

**Grantee: Hemet, CA**

**Grant: B-11-MN-06-0508**

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

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<b>Grant Number:</b> B-11-MN-06-0508	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Hemet, CA	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$1,360,197.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> Tiffany Barnett
<b>LOCCS Authorized Amount:</b> \$1,360,197.00	<b>Estimated PI/RL Funds:</b> \$240,260.32	
<b>Total Budget:</b> \$1,600,457.32		

### Disasters:

#### Declaration Number

NSP

### Narratives

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

##### ACQUISITION/REHABILITATION/RESALE

This program allows NSP funds to be used for the acquisition and rehabilitation of qualifying single-family homes to the City's rehabilitation standards, and selling them to income eligible home buyers. The City of Hemet is so affordable that some residents with a household median income below 50% will qualify for home ownership.

##### ACQUISITION/REHABILITATION/RESALE LH25

The City of Hemet is so affordable that some residents with a household median income below 50% will qualify for home ownership.

##### ACQUISITION/REHABILITATION/RENTAL

This program allows NSP funds to be used for the acquisition and rehabilitation of qualifying multi-family properties to the City's rehabilitation standards, and then partnering with the Hemet Community Land Trust to manage the rental of units for the benefit of households at or below 50% median income.

##### HOME BUYER ASSISTANCE LOANS

Funds from this activity will provide a loan to qualified home buyers for down payment and/or closing costs. Many times the home buyers earn enough money but do not have the sufficient down payment and closing costs needed. The NSP loan will bridge that gap and make it easier for home buyer to qualify. This activity strongly supports the ARResale effort because without a qualified home buyer at the end of the rehabilitation process, the homes are susceptible to vandalism and theft. This activity focuses on increasing the number of home owners in a neighborhood thus bringing more stability.

##### ACQUISITION/DEMOLITION/LANDBANK/REVELOPMENT

In certain instances, the condition of specific units may warrant demolition instead of rehabilitation. A primary basis would be the proposed cost of rehabilitation. In such cases, staff would consult with the City's Building Official regarding the structural soundness of the house. If deemed appropriate, demolition would occur. Plans to develop the parcel as an in-fill unit or units would commence as soon as practicable. Several redevelopment options would be considered. One option would be to sell the parcel to Habitat for Humanity for \$1 for their next new construction project; another option would be to make it available to a non-profit for special needs housing. Other possible uses under this activity type might include vacant, foreclosed properties that allow for the expansion or improvement of a commercial use, park or public facility.

Between the time of demolition and new construction, the sites would be land banked. The City will maintain the sites and in some cases consolidate adjacent parcels.

##### ADMINISTRATION

City of Hemet - Administrative costs incurred in the management and implementation of the NSP3 program.

Civic Stone - Provide staffing and other resources as required to assist the Hemet Housing Authority (HHA) staff to perform management services related to programs created under the NSP3 as specified in the Agreement for Consultant Services between the Hemet Housing Authority and Civic Stone, Inc.

#### How Fund Use Addresses Market Conditions:

##### ACQUISITION/REHABILITATION/RESALE

Funds from this activity will target homes that require rehabilitation beyond what the market will bear without NSP assistance. Once rehabilitated, the homes will be sold to income eligible buyers with a one year warranty. This Activity focuses funds into an older area of the City with homes that require a substantial amount of rehabilitation. This target area also has the highest concentration of foreclosures in the City. The ARResale funds will directly combat this statistic by a pro-



active approach in rehabilitating these distressed homes and selling them to qualified home buyers.

#### ACQUISITION/REHABILITATION/RENTAL

Funds from this Activity will target properties that require rehabilitation beyond what the market will bear without NSP assistance; either 2-4 unit properties or a small apartment complex. Once rehabilitated, the units will be transferred to and managed by Hemet Community Land Trust. Hemet is an area with a great need for rental housing because of a high unemployment rate (Hemet 14.3%; CA 12.5%) combined with households with foreclosure histories.

#### HOME BUYER ASSISTANCE LOANS

This activity benefits both the income-qualified household as well as the neighborhood. The low-income household is able to afford a nice, rehabilitated home instead of renting. The surrounding areas are improved because the dilapidated houses are fixed; resulting in higher neighborhood home values. Furthermore, the area is more stabilized by home ownership instead of absentee investor rental properties.

#### Ensuring Continued Affordability:

While ARResale initially provides loans to Developer Partners for the acquisition of eligible homes, it does so with an affordability covenant recorded against the property. The covenant ensures that the Developer Partner can only sell the home to an income eligible home buyer.

#### Definition of Blighted Structure:

The City of Hemet uses the State of California's definition of blight as found at California Health & Safety Code Sections 33030 & 33031.33030.(a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state. (b) A blighted area is one that contains both of the following: (1) An area that is predominantly urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. (2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031. (c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of any of the following: (1) Inadequate public improvements. (2) Inadequate water or sewer utilities. (3) Housing constructed as a government-owned project that was constructed before January 1, 1960. 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. (b) This subdivision describes economic conditions that cause blight: (1) Depreciated or stagnant property values. (2) Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459). (3) Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings. (4) A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institu

#### Definition of Blighted Structure:

tions. (5) Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations. (6) An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems. (7) A high crime

#### Definition of Affordable Rents:

For an NSP-funded rental activity, affordable rents shall be defined as the published HOME rents for the MSA of Riverside/San Bernardino/Ontario less utilities. Should any gap be present, funds for this gap will be required from other sources of funding.

