

Grantee: Hemet, CA

Grant: B-08-MN-06-0508

July 1, 2011 thru September 30, 2011 Performance Report

Grant Number:

B-08-MN-06-0508

Obligation Date:

03/15/2009

Grantee Name:

Hemet, CA

Award Date:

03/05/2009

Grant Amount:

\$2,888,473.00

Contract End Date:

03/05/2013

Grant Status:

Active

Review by HUD:

Submitted - Await for Review

QPR Contact:

No QPR Contact Found

Disasters:

Declaration Number

NSP

Narratives

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 city-by-city 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 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 middle-income 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 | \$2,888,473.00 |
| Total CDBG Program Funds Budgeted | N/A | \$2,888,473.00 |
| Program Funds Drawdown | \$0.00 | \$2,237,818.99 |
| Program Funds Obligated | (\$392,834.95) | \$2,344,795.08 |
| Program Funds Expended | \$473,665.40 | \$4,003,582.62 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$123,051.19 | \$2,114,050.30 |
| Program Income Drawdown | \$70,794.20 | \$1,480,385.54 |

Progress Toward Required Numeric Targets

| Requirement | Required | To Date |
|--|-----------------|----------------|
| Overall Benefit Percentage (Projected) | | 0.00% |
| Overall Benefit Percentage (Actual) | | 0.00% |
| Minimum Non-Federal Match | \$0.00 | \$0.00 |
| Limit on Public Services | \$433,270.95 | \$0.00 |
| Limit on Admin/Planning | \$288,847.30 | \$238,110.24 |
| Limit on State Admin | \$0.00 | \$0.00 |

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

| National Objective | Target | Actual |
|-------------------------------|---------------|---------------|
| NSP Only - LH - 25% Set-Aside | \$722,118.25 | \$723,337.39 |

Overall Progress Narrative:

City of Hemet HUD NSP1 Quarterly Report:

Reporting Period: July 1, 2011 to September 30, 2011

The City of Hemet received NSP1 funds in a total amount of \$2,888,473. These funds are divided among three separate activities, as follows:

Acquisition/Rehabilitation

Acq/Demo/Land Bank/Redev

Administration

PROJECT NAME: Acquisition / Rehabilitation

ACTIVITY: The City of Hemet (or its consultant/development partner) will acquire and rehabilitate foreclosed, abandoned single-family units or multi-family units and either sell them to income eligible homebuyers or rent them to households earning 50% of the area median income or below.

NATIONAL OBJECTIVES: In order to be eligible for funding, every NSP (or CDBG-funded) activity must qualify as meeting one of the three national objectives of the CDBG program.

1. Benefiting low and moderate income persons,
2. Preventing or eliminating blight, or
3. Meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

The Hemet NSP Acquisition/Rehabilitation activity meets the first national objective because all of the housing is either sold to low and moderate income households or rented to household earning 50% of the area median income. This activity also meets the second national objective because all of the acquired housing is in a HUD approved, distressed target area, older homes at least 11 years old, and requires at least \$25,000 in repairs per unit. In some cases a property may even meet the third national objective such as properties requiring significant repairs to eliminate health and safety issues related to the property.

INITIAL BUDGET AMOUNT: This Project Activity has two subcomponents with a budget amount of \$2,600,000.

The two subcomponents are:

1. Single Family Residences (SFR) that are acquired, rehabilitated, and resold to income eligible households
2. SFR or Multi-Family Units that are acquired, rehabilitated and either resold or rented to households at or below 50% of the area median income. HUD NSP regulations states that 25% of the total NSP grant must benefit this income group. That means that a minimum of \$722,118 must be set aside and expended for this activity.

REPORTING PERIOD NOTES: The Hemet SFR activity has been very busy acquiring new properties and successfully selling the properties at truly an affordable prices. During this quarter, no new properties in the 50% AMI activity were acquired.

PROJECT NAME: Acquisition / Demolition / Landbank / Redevelopment

ACTIVITY: 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 nonprofit 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.

NATIONAL OBJECTIVES: In order to be eligible for funding, every NSP (or CDBG-funded) activity must qualify as meeting one of the three national objectives of the CDBG program.

1. Benefiting low and moderate income persons,
2. Preventing or eliminating blight, or
3. Meeting other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available to meet such needs.

The Hemet NSP Acquisition / Demolition / Landbank / Redevelopment (NSP-2) activity meets the first national objective because all of the housing is either sold to low and moderate income households or rented to household earning 50% of the area median income. This activity also meets the second national objective because all of the acquired housing is in a HUD approved, distressed target area, older (SFR at least 11 years old) and require at least \$25,000 in repairs per unit.

