

Grantee: Los Angeles County, CA

Grant: B-11-UN-06-0502

July 1, 2020 thru June 30, 2021 Performance Report

Grant Number:

B-11-UN-06-0502

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

Los Angeles County, CA

Contract End Date:**Review by HUD:**

Reviewed and Approved

Grant Award Amount:

\$9,532,569.00

Grant Status:

Closed with Ongoing Reporting

QPR Contact:

Raymond Webster

LOCCS Authorized Amount:

\$9,532,569.00

Estimated PI/RL Funds:

\$0.00

Total Budget:

\$9,532,569.00

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

Funding will be used for the NSP3 Infill Sites Rental Program and NSP3 Administration. However, the CDC may undertake land banking, demolition and redevelopment to the available NSP3-eligible programs. The CDC has processed a substantial amendment in September 2013 that included these as eligible activities that may be undertaken. If these activities will be undertaken, DRGR will be amended accordingly to set up the new activities. This will only occur if the opportunity arises. **ACTIVITY #1: NSP3 INFILL SITES RENTAL PROGRAM Use: Acquisition and Rehabilitation CDBG Activity or Activities: Acquisition, 24 CFR 570.201 (a); Disposition, 24 CFR 570.201 (b); Relocation, 24 CFR 570.201 (i); and Eligible rehabilitation and preservation activities for homes and other residential properties, 24 CFR 570.202 (a)(1)(b)(1)(2)(4)(5)(6)(7)(iv)(9)(ii) National Objective: Low-Income Housing to Meet 25% Set-Aside (LH25) Activity Description: The Program has been designed to provide financial assistance for affordable rental housing for low-income persons. The residence must be a vacant property with between 1 and 4 units. The residence must have been foreclosed upon or abandoned pursuant to program guidelines. Eligible properties must be located in the City of Hawaiian Gardens. This target area has the greatest need based on the extent of multi-family foreclosures in the community. The Program will provide financial assistance through secured loans. All loans will have zero percent interest and will be secured by a First Deed of Trust. All repayments to the CDC are deferred until sale, transfer, refinancing or full repayment of the first mortgage. The Program will allow for the acquisition and rehabilitation of properties in order to stabilize the targeted community, but more importantly, provide housing opportunities for low-income persons earning 50% or less of area median income. For example, a household of four would be required to have an income of less than \$41,400 in today's market. The purchase price must be at least 1% below the current market appraised value of the property, pursuant to an appraisal dated within 60 days of the offer to purchase. The appraisal must conform to the requirements of 49 CFR 24.103. In order to meet the NSP3 statutory deadlines to expedite commitment and expenditure of program funds, the CDC's Program will be administered through the CDC's NSP1 Infill Sites Rental Program. This will include all relevant aspects that comply with 24 CFR 92.252, including continued affordability ensured by recorded covenants, a minimum 55-year affordability term, zero interest deferred payment loans, affirmative marketing, environmental clearance, CDC rehabilitation standards, and lead-based paint abatement. Location Description: The Program's target area is the City of Hawaiian Gardens, which includes census tracts 5551.02, 5551.04, 5552.11, and 5552.12. As of October 1, 2013, Hawaiian Gardens will no longer be a target area for this activity. Instead, the activity will target the following areas: The following areas will be targeted for all NSP3-eligible areas: unincorporated Florence-Firestone/Walnut Park, West Athens-Westmont, Willowbrook/West Rancho Dominguez-Victoria, East Rancho Dominguez and Hacienda Heights (portion), as well as the cities of Baldwin Park, C**

Summary of Distribution and Uses of NSP Funds:

ovina and West Covina. The city of Hawaiian Gardens will be removed as a target area under the NSP3 program, while the areas of La Puente and San Fernando will remain. Budget: \$5,492,400 **ACTIVITY #2: NSP3 ADMINISTRATION** This activity is for grant administration of the NSP3 funds. Eligible CDBG planning and administration activities are included under 24 CFR 570.205(a)(b), 570.206(a)(1)(2)(3)(4)(b)(c)(e)(f)(g), and pre-award costs under 24 CFR 570.200(h) for permissible costs such as

How Fund Use Addresses Market Conditions:

