

Grantee: San Bernardino, CA

Grant: B-11-MN-06-0520

January 1, 2019 thru March 31, 2019 Performance Report

Grant Number: B-11-MN-06-0520	Obligation Date:	Award Date:
Grantee Name: San Bernardino, CA	Contract End Date:	Review by HUD: Reviewed and Approved
Grant Award Amount: \$3,277,401.00	Grant Status: Active	QPR Contact: Annie Clark
LOCCS Authorized Amount: \$3,277,401.00	Estimated PI/RL Funds: \$1,124,711.52	
Total Budget: \$4,402,112.52		

Disasters:

Declaration Number
NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

Activity 1 - Acquisition, Rehabilitation and Resale: The majority of Grantee's NSP3 funds, \$2,130,311, will be used for the acquisition, rehabilitation and resale of foreclosed or abandoned single family homes through participating intermediaries, such as non-profit housing developers. These intermediaries will be retained through a RFP process and will be verified by Grantee staff with recommendations submitted to the City Council. The acquired properties would be selected from the two areas of greatest need identified in Section 2 of this Substantial Amendment.

Under this program, Grantee would purchase a foreclosed or abandoned property from the bank or other financial institution at a discount to fair market value through the Grantee's affiliated non-profit organization, Affordable Housing Solutions of San Bernardino ("AHS"). Upon acquisition, one of the intermediaries selected through the RFP process would be assigned by Grantee to secure, maintain, rehabilitate and resell the home to a household whose income does not exceed 120% AMI. The intermediary would rehabilitate the single family unit to meet housing code and HUD rehabilitation standards, including the standard for Energy Star Qualified New Homes. During this period, the intermediary would qualify an applicant for homeownership according to NSP3 guidelines. The intermediary would then sell the home to the applicant for an amount equal to the lower of the home's appraised value or its total development cost. The new homebuyer would then secure a conventional mortgage from one of the Grantee's approved lenders and would close on the home. As part of the qualification process, the qualified homebuyer must complete a minimum of eight (8) hours of homeownership counseling prior to the sale. AHS would hold title to the property until the close of sale to a qualified homebuyer.

The decision to allocate most of the NSP3 funding towards this use was based on several factors, with three of these factors having the greatest influence. The first of these factors is the abundant number of foreclosed or abandoned single family homes throughout the City and in the identified areas of greatest need. As was indicated in Section 2 of this document, the City has a foreclosure rate approximately three times that of the country as a whole, and both of the identified NSP3 target areas have approximately 27% of their respective dwelling units in foreclosure or 90 days delinquent. With such high foreclosure rates it should not be difficult to find residential properties eligible to be acquired and rehabilitated with NSP3 funds. Another factor in deciding to implement this housing program is Grantee's experience with a similar program enacted with NSP1 funds. Grantee's experience has shown that there is a high demand for these types of homes, primarily because of the high percentage of households in the City that have an income below 120% AMI. To date, intermediaries working with the Grantee have been able to readily find qualified homebuyers for the homes that have been rehabilitated under the NSP1 program. The final factor is the community's preference for homeownership housing versus rental housing. Through meetings with the City Council it has been established the resi

Summary of Distribution and Uses of NSP Funds:

dents of the City would prefer to provide affordable homeownership opportunities rather than rental opportunities.

Activity 2 - Acquisition, Rehabilitation and Rental for Households at or below 50% AMI: Approximately \$819,350 or at least 25% of the total award under NSP3 will be dedicated to provide housing for individuals or families whose incomes do not exceed 50% of AMI. This portion of funding will be used to acquire and rehabilitate small, foreclosed or abandoned, multifamily properties consisting of up to 12 units in the NSP3 areas of greatest need identified above. These properties will then be rented at an affordable housing cost to households whose incomes do not exceed 50% AMI.

Under this program activity, Grantee will issue a Request For Proposals ("RFP") inviting qualified non-profit developers to bid on eligible multifamily housing projects that have been foreclosed or abandoned and are generally considered to be a blighting influence within the NSP3 areas of greatest need. In accordance with NSP3 requirements the subject properties will also be purchased at a discount to appraised value. Qualified affordable housing developers responding to project proposals with these specifications would have the opportunity to compete for Grantee development loans to acquire, rehabilitate, and manage such properties under a new professional management agreement. It would be the responsibility of the selected developer(s) to hold title to the multifamily properties, rehabilitate the multifamily units to meet housing code and HUD rehabilitation standards, including the standard for Energy Star Qualified New Homes, and rent out the multifamily units to