In some cases a property may even meet the third national objective such as properties requiring significant repairs to eliminate health and safety issues related to the property.

INITIAL BUDGET AMOUNT: This Project Activity had an initial budget amount of \$900,000 but was reduced to \$0. However, Hemet has decided to increase this amount to \$76,000 to cover the costs of 107 Mayberry.

REPORTING PERIOD NOTES: The City Council approved the acquisition and demolition of 107 Mayberry. This home was originally slated to be rehabbed. However, after acquisition the contractor discovered significant structural and termite damage. After demolition the property will be land banked until such time that the market recovers and two new infill homes will be constructed.

Project Summary

| Project #, Project Title | This Report Period | To Date | |
|--|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 |
| NSP-1, Acquisition/Rehabilitation | \$0.00 | \$2,600,000.00 | \$2,101,730.73 |
| NSP-2, Acquisition/Demolition/Landbank/Redevelopment | \$0.00 | \$0.00 | \$0.00 |
| NSP-3, Administration | \$0.00 | \$288,473.00 | \$136,088.26 |

Activities

| | |
|---------------------------------|----------------------|
| Grantee Activity Number: | 1 |
| Activity Title: | City of Hemet |

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NSP-3

Project Title:

Administration

Projected Start Date:

09/14/2009

Projected End Date:

07/30/2013

Benefit Type:

N/A

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

City of Hemet Housing Authority

Overall

Jul 1 thru Sep 30, 2011

To Date

| | | |
|--|----------|--------------|
| Total Projected Budget from All Sources | N/A | \$159,842.29 |
| Total CDBG Program Funds Budgeted | N/A | \$159,842.29 |
| Program Funds Drawdown | \$0.00 | \$7,457.55 |
| Program Funds Obligated | \$0.00 | \$8,999.32 |
| Program Funds Expended | \$571.31 | \$18,647.79 |
| City of Hemet Housing Authority | \$571.31 | \$18,647.79 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$549.96 | \$2,705.65 |

Activity Description:

Administrative costs incurred in the management and implementation of the NSP program by City of Hemet employees.

Location Description:

N/A

Activity Progress Narrative:

The administration cost for this quarter include: Fed Ex and weed abatement - Invoices #7-553-8585721, 4399, 4409, 16845, 7-569-27146, 7-592-09059.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: 2

Activity Title: Civic Stone, Inc. Consultant Services

Activity Category:

Administration

Activity Status:

Under Way

Project Number:

NSP-3

Project Title:

Administration

Projected Start Date:

06/01/2009

Projected End Date:

03/05/2013

Benefit Type:

N/A

Completed Activity Actual End Date:

National Objective:

N/A

Responsible Organization:

CivicStone, Inc.

Overall

Jul 1 thru Sep 30, 2011

To Date

| | | |
|--|-------------|--------------|
| Total Projected Budget from All Sources | N/A | \$128,630.71 |
| Total CDBG Program Funds Budgeted | N/A | \$128,630.71 |
| Program Funds Drawdown | \$0.00 | \$128,630.71 |
| Program Funds Obligated | \$0.00 | \$128,630.71 |
| Program Funds Expended | \$17,538.09 | \$217,936.50 |
| CivicStone, Inc. | \$17,538.09 | \$217,936.50 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$32,689.30 | \$99,316.33 |

Activity Description:

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 Neighborhood Stabilization Program (NSP) as specified in the Agreement for Consultant Services between the Hemet Housing Authority and Civic Stone, Inc.

Location Description:

N/A

Activity Progress Narrative:

The administrative cost for this quarter is for CivicStone who helps with the implementation of our NSP - Invoices #2011-41, 2011-50, 2011-56.

Accomplishments Performance Measures

No Accomplishments Performance Measures found.

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: A2
Activity Title: VCD Corp

Activity Category:

Acquisition - general

Project Number:

NSP-1

Projected Start Date:

09/14/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

07/30/2013

Completed Activity Actual End Date:

Responsible Organization:

VCD Corp

| Overall | Jul 1 thru Sep 30, 2011 | To Date |
|--|-------------------------|--------------|
| Total Projected Budget from All Sources | N/A | \$458,517.83 |
| Total CDBG Program Funds Budgeted | N/A | \$458,517.83 |
| Program Funds Drawdown | \$0.00 | \$458,517.83 |
| Program Funds Obligated | \$0.00 | \$458,517.83 |
| Program Funds Expended | \$136,290.00 | \$644,032.57 |
| VCD Corp | \$136,290.00 | \$644,032.57 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$281,457.70 |
| Program Income Drawdown | \$5,000.00 | \$83,959.00 |

Activity Description:

Will be responsible for the acquisition, rehabilitation, asset management and resale of single-family residential properties to eligible homebuyers.