In Los Angeles County, due to a lack of affordable housing, households with very low-incomes (50% area median income) are extremely vulnerable. The impact of the foreclosure crisis on this group, already beset by State spending cuts in social programs, has been tremendous. Limited affordable housing stock and foreclosures on single and multi-family properties have decreased the amount and availability of housing. According to an article from the United Way of Greater Los Angeles titled "A Profile of L.A.'s Poor in Turbulent Times", the upheaval that accompanies foreclosure affects rental housing tenants in Los Angeles County perhaps to a greater degree because the percentage of renters is higher than that of



the State or the nation. Further, housing costs have increased while wages have remained sluggish. In Los Angeles County, 52% of households are renting. The average fair market rent for a two bedroom apartment is approximately \$1,420. In order for this rent to be affordable (without paying more than 30% of income on housing), a household needs one (1) fulltime job paying \$27.31 per hour, which is a little over \$56,800 annually. A minimum wage worker in California must work 137 hour per week or have 3.4 household members earning minimum wages in order to afford a two bedroom unit. Consequently, minimum wage earners are priced out of the affordable rental housing market. In Los Angeles County this excessive housing cost burden translates into a vacancy rate of six percent. The increase in unemployment also negatively impacts these households living in extreme poverty. Currently the unemployment rate in the County is 13.1%; which is 0.9% greater than the State of California and 2.8% greater than the national average, and further increases in unemployment are anticipated. The ongoing State budget deficit with its corresponding layoffs and cuts in spending has exacerbated the problem negatively impacting stabilization efforts by increasing payment defaults across the County in addition to the number of foreclosures. As a result, families are pooling resources and living together in one unit, leaving units unoccupied. While some landlords have demonstrated more willingness to negotiate lease details, many others fail to inform tenants of pending foreclosure, and renters are evicted with little notice. The CDC's Infill Sites Rental program helps decrease the affordable rental housing gap. The Program provides financing to developers to purchase 1-4 unit, vacant and foreclosed homes to rent to households at or below 50% area median income. The properties' continued affordability will be secured by recorded covenants for a minimum 55-year affordability term. With its NSP1 allocation, the CDC financed nine acquisition and rehabilitation loans, generating 21 rental units. Under NSP3, the CDC will commit 90% of its NSP3 allocation for its Infill Sites Rental Program in the targeted area of the City of Hawaiian Gardens. The City of Hawaiian Gardens has a score of 17 in the north and 18 in the south, with a higher overall risk than the surrounding cities of Cyprus, La Palma, Lakewood, and Los Alamitos. Furthermore, the City of Hawaiian Gardens has shown stronger indicators of market instability, including vacancy rates, rates of highcost mortgages,concentrations with incomes less than 120%, and fo

Housing Rehabilitation/New Construction Standards:

The CDC will apply the Federal Housing Administration (FHA) property Standards, and comply with all applicable state and local laws, codes, and other requirements. To the extent feasible, the CDC will incorporate green building and energy-efficiency improvements.

In instances where gut rehabilitation is performed, the CDC will design to meet the standard for Energy Star Qualified New Homes. For more information about Energy Star Qualified New Homes standards please visit http://www.energystar.gov/index.cfm?c=new_homes.hm_index .

How Fund Use Addresses Market Conditions:

reclosure starts. HUD's impact score, an estimated number of properties that need to be assisted in order to impact visible stability efforts, assumes that 20% of distressed units will require stabilization to reach a tipping point. The impact score for the City of Hawaiian Gardens is 30. The attached maps (Attachment A) illustrates that the south side of Hawaiian Gardens will require 5-8 property stabilization interventions while the north side requires 2-4.; for a total of 7-12 property

Ensuring Continued Affordability:

NSP310: Continued affordability ensured by recorded covenants for a term of 55-years.

NSP300: Continued affordability ensured by recorded covenants for a term of 20-years.

Definition of Blighted Structure:

HUD's October 19, 2010 Notice defines blighted structures as structures exhibiting objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. The Notice also indicates that grantees must define blighted structure in the context of state or local law. As such, the following provides the definition of blighted structure under the Amended State of California Health and Safety Code (Effective January 1, 2007): Section 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 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 predominately urbanized, as the 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 inadequate public improvements or inadequate water or sewer facilities. Section 33031 (a) This subdivision describes physical conditions that cause blight: (1) Buildings which are unsafe or unhealthy for persons to live or work. These conditions can 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. This condition may be caused by buildings of a 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 the 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 ar

Definition of Blighted Structure:

e normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions. (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

Definition of Affordable Rents:

The CDC will use the HOME Program Rent definition for persons at 50% or below of the area median income, which is 30% of 50% of area median income minus a utility allowance established by the Los Angeles County Housing Authority.