#### Housing Rehabilitation/New Construction Standards:

The NSP funds will follow the City of Hemet's standards from the ongoing Housing Rehabilitation Programs (funded from HOME and CalHOME): At a minimum, all health and safety issues and all violations to local codes, ordinances, and zoning requirements shall be corrected. In addition, the Uniform Building Code, the National Electrical Code, the Uniform Plumbing Code, the Uniform Mechanical Code, Title 25, and Chapters 5-10 of the Uniform Housing Code, ADA, Section 504, and relevant sections of Titles 24 which pertain to disability access shall be satisfied as part of the rehabilitation. In addition to requiring that the building be brought into compliance with applicable codes, the Program requires specific additional upgrades in all projects. These include: upgrade of electrical equipment grounding and bonding system; GFCI replacement in kitchen, bathroom and exterior areas; fire extinguishers; smoke detector upgrade to current Uniform Building Code; and installation of carbon monoxide detectors; and exterior painting, if needed. All disabled access improvements, emergency repairs or weatherization. All work performed must comply with the rehabilitation standards. Energy Conservation In addition to repairs required because of code violations, the borrower(s) may request that loan proceeds be used to upgrade the property to meet energy conservation standards. Lead Based Paint Repairs Control or abatement of defective lead based paint surfaces will be included in the property rehabilitation where applicable. A lead based paint inspection report may be required of any home built before 1978. Asbestos Removal Removal of materials containing asbestos, if necessary, will be included as part of the property rehabilitation. Other Eligible Improvements In addition to the above noted eligible improvements, program funds are available for rehabilitation improvements that are physically attached and permanent in nature as follows: 1. Repairs that remedy existing nonconforming uses such as garage conversions, additions, etc. 2. Exterior work to help preserve or protect structures, roofing, siding (if significantly damaged), re leveling, bracing (including earthquake bracing), repair/replacement of screens/windows, doors and door locks, structural and/or foundation damage, replacement of deteriorated attached porch and step structures (i.e., mobile home porches made of plywood). 3. Interior work to make a structure more livable and repair/replace/restore important parts such as plumbing (i.e., re pipe and replacement of fixtures), damaged flooring, faulty or inadequate heating/cooling systems, inoperable built in appliances, damaged ceilings, water heaters, electrical wiring and service, painting (if walls are water damaged). 4. Weatherization and energy conservation items such as insulation, caulking, weather stripping, if all health and safety code violations have been corrected. 5. Fumigation and treatment of termites and pest control. 6. Modifications which aid the mobility of the elderly and physically disabled such as shower units with seats, lever hardware, retrofitting toilets to achieve adequate height, moving power points and light switches, ramping, reconstructing doorways, lowering sinks in kitchens and bathrooms. All health



and safety code violations must be corrected to be eligible for disabled access improvements and emergency repairs. Testing for the presence of lead based paint and associa

**Housing Rehabilitation/New Construction Standards:**

ted abatement, as required. (Any costs associated with abatement of lead based paint will be processed as a part of the loan.) Incipient repair items (i.e. household appliances, furnaces that are likely to fail within a few years) may be eligible for replacement if the item is replaced with one of moderate quality only. Owners medical conditions may warrant new or replacement appliances. Ineligible Improvements 1. Repair, purchase or installation of kitchen appliances, wh

**Vicinity Hiring:**

The jurisdiction certifies that it will, to the maximum extent feasible, provide for hiring of employees that reside in the vicinity of NSP3 funded projects or contract with small businesses that are owned and operated by persons residing in the vicinity of NSP3 projects.

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

The jurisdiction certifies that it will be abide by the procedures described in its NSP3 Abbreviated Plan to create preferences for the development of affordable rental housing for properties assisted with NSP3 funds.

**Grantee Contact Information:**

Tiffany Barnett, Accountant tbarnett@cityofhemet.org 951-765-2353  
 445 E. Florida Avenue  
 Hemet, CA 92543

Overall	This Report Period	To Date
<b>Total Projected Budget from All Sources</b>	N/A	\$1,600,457.32
<b>Total Budget</b>	\$0.00	\$1,600,457.32
<b>Total Obligated</b>	\$0.00	\$1,600,457.32
<b>Total Funds Drawdown</b>	\$0.00	\$1,439,710.98
<b>Program Funds Drawdown</b>	\$0.00	\$1,197,162.45
<b>Program Income Drawdown</b>	\$0.00	\$242,548.53
<b>Program Income Received</b>	\$0.00	\$242,548.53
<b>Total Funds Expended</b>	\$0.00	\$1,623,949.69
<b>Most Impacted and Distressed Expended</b>	\$0.00	\$0.00
<b>Match Contributed</b>	\$0.00	\$0.00

**Progress Toward Required Numeric Targets**

Requirement	Target	Actual
<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>	\$204,029.55	\$0.00
<b>Limit on Admin/Planning</b>	\$136,019.70	\$155,899.50
<b>Limit on Admin</b>	\$0.00	\$155,899.50
<b>Most Impacted and Distressed Threshold (Projected)</b>	\$0.00	\$0.00
<b>Progress towards LH25 Requirement</b>	\$400,114.33	\$859,311.55

**Overall Progress Narrative:**

During the first quarter of Fiscal Year 2020/2021 no activity has occurred within our NSP grant. We are still working on the Final Parcel Map to separate the final remaining parcel of land within the programs to move forward and construct or enter into a partnership with Habitat for Humanity or an agency similar to finalize the grant and close out the program.



# Project Summary

Project #, Project Title

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Acquisition/Rehab/Resale	\$0.00	\$413,695.00	\$286,632.17
2, Acquisition/Rehab/Rental	\$0.00	\$1,012,119.58	\$790,669.02
3, Acquisition/Demo/Landbank	\$0.00	\$10,805.00	\$0.00
4, Administration	\$0.00	\$161,861.55	\$119,861.26
5, Acquisition/Rehab/Resale LH25	\$0.00	\$1,976.19	\$0.00