Location Description:

This activity will be available within the targeted areas in the City limits of Hemet.

Activity Progress Narrative:

Single Family Residents (SFR) properties acquired under this activity will be rehabilitated and resold to income eligible households.

This quarter VCD Corp. closed escrow on the following property:

- 2531 Belmont Way
- And acquired 2 additional properties:

- 1101 Lucern Drive
- 681 E. Stetson Ave

Accomplishments Performance Measures

| | This Report Period | Cumulative Actual Total / Expected |
|------------------------|--------------------|------------------------------------|
| | Total | Total |
| # of Properties | 0 | 0/6 |

| | This Report Period | Cumulative Actual Total / Expected |
|-------------------------|--------------------|------------------------------------|
| | Total | Total |
| # of Housing Units | 1 | 7/6 |
| # of Singlefamily Units | 1 | 7/6 |

Beneficiaries Performance Measures

| | This Report Period | | | Cumulative Actual Total / Expected | | | |
|--------------------|--------------------|-----|-------|------------------------------------|-----|-------|----------|
| | Low | Mod | Total | Low | Mod | Total | Low/Mod% |
| # of Households | 0 | 0 | 1 | 0/0 | 5/6 | 7/6 | 71.43 |
| # Owner Households | 0 | 0 | 1 | 0/0 | 5/6 | 7/6 | 71.43 |

Activity Locations

| Address | City | State | Zip |
|------------------|-------|-------|-------|
| 2531 Belmont Way | Hemet | NA | 92543 |

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

| Other Funding Sources | Amount |
|--------------------------------|--------|
| No Other Funding Sources Found | |
| Total Other Funding Sources | |

| | |
|---------------------------------|---|
| Grantee Activity Number: | A3 |
| Activity Title: | West Coast Development & DBJ Development Corp. |

Activity Category:

Acquisition - general

Project Number:

NSP-1

Projected Start Date:

09/14/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

07/30/2013

Completed Activity Actual End Date:

Responsible Organization:

West Coast Development & DBJ Development Corp.

| Overall | Jul 1 thru Sep 30, 2011 | To Date |
|--|--------------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$591,600.95 |
| Total CDBG Program Funds Budgeted | N/A | \$591,600.95 |
| Program Funds Drawdown | \$0.00 | \$188,510.58 |
| Program Funds Obligated | (\$392,834.95) | \$198,766.00 |
| Program Funds Expended | \$263,266.00 | \$771,090.49 |
| West Coast Development & DBJ Development Corp. | \$263,266.00 | \$771,090.49 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$12,624.68 | \$847,970.65 |
| Program Income Drawdown | \$31,554.94 | \$862,084.56 |

Activity Description:

Will be responsible for the acquisition, rehabilitation, asset management and resale of single-family residential properties to eligible homebuyers.

Location Description:

This activity will be available within the targeted areas in the City limits of Hemet.

Activity Progress Narrative:

Single Family Residents (SFR) properties acquired under this activity will be rehabilitated and resold to income eligible households.

This quarter WCD. closed escrow on the following property:

- 639 Corona Street

And acquired 4 additional properties;

- 2311 Corinto Court
- 535 Merrily Way
- 2437 Cimarron Drive
- 415 S. Gilbert

Accomplishments Performance Measures

**This Report Period
Total**

**Cumulative Actual Total / Expected
Total**

of Properties 0 0/6

| | This Report Period | Cumulative Actual Total / Expected |
|-------------------------|--------------------|------------------------------------|
| | Total | Total |
| # of Housing Units | 1 | 9/6 |
| # of Singlefamily Units | 1 | 9/6 |

Beneficiaries Performance Measures

| | This Report Period | | | Cumulative Actual Total / Expected | | | |
|--------------------|--------------------|-----|-------|------------------------------------|-----|-------|----------|
| | Low | Mod | Total | Low | Mod | Total | Low/Mod% |
| # of Households | 0 | 1 | 1 | 1/0 | 5/6 | 9/6 | 66.67 |
| # Owner Households | 0 | 1 | 1 | 1/0 | 5/6 | 9/6 | 66.67 |