Vicinity Hiring:

As part of the procurement, the developer was evaluated in conjunction with its team (contractor and property management); therefore, to the maximum extent feasible, the developer's general contractor will provide for the 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.:

Originally 90% of the allocation was slated to be used for the development of affordable rental housing. Currently 57.5% of NSP3 funds have been allocated for this type of housing; and the CDC has reprogrammed and retargeted the balance of funds to Activity #3, which provides financial assistance to eligible homebuyers.

Grantee Contact Information:

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 Community Development Commission of the County of Los Angeles
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Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$9,532,569.00
Total Budget	\$0.00	\$9,532,569.00
Total Obligated	\$0.00	\$9,532,569.00
Total Funds Drawdown	\$0.00	\$9,532,569.00
Program Funds Drawdown	\$0.00	\$9,532,569.00
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$9,532,569.00
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
Community Development Commission of the County of Los Angeles	\$ 0.00	\$ 3,576,633.20
County of Los Angeles Community Development	\$ 0.00	\$ 467,819.76
Cross Roads Housing	\$ 0.00	\$ 5,488,116.04

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$.00
Overall Benefit Amount	\$9,063,842.77	\$.00	\$.00
Limit on Public Services	\$1,429,885.35	\$.00	\$.00
Limit on Admin/Planning	\$953,256.90	\$467,819.76	\$467,819.76
Limit on Admin	\$.00	\$467,819.76	\$467,819.76
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$2,383,142.25		\$5,488,116.04

Overall Progress Narrative:

Since the HERO (NSP300) program's inception, 19 homeowners received loans for acquisition and completed rehabilitation. One homeowner received a loan for acquisition, with rehabilitation completed using NSP1 Program Income (PI). 19 units were acquired and rehabilitated, and leased up since the beginning of the Infill Sites Rental (NSP310) program. The County of Los Angeles met the timeliness goal for use of the NSP3 funds (50% in 36 months). 100% of the grant was expended. The grant was closed out, and any program income received is transferred to the County's CDBG Program. On October 28, 2016, HUD approved the transfer of \$107,880.00 in program income from Activity NSP300 to CDBG. On November 29, 2016, the program income was transferred from DRGR to IDIS Activity 2. On June 26, 2017, HUD approved the transfer of \$30,000



in program income from Activity NSP300 to CDBG. On July 28, 2017, the program income was transferred from DRGR to IDIS Activity 2. On July 20, 2018, HUD approved the transfer of \$309,559 in program income from NSP1 Activity NSP200-08 and Activity NSP101-08 to CDBG. On June 20, 2019 the program income was transferred from DRGR to IDIS Activity 2. On July 28, 2020, HUD approved the transfer of \$190,438 from NSP-1 and \$96,000 in program income from Activity NSP300 to CDBG.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP300, NSP 3 Housing and Economic Recovery	\$0.00	\$3,576,633.20	\$3,576,633.20
NSP301, NSP3 Administration	\$0.00	\$467,819.76	\$467,819.76
NSP310, NSP3 Infill Sites Rental Program	\$0.00	\$5,488,116.04	\$5,488,116.04

Activities

Project # / NSP300 / NSP 3 Housing and Economic Recovery



Grantee Activity Number: NSP300

Activity Title: NSP3 Housing and Economic Recovery Homeownership

Activity Type:

Homeownership Assistance to low- and moderate-income

Project Number:

NSP300

Projected Start Date:

10/12/2012

Benefit Type:

Direct (HouseHold)

National Objective:

NSP Only - LMMI

Activity Status:

Completed

Project Title:

NSP 3 Housing and Economic Recovery

Projected End Date:

03/03/2014

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

Community Development Commission of the County

Overall	Jul 1 thru Jun 30, 2021	To Date
Total Projected Budget from All Sources	\$0.00	\$3,576,633.20
Total Budget	\$0.00	\$3,576,633.20
Total Obligated	\$0.00	\$3,576,633.20
Total Funds Drawdown	\$0.00	\$3,576,633.20
Program Funds Drawdown	\$0.00	\$3,576,633.20
Program Income Drawdown	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Total Funds Expended	\$0.00	\$3,576,633.20
Community Development Commission of the County	\$0.00	\$3,576,633.20
Most Impacted and Distressed Expended	\$0.00	\$0.00

