

Apr 1, 2009 thru Jun 30, 2009 Performance Report

Grant Number:
B-08-MN-06-0508

Obligation Date:

Grantee Name:
Hemet, CA

Award Date:

Grant Amount:
\$2,888,473.00

Contract End Date:

Grant Status:
Active

Reviewed By HUD:
Reviewed and Approved

QPR Contact:
No QPR Contact Found

Disasters: Declaration Number

NSP

Areas of Greatest Need:

The City of Hemet is located in the heart of Riverside County. Both Riverside County and San Bernardino County make up the "Inland Empire" MSA. Riverside County has 24 incorporated cities (from the 2000 Census – at least three cities have incorporated recently); San Bernardino County has 24 incorporated cities (also from the 2000 Census). Since the foreclosure crisis became newsworthy in summer of 2007, this MSA at one point was the fourth most impacted foreclosure area in the country. City staff has been tracking foreclosures for all jurisdictions in the Inland Empire since July 2007. There were a total of 49,973 properties taken all the way through the foreclosure process in the MSA from July 1, 2007 through September 30, 2008 (29,607 in Riverside County and 20,366 in San Bernardino County). In relation to all housing units (as estimated by the California Department of Finance, 2008), this represents 3.42% for the MSA (3.83% in Riverside County and 2.97% in San Bernardino County). This also corresponds to 1 in 29 homes becoming bankowned during this period. The range of impacts on a citybycity basis is from a low of 0.36% of all housing units in the City of Indian Wells to a high of 13.05% of all housing units in the City of Perris.

Distribution and and Uses of Funds:

The City of Hemet began its needs assessment in response to the housing crisis (high number of foreclosed, vacant properties beginning to have adverse effects on neighborhoods) by identifying the census tract block groups in the City with income levels at or below 120 percent of the Area Median Income (AMI). For purposes of this Amendment, the low, moderate, and middleincome areas will be noted as "LMMI". This data was provided by the U.S. Department of Housing and Urban Development (HUD) and this data can be found on the HUD web site at the following web address: http://www.huduser.org/publications/commdevl/nsp_target.html . There are a total of 29 census tract block groups (CTBG) in the City and 20 or 69 percent are qualified LMMI areas.

The HUD data, in addition to a breakdown of income levels by census tract block groups, also provides the following information: •Estimated foreclosure/abandonment risk score (1 to 10 with 10 being the highest risk) – Hemet’s data ranged from 8 to 9; •Rate of high cost loans (2004 – 2006) – Hemet’s data ranged from 23.7 percent to 45.6 percent; •Predicted 18 month underlying problem foreclosure rate – Hemet’s data ranged from 8.7 percent to 12.2 percent; •Rate of housing price decline since the peak in the housing market (June 2008) – Hemet’s rate is 22.9 percent; •Unemployment rate (June 2008) – Hemet’s rate is 10.5 percent; and •Residential vacancy rate (June 2008) – Hemet’s rate ranged from 0.7 percent to 4.2 percent. NSP funds will be used in two primary activities plus administration: 1) Acquisition/rehabilitation/resale of singlefamily homes, and Acquisition/rehabilitation of rental multifamily units as a longterm affordable rental projects and 2) Administration of the program will not exceed 10 percent of the NSP grant and 10 percent of program income, if any.

Definitions and Descriptions:

Low Income Targeting:

Acquisition and Relocation:

Public Comment:

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	2,888,473
Total CDBG Program Funds Budgeted	N/A	2,888,473
Program Funds Drawdown	0	0
Obligated CDBG DR Funds	0	0
Expended CDBG DR Funds	0	0
Match Contributed	0	0
Program Income Received	0	0
Program Income Drawdown	0	0

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected):		0%
Overall Benefit Percentage (Actual):		0%
Minimum Non-Federal Match	0	0
Limit on Public Services	433,270.95	0
Limit on Admin/Planning	288,847.3	0
Limit on State Admin	0	0

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Progress Toward National Objective Targets		
National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	722,118.25	723,337.39

Overall Progress Narrative:

The City of Hemet entered into a NSP1 Grant Agreement with HUD on March 5, 2009. Since then, the City has accomplished the following:

1. Management Plan – In response to a Special Condition in the Grant Agreement, Hemet prepared and submitted a Management Plan to HUD describing how it “determined that it possessed adequate staff and other resources necessary to administer NSP grant funds.” HUD does not approve these plans, only “accepts them.”
2. NSP Training - City staff attended all HUD NSP training and meetings.
3. NSP Consultant - Per the Management Plan, the City hired a consultant to assist the City in implementing the NSP. The process of hiring a consultant involved: 1) issuing a Request for Proposal to eligible consulting firms, 2) interviewing four firms and selecting a consultant, 3) developing and negotiating a Consultant Services Agreement, and, 4) City Council approving this Agreement.
4. National Community Stabilization Trust – The City entered into a Memorandum of Understanding with the National Community Stabilization Trust in order to access bank-owned residential properties at discounted prices.
5. DRGR – City staff has educated itself on how to use this electronic reporting system. Staff created the appropriate activities and budget line items against which to draw down HUD funds. HUD has authorized Hemet to draw down funds for administrative activities.
6. Development Partners - The City issued a Request for Proposals to potential Development Partners throughout Southern California, to assist the City in acquiring/rehabilitating/reselling single-family properties and acquiring/rehabilitating/managing multi-family properties. The City of Hemet implemented this process jointly with the adjacent City of Moreno Valley, which also received NSP funds. The two cities held a joint bidders conference and held joint interviews. Hemet received a total of 20 proposals. Hemet selected four Single-Family Development Partners (SFDP) and one Multi-Family Development Partner (MFDP). The SFDP’s are teams of general contractors and real estate brokers. The MFDP is a local housing non-profit. The City Council approved entering into contracts with the recommended Development Partners. All Development Partners selected are very experienced with acquisition/rehabilitation.
7. Development Partner Contracts – The City Attorney is preparing “Housing Acquisition, Rehabilitation and Resale Participation Agreements” to enter into with the Development Partners.
8. NSP2 – During the process of setting up the NSP1 program, the NSP2 NOFA was issued. Work on NSP1 was “back-burnered” for a few weeks in order to respond to the NOFA. The City of Hemet and Moreno Valley negotiated a Consortium Agreement between themselves, their new Development Partners and other relevant foreclosure service providers and prepared and submitted a NSP2 application. Hemet is quite excited about the prospect of receiving more NSP funds due to the current and future need for NSP funds and because of the amount of work it has taken to set up the infrastructure to implement Hemet’s \$2.8M NSP1 grant.
9. Home Buyer Assistance Program – The City’s Redevelopment Agency allocated \$400,000 towards assisting homebuyers purchase NSP renovated homes. In addition, the City prepared a RFP for consulting companies to administer the City’s Home Buyer Assistance Program. The due date for proposals is August 5, 2009.
10. Next Steps – Development Partner contracts will be executed in August 2009. In September 2009, Hemet will begin acquiring properties.

Project Summary

Project#, Project Title

	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	0	0	0
NSP-1, Acquisition/Rehabilitation	0	1,700,000	0
NSP-2, Acquisition/Demolition/Landbank/Redevelopment	0	900,000	0
NSP-3, Administration	0	288,473	0

Project/Activity Index:

Project #	Project Title	Grantee Activity #	Activity Title
9999	Restricted Balance		<i>No activities in this project</i>
NSP-1	Acquisition/Rehabilitation		<i>No activities in this project</i>
NSP-2	Acquisition/Demolition/Landbank/Redevelopment		<i>No activities in this project</i>
NSP-3	Administration		<i>No activities in this project</i>

Activities