Activity Locations

| Address | City | State | Zip |
|-------------------|-------|-------|-------|
| 639 Corona Street | Hemet | NA | 92543 |

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

| Other Funding Sources | Amount |
|--------------------------------|--------|
| No Other Funding Sources Found | |
| Total Other Funding Sources | |

Grantee Activity Number: A4

Activity Title: Marana Construction

Activity Category:

Acquisition - general

Project Number:

NSP-1

Projected Start Date:

09/14/2009

Benefit Type:

Direct Benefit (Households)

National Objective:

NSP Only - LMMI

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

07/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Marana Construction

| Overall | Jul 1 thru Sep 30, 2011 | To Date |
|---|-------------------------|--------------|
| Total Projected Budget from All Sources | N/A | \$450,213.88 |
| Total CDBG Program Funds Budgeted | N/A | \$450,213.88 |
| Program Funds Drawdown | \$0.00 | \$450,213.88 |
| Program Funds Obligated | \$0.00 | \$450,213.88 |
| Program Funds Expended | \$56,000.00 | \$757,384.00 |
| Marana Construction | \$56,000.00 | \$757,384.00 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$110,426.51 | \$632,137.78 |
| Program Income Drawdown | \$0.00 | \$401,320.00 |

Activity Description:

Will be responsible for the acquisition, rehabilitation, asset management and resale of single-family residential properties to eligible homebuyers.

Location Description:

This activity will be available within the targeted areas in the City limits of Hemet.

Activity Progress Narrative:

Single Family Residents (SFR) properties acquired under this activity will be rehabilitated and resold to income eligible households.

This quarter Marana. closed escrow on the following property:

- 1669 Elmbridge Ln - Program income received
- And acquired an additional property:

- 856 Zephyr Circle

Accomplishments Performance Measures

| | This Report Period | Cumulative Actual Total / Expected |
|-----------------|--------------------|------------------------------------|
| | Total | Total |
| # of Properties | 0 | 0/6 |

| | This Report Period | Cumulative Actual Total / Expected |
|-------------------------|--------------------|------------------------------------|
| | Total | Total |
| # of Housing Units | 1 | 4/6 |
| # of Singlefamily Units | 1 | 4/6 |

Beneficiaries Performance Measures

| | This Report Period | | | Cumulative Actual Total / Expected | | | |
|--------------------|--------------------|-----|-------|------------------------------------|-----|----------------|-------|
| | Low | Mod | Total | Low | Mod | Total Low/Mod% | |
| # of Households | 0 | 1 | 1 | 0/0 | 3/6 | 6/6 | 50.00 |
| # Owner Households | 0 | 1 | 1 | 0/0 | 3/6 | 6/6 | 50.00 |

Activity Locations

| Address | City | State | Zip |
|---------------------|-------|-------|-------|
| 1669 Elmbridge Lane | Hemet | NA | 92543 |

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

| Other Funding Sources | Amount |
|--------------------------------|--------|
| No Other Funding Sources Found | |
| Total Other Funding Sources | |

| | |
|---------------------------------|--|
| Grantee Activity Number: | M1 |
| Activity Title: | Riverside Housing Development Corp. |

Activity Category:

Acquisition - general

Project Number:

NSP-1

Projected Start Date:

09/14/2009

Benefit Type:

Area Benefit

National Objective:

NSP Only - LH - 25% Set-Aside

Activity Status:

Under Way

Project Title:

Acquisition/Rehabilitation

Projected End Date:

07/30/2013

Completed Activity Actual End Date:

Responsible Organization:

Riverside Housing Development Corporation

| Overall | Jul 1 thru Sep 30, 2011 | To Date |
|--|--------------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$1,280.55 |
| Total CDBG Program Funds Budgeted | N/A | \$1,280.55 |
| Program Funds Drawdown | \$0.00 | \$1,280.55 |
| Program Funds Obligated | \$0.00 | \$1,280.55 |
| Program Funds Expended | \$0.00 | \$1,000.00 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$1,000.00 | \$1,000.00 |

Activity Description:

Will provide multi-family residential acquisition, rehabilitation, and rental services.

Location Description:

This activity will be available within the targeted areas in the City limits of Hemet.

Activity Progress Narrative:

Accomplishments Performance Measures

| | This Report Period | Cumulative Actual Total / Expected |
|------------------------|---------------------------|---|
| | Total | Total |
| # of Properties | 0 | 0/0 |

Beneficiaries Performance Measures

No Beneficiaries Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources

Amount

No Other Funding Sources Found

Total Other Funding Sources