Activity Description:

The HERO program was designed to meet the needs of homebuyers with low-, moderate- and middle-incomes who are unable to qualify for a mortgage and/or obtain the necessary down payment without financial assistance. The home must be vacant and foreclosed upon or abandoned pursuant to program guidelines, and must be used as the principal residence of the homebuyer. Eligible homes must be located in one of the targeted areas within the cities of La Puente and San Fernando as well as the following areas: unincorporated Florence-Firestone/Walnut Park, West Athens-Westmont, Willowbrook/West Rancho Dominguez-Victoria, East Rancho Dominguez and Hacienda Heights (portion), as well as the cities of Baldwin Park, Covina and West Covina.

This program will provide secured loans as follows:

- Homebuyers with household incomes that do not exceed 120% of area median income may borrow up to \$75,000 or 25% of the purchase price, whichever is less.
- Homebuyers with household incomes that do not exceed 80% of area median income may borrow up to \$100,000 or 25% of the purchase price, whichever is less.

Down payment assistance is also offered for down payment and/or closing cost assistance up to \$21,000 or 6% of the purchase price, whichever is less.

This program also offers "as needed" assistance for the rehabilitation of foreclosed and abandoned homes:

- The HERO rehabilitation grant component has been designed to provide rehabilitation assistance through grants for homebuyers with low-, moderate- and middle-incomes in conjunction with their purchase of a home through the CDC's HERO Program. After completion of the purchase, the program assistance must be used to rehabilitate the home to a decent, safe, and habitable condition in accordance with program standards. The



value of the home after completion of rehabilitation may not exceed the County's HOME maximum purchase price (currently \$394,250 for single family homes).

- Homebuyers with household incomes that do not exceed 120% of area median income may receive up to \$25,000 or 25% of the purchase price, whichever is less.
- Additional amounts may be provided at the discretion of the Executive Director, for repairs necessary to bring the property in compliance with all applicable codes.

All eligible homebuyers must attend and complete at least 8 hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a program loan.

The purchase price must be at least 1% below the current market appraised value of the property, pursuant to an appraisal dated within 60 days of the offer to purchase. The appraisal must conform to the requirements of 49 CFR 24.103.

In order to meet the NSP3 statutory deadlines to expedite commitment and expenditure of program funds, the CDC's Rehabilitation Program will adopt the design and procedures of the CDC's CDBG Emergency Grant Program. This will include all relevant aspects that comply with 24 CFR 570, including, HOME maximum sales price, affirmative marketing, environmental clearance, FHA housing standards, and lead-based paint.

Marketing efforts for the HERO program will include outreach to prospective homebuyers through the lending institutions in the CDC's current homebuyer programs, posting information on the CDC and the County Housing Resources Center webpages, home buyer education seminars, and housing fairs.

Location Description:

The Program's target areas include portion of La Puente (Census Tract 4701.00, Block Groups 1-5; Census Tract 4076.00, Block Groups 2-5, and Census Tract 4077.02, Block Groups 1-3) and portion of San Fernando (Census Tract 3201.00, Block Groups 1-3 and Census Tract 3202.00, Block Groups 1-7).

As of October 1, 2013, the following additional areas will be targeted for this activity: unincorporated Florence-Firestone/Walnut Park, West Athens-Westmont, Willowbrook/West Rancho Dominguez-Victoria, East Rancho Dominguez and Hacienda Heights (portion), as well as the cities of Baldwin Park, Covina and West Covina. Please see supporting documents for maps and data for these areas.

Activity Progress Narrative:

Accomplishments Performance Measures

	This Report Period	Cumulative Actual Total / Expected
	Total	Total
# of Housing Units	0	21/25
# of Singlefamily Units	0	21/25

Beneficiaries Performance Measures

	This Report Period			Cumulative Actual Total / Expected			
	Low	Mod	Total	Low	Mod	Total	Low/Mod%
# of Households	0	0	0	4/0	7/25	21/25	52.38
# Owner	0	0	0	4/0	7/25	21/25	52.38

Activity Locations

No Activity Locations found.

Other Funding Sources

No Other Funding Sources Found

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Activity Supporting Documents: None

