

Grantee: Kern County, CA

Grant: B-11-UN-06-0501

January 1, 2020 thru March 31, 2020 Performance

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| Grant Number: B-11-UN-06-0501 | Obligation Date: | Award Date: |
| Grantee Name: Kern County, CA | Contract End Date: 03/09/2014 | Review by HUD: Reviewed and Approved |
| Grant Award Amount: \$5,202,037.00 | Grant Status: Active | QPR Contact: No QPR Contact Found |
| LOCCS Authorized Amount: \$5,202,037.00 | Estimated PI/RL Funds: \$0.00 | |
| Total Budget: \$5,202,037.00 | | |

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

The County proposes to obligate a minimum of \$1,300,509.20 (25%) of its NSP funds to rental housing activities that will provide housing to persons and families whose incomes do not exceed 50% of AMI. Rental housing has been determined to be the most appropriated for these households. The County rental housing activities that will provide this targeting are as follows:
The Eucalyptus Village Rental Housing Activity will provide \$4.5 Million of its NSP3 allocation to Corporation for Better Housing as a developer for construction of affordable multifamily rental housing. The multifamily units will be rented to qualified households with incomes at or below 80% of Area Median Income (AMI), with at least 25% of the NSP3 funded units reserved for qualified households that are below 50% AMI. It is projected that of the 94 multifamily rental units to be constructed with a combination of these NSP3 funds, NSP1 funds previously committed to the project and other financing, 35 units will be constructed with NSP3 funds, and at least 9 of these 35 units will be reserved for qualified households at or below 50% of AMI.
In addition, the GEahi Rental Housing Activity will obligate \$440,000 for acquisition and rehabilitation of single-family dwellings for rental housing designated for households at or below 50% of AMI. With property values for rental units estimated between \$80,000 and \$125,000, it is projected that a total of 4 rental units may be purchased and rehabilitated with NSP3 funds.
\$262,037 has been allocated to Grantee administration costs.

How Fund Use Addresses Market Conditions:

The NSP3 Area of Greatest Need was established, in part, due to the successful acquisition of properties during implementation of NSP1, and knowledge of the local housing market. The NSP1 - GEahi Rental Housing Activity successfully acquired properties in a neighborhood that will also be targeted in NSP3.

NSP1 funds were also utilized in the Fairfax/Eucalyptus Apartments Activity, in which NSP1 funds will be used to acquire vacant residential lots and pay a portion of the subsequent construction costs for 94 multifamily rental units.

Using the NSP3 HUD data and mapping tool, we further find that these specific NSP1 areas serve as cornerstones within the selected NSP3 Area of Greatest Need in metropolitan Bakersfield, bounded roughly by Niles Street, Gargano Street, Fairfax Road, and Edison Highway. The attached NSP3 Planning Data and map describes the area in greater detail.

The selected Area of Greatest Need has a Neighborhood NSP Score of 20, the neediest score possible. With more than 22% of the housing units reported delinquent or in foreclosure, and 105 units already classified as Real Estate Owned July 2009 to June 2010, the area is at great risk of future foreclosures.

The future foreclosure risk is made even greater by the overall jobless rate of 16.2% countywide, as reported by the State Employment Development Department. Furthermore, over 1,700 housing units in the area received mortgages between 2004 and 2007, with a reported 37.73% of those loans considered to be high-cost mortgages. This significant percentage of high-cost mortgages further increases the likelihood of a future increase in foreclosures.

No tiered funding approach is being utilized.



Ensuring Continued Affordability:

Continued affordability will be enforced through deeds of trust and deed restriction agreements. Affordability periods from the HOME program at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 will be applied as minimum requirements.

Definition of Blighted Structure:

The County of Kern utilizes the definition of "public nuisance" when defining "blighted structure": "Public nuisance" means any use or condition of property or portion thereof, including buildings, structures, mobile homes, commercial coaches, recreational vehicles and motor vehicles located thereon, which is unsafe, injurious to the health, safety, and welfare of the public or the occupants of the property, constitutes an attractive nuisance, attracts, harbors or provides a breeding place or insects or rodents, creates a fire hazard, is indecent or offensive to the senses, or which unlawfully obstructs the passage or use in the customary manner on a navigable lake, river, stream, canal or basin, park, square, street, easement or highway, in the unincorporated area of the county. This definition is in addition to the definitions of "public nuisance" and "nuisance" found in applicable codes and regulations of the state.

Definition of Affordable Rents:

Home Investment Partnerships Act (HOME) affordability standards found at 24 CFR 92.252(a), (c), (e), and (f), and 92.254 will be applied to properties assisted with NSP funds as minimum requirements.

Housing Rehabilitation/New Construction Standards:

The County of Kern Planning and Community Development Department has established Property Rehabilitation Standards for NSP3 which are located on the department web page at www.co.kern.ca.us/cd, a portion of which states as follows with regard to energy efficiency.

- 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 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).
- Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older 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-46 labeled products.
- Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

Vicinity Hiring:

Developers shall cause or require to be inserted in full in all contracts and subcontracts for work financed, in whole or in part, with assistance provided through NSP3, the Section 3 clause entitled, "Training, Employment and Business Opportunity", included in this application for reference.

Developers shall, to the greatest extent feasible, seek out and attempt to award contracts to Section 3 business concerns in the designated Area of Greatest Need for the business opportunities generated by NSP3.

Procedures for Preferences for Affordable Rental Dev.:

All activities other than the Admin Activity are 100% affordable rental. No additional procedures are considered necessary.

Grantee Contact Information:

NSP3 Program Administrator Contact Information
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| Overall | This Report Period | To Date |
|--|---------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$4,762,037.00 |
| Total Budget | \$0.00 | \$4,762,037.00 |
| Total Obligated | \$0.00 | \$4,762,037.00 |
| Total Funds Drawdown | \$0.00 | \$4,679,291.38 |
| Program Funds Drawdown | \$0.00 | \$4,679,291.38 |
| Program Income Drawdown | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Total Funds Expended | \$0.00 | \$4,679,291.38 |
| 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 | \$780,305.55 | \$0.00 |
| Limit on Admin/Planning | \$520,203.70 | \$179,291.38 |
| Limit on Admin | \$0.00 | \$179,291.38 |
| Most Impacted and Distressed Threshold (Projected) | \$0.00 | \$0.00 |
| Progress towards LH25 Requirement | \$1,300,509.25 | \$1,575,000.00 |

Overall Progress Narrative:

Developer awaiting state tax credit approval to begin construction, hopefully by June 2020.

Project Summary

| Project #, Project Title | This Report | To Date | |
|--|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 01.NSP3.1, Eucalyptus Village | \$0.00 | \$4,500,000.00 | \$4,500,000.00 |
| 01.NSP3.2, Golden Empire Affordable Housing - Rental | \$0.00 | \$440,000.00 | \$0.00 |
| NSP3.ADMIN, NSP3 Administration | \$0.00 | \$262,037.00 | \$179,291.38 |



