family rental housing as the presence of a large undeveloped parcel in the middle of a residential area has had a blighting influence over time. The site was in the process of development as multi-family housing when the owner/developer defaulted on the financing used to acquire the site in mid 2010. The lender was contemplating forecl

#### Summary of Distribution and Uses of NSP Funds:

osure however ultimately chose to divest themselves of this nonperforming loan along with several other loans in their portfolio. The Redevelopment Agency of the City of Corona has since purchased the mortgage from the lender and is negotiating acquisition and clean title to the site via a deed-in-lieu of foreclosure. (Please note that the Redevelopment Agency is a legally distinct entity from the City.)

The City will solicit proposals to develop the property as affordable housing. NSP3 funds will be used to acquire the property from the Agency. West 5th Street Neighborhood

The second area is surrounding an existing 12 unit multi-family property at 926 West 5th Street in central core area of the



City. The area is comprised of Census Tract 417.04. The area is bounded by state highway 91 on the North, West Grand Blvd on the East, 10th Street on the South, and South Lincoln on the West. Please see the map attached as Exhibit C. This area is an aging, densely populated residential area that includes urban commercial uses and mixed residential properties. It is suited to permanent supportive housing in that it is near major transportation corridors served by public transit, near health and government services, close to schools and neighborhood shopping facilities. The area is known to have a significant number of single-family rental units and small multi-family properties (under 50 units). The area also has a significant problem with blighted properties that are poorly maintained. The City views the rehabilitation of properties in this area and their conversion to affordable housing as part of a broader strategy to address blight and poverty. The area has a NSP3 need score of 20 (state threshold = 17) with 911 housing units. It has a high concentration of low and moderate income persons with over 90 percent LMMI households and over 70 percent low-income households. Although the area does have other indicators of distress, the primary reason for selecting the area was to maximize the benefit to very-low-income households. The 12 units to be converted to permanent affordable housing are greater than the estimated seven units needed to impact the area.

### **How Fund Use Addresses Market Conditions:**

Data sources were the NSP3 mapping tool and local market knowledge gained from implementation of the NSP1 program. The City consulted with its current NSP1 partners in program implementation, neighboring jurisdictions, and experts in local real estate. The City of Corona has an active role in the revitalization of local residential and commercial properties. City staff have significant knowledge and awareness of local market trends.

Given the amount of funding allocated to the City through NSP3 and the recent changes in the housing market, the City determined that using NSP3 funds to subsidize 1-3 multi-family rental projects would have the most impact on the selected neighborhood and be the most efficient and productive use of funds.

### **Ensuring Continued Affordability:**

The City will use the HOME program long-term affordability standards found at 24 CFR 92.252. To assure long-term rental affordability, the City will record a Regulatory Agreement with Covenants to run with the land restricting the use of the property and requiring the provision of rent-restricted units. The number of affordable units in the development will be in proportion to the contribution of the NSP funds to the total development costs. In addition, the affordable units will be proportional to the units in the development and intermixed throughout the project. The City will also perform annual monitoring (desk and on-site) to ensure the terms of the long-term affordability covenants are being met.

### **Vicinity Hiring:**

#### Vicinity Hiring Requirement

The City will require as a condition of assistance that to the maximum extent possible, developers and contractors make any new hire employment opportunities available to persons who reside in the vicinity of the development and that all construction contractors and subcontractors will be required to make employment opportunities available to persons who reside in the vicinity.

The City will establish numeric targets prior to the start of construction and monitor vicinity hiring. These same efforts will be made to contract or subcontract with small businesses that are owned and operated by persons residing in the vicinity of the project.

### **Definition of Blighted Structure:**

#### Definitions and Descriptions Definitions

Blighted Structure The City of Corona uses the State of California's definition of blight as found at California Health and Safety Code Sections 33030 and 33031 which are attached at Exhibit D.

### **Definition of Affordable Rents:**

Affordable Rents - The City will use the HOME program rental affordability standards and definition of affordable rents found at 24 CFR 92.252.

### **Housing Rehabilitation/New Construction Standards:**

#### Housing Rehabilitation Standards

The City will apply the existing standards used in the City of Corona Home Improvement Program. Please see the attached summary of those standards in Exhibit E.

All rehabilitated property and new construction will comply with all applicable state and local codes for health and safety of the occupants, accessibility, energy efficiency, and water conservation.

The City of Corona has adopted the 2010 California Green Building Standards (CALGreen) Code. The City has also adopted local energy and water conservation requirements for all new construction and major rehabilitation.

All major rehabilitation and new construction of multi-family structures will comply with the Energy Star standard (ASHRAE 90.1—2004, Appendix G) plus 20 percent.

Where feasible and in the course of the overall project, all rehabilitation will replace fixtures, appliances, or other building systems or components (windows, doors, HVAC, irrigation controllers) with Energy Star labeled products or those that provide a comparable reduction in energy consumption.

All rehabilitation and new construction will install water efficient fixtures (toilets, faucets, showers) such as those bearing the WaterSense label. All such projects will also install water conserving irrigation controllers which incorporate soil moisture and weather sensing instruments.

Where feasible and in the course of the overall project, all major rehabilitation will meet the current California state standards for seismic safety. All new construction must meet these requirements by law.

### **Procedures for Preferences for Affordable Rental Dev.:**

#### Rental Housing Preference

All of the activities proposed for NSP3 funding are rental housing.

### **Grantee Contact Information:**

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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$1,317,310.00
Total Budget	\$0.00	\$1,317,310.00
Total Obligated	\$0.00	\$1,317,310.00
Total Funds Drawdown	\$0.00	\$1,317,310.00
Program Funds Drawdown	\$0.00	\$1,317,310.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$1,317,310.00
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	\$197,596.50	\$0.00
Limit on Admin/Planning	\$131,731.00	\$129,222.20
Limit on Admin	\$0.00	\$129,222.20
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$329,327.50	\$930,596.05

## Overall Progress Narrative:

NSP Annual Report – July 1, 2019 – June 30, 2020

The City of Corona closed out its NSP1 and NSP3 grants during the 2018-2019 Program Year. On June 5, 2019, \$13,869.00 of NSP1 Program Income was transferred from DRGR to the CDBG Program in IDIS (Receipt No. 5287755) to complete the closeout process.

No additional activity took place during the 2019-2020 Program Year.

No Program Income was generated between July 1, 2019 and June 30, 2020.

All NSP-assisted properties were monitored during the Program Year for income eligibility, affordability, and habitability (rental projects) and for continued owner-occupancy as primary residence (ownership projects). No deficiencies were identified during annual monitoring.

There was no new NSP activity or expenditures subsequent to closeout.

There were no amendments.

## Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, NSP 3 - Acquisition	\$0.00	\$856,251.00	\$856,251.00
2, NSP 3 - Rehab	\$0.00	\$331,836.80	\$331,836.80
3, NSP 3 - Administration	\$0.00	\$129,222.20	\$129,222.20