households whose income does not exceed 50% AMI. The owner/developer would be responsible for professionally managing the property and ensuring that tenants selected to reside in the property comply with all NSP3 income and tenancy requirements. According to the Grantee's experience with NSP1 housing programs, a rental program is the most effective way to deploy the NSP3 funding dedicated to specifically address the needs of Very Low-Income households. The Grantee's experience with NSP1 has shown that approximately the same amount of Neighborhood Stabilization Program subsidies are required to house a 50% AMI household in a single family, homeownership unit as it does to house them in an affordable rental unit⁸. Since the costs to provide a single family homeownership unit to a Very Low-Income household are virtually the same as those required to provide an affordable rental unit, the decision to deploy this portion of funding to provide rental housing was based on NSP3 guidelines which require Grantees to "create preferences for the development of affordable rental housing for properties assisted with NSP3 funds"⁹. Also, by including a rental housing component as part of its NSP3 housing activities, Grantee is able to diversify the type of housing offered under NSP3, which should help to utilize NSP3 funds faster and reach a wider segment of the City's population.

Activity 3 - Administration: Administration of the program will not exceed 10% (\$327,740) of the NSP3 grant and 10% of program income.

How Fund Use Addresses Market Conditions:

Ensuring Continued Affordability:

Ensuring Continued Housing Affordability of Rental Housing: To ensure continued affordability of NSP3 assisted rental housing, the program will include an annual certification of occupancy including adequate verifiable documentation of income pertaining to each member of the qualifying household. In addition, Grantee will impose affordability covenants for a period of fifty-five (55) years through a deed restriction on rental projects. This is consistent with other multifamily and senior housing developments the Grantee has subsidized in the past under NSP1 and California Redevelopment Law.

In its original NSP 3 Action Plan, the City stated that all NSP 3-assisted homeownership units would have an affordability period of 45 years, consistent with requirements under former California Redevelopment Law. In this amendment, the City proposes to amend the affordability period of NSP 3-assisted homeownership units to be in accordance with HOME Program requirement of continued affordability as outlined in the regulations for the HOME Program, 24 CFR Part 92. The change to affordability requirements is necessary to make the housing units more marketable to qualified owner-occupants.

Consistent with HUD requirements, the City provided a public notice of the NSP 3 Action Plan technical amendment, by a posting on the City's website at <https://www.ci.san-bernardino.ca.us/>. The public comment period was seven (7) days, which expired on June 16, 2014. No public comments were received.

Definition of Blighted Structure:

The City of San Bernardino uses the State of California's definition of blight as found in California Health and Safety Code Sections 33030 and 33031.

Definition of Affordable Rents:

The words "Affordable Rents" shall have the same meaning as defined in California Health and Safety Code Section 50053, as such section may be amended from time to time, or as this term is defined in 24 CFR Part 92.2, whichever is the most restrictive, less utility allowances as adopted by the County of San Bernardino Housing Authority Section 8 Program, as appropriate.

Housing Rehabilitation/New Construction Standards:

NSP3 assisted rehabilitation activities will be conducted in accordance with all local, state, and federal codes, statutes, and regulations and/or homeowner or mobile home park rules, and historic preservation requirements, as applicable and will comply with Part 11 of the California Code of Regulations, Title 24, also known as the California Building Standards Code and the Energy Star Qualified New Home standard. A copy of Grantee's housing rehabilitation standards is available for review at www.sbrda.org. In addition, Grantee's housing building standards include recommended green building measures.

Vicinity Hiring:

For both of its NSP3 housing program activities, Grantee will enact measures to comply with the vicinity hiring requirements under NSP3. Primarily, Grantee will insert language in its agreements with developers, intermediaries and contractors that requires them to establish procedures for hiring from the NSP3 target areas. These procedures will be consistent with Section 3 and Grantee local hiring guidelines and will be monitored by Grantee staff throughout the Program to ensure compliance.

Procedures for Preferences for Affordable Rental Dev.:

Development of affordable rental housing. 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:

NSP3 Program Administrator Contact Information
Branson Mims, Deputy Director of Housing
201 North "E" Street, Suite 301
San Bernardino, CA 92401

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$4,402,112.52
Total Budget	\$0.00	\$4,402,112.52
Total Obligated	\$0.00	\$4,402,112.52
Total Funds Drawdown	\$0.00	\$3,497,513.82

Program Funds Drawdown	\$0.00	\$2,633,152.31
Program Income Drawdown	\$0.00	\$864,361.51
Program Income Received	\$0.00	\$1,124,711.52
Total Funds Expended	\$0.00	\$3,497,513.82
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	\$491,610.15	\$0.00
Limit on Admin/Planning	\$327,740.10	\$285,677.90
Limit on Admin	\$0.00	\$285,677.90
Most Impacted and Distressed Threshold (Projected)	\$0.00	\$0.00
Progress towards LH25 Requirement	\$1,100,528.13	\$1,270,616.73

Overall Progress Narrative:

No activity since the last reporting.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP3-0001, Acq/Rehab	\$0.00	\$3,961,901.37	\$2,347,474.41
NSP3-000A, Admin	\$0.00	\$440,211.15	\$285,677.90